FINANCIAL REPORT 2019

CONSOLIDATED FINANCIAL STATEMENTS 2019

SIMPLIFIED FINANCIAL STATEMENTS

SIMPLIFIED STATEMENT OF PROFIT OR LOSS

In thousands of euro	2019	2018
Revenue	**3 295 130**	**3 521 130**
EBITDA	**554 463**	**651 687**
REBIT	**127 148**	**328 878**
Net financing costs	(143 158)	(104 513)
Income taxes	4 015	(53 606)
Share of profit of equity accounted investees (net of tax)	3 684	2 697
Other (net of tax)	18 136	-
Recurring net result	**9 824**	**173 456**
Non-recurring result after tax	(1 111 440)	(352 364)
Write-down of DTA outside normal course of business	(136 713)	-
Result on disposal of subsidiaries	183 442	1 996
Other (net of tax)	(18 136)	-
Minority interests	401 268	50 833
Profit (loss) for the period, Group share	**(671 754)**	**(126 079)**

SIMPLIFIED STATEMENT OF FINANCIAL POSITION

In thousands of euro	2019	2018
Net non-current assets (1)	2 432 554	3 548 321
Net current assets	987 009	1 333 840
Other assets	160 144	292 032
Cash (2)	580 692	267 833
Total assets	**4 160 400**	**5 442 026**
Net worth (including minority intersts)	1 113 763	2 198 234
Provisions	528 641	501 298
Gross financial debt (2)	1 922 465	1 658 554
Other liabilities	595 531	1 083 940
Total liabilities and shareholders' equity	**4 160 400**	**5 442 026**
(1) Of which mining assets	800 918	1 309 552
(2) i.e. net financial debt of	1 341 773	1 390 721

CASH FLOW STATEMENT AND CHANGE IN NET FINANCIAL DEBT

In thousands of euro	2019	2018
REBIT	**127 148**	**328 878**
Depreciation, amortisation and depletion	427 315	322 809
EBITDA	**554 463**	**651 687**
Income taxes (paid)/received	(29 378)	(55 308)
Capex	(212 053)	(358 489)
Proceeds from sale of PPE	36 950	16 641
Working capital changes	(496)	55 116
Use of provisions	(67 226)	(41 946)
Additional provisions	589	3 567
Cash contributions to defined benefit plans	(25 048)	(28 608)
Add back pension expenses in EBITDA	7 535	(23 312)
Share-based payment expense	9 076	7 207
Other non-cash items	(36 269)	(92 330)
Free operating cash flow	**238 143**	**134 225**
Interest (paid)/received	(66 458)	(82 998)
Acquisitions of subsidiaries/non-controlling interests	(13 395)	(149 333)
Disposal of subsidiaries/associates	461 351	2 264
Purchase of treasury shares	(1 152)	(1 615)
Dividends received	2 222	2 115
Dividends paid	(72 432)	(73 905)
Other items	33 864	(15 297)
Net debt decrease (increase)	**582 143**	**(184 544)**

Opening net financial debt at 1 January	**1 390 721**	**646 620**
Change in net financial debt	(582 143)	184 544
Changes in IFRS accounting policies (IFRS 16)	422 412	-
Leases	57 394	-
Scope changes	3 016	540 366
Exchange rate fluctuations and other	50 373	19 191
Closing net financial debt at 31 December	**1 341 773**	**1 390 721**

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

In thousands of euro	Note	2019	2018
Revenue	8	**3 295 130**	**3 521 130**
Cost of sales (-)	8	**(2 819 250)**	**(2 854 571)**
Gross profit		**475 879**	**666 559**
Other operating income	9	41 900	37 045
SG&A expenses (-)	8	(371 556)	(354 568)
Other operating expenses (-)	10	(1 415 822)	(416 558)
EBIT		**(1 269 599)**	**(67 522)**
Financial income	13	205 137	6 042
Financial expenses (-)	13	(164 852)	(108 571)
Share of profit of equity-accounted investees (net of tax)	18	3 684	2 697
Profit (loss) before income taxes		**(1 225 630)**	**(167 354)**
Income taxes	14	152 609	(9 558)
Profit (loss) for the period		**(1 073 022)**	**(176 912)**
Attributable to:			
Owners of the Company		(671 754)	(126 079)
Non-controlling interests	5	(401 268)	(50 833)
		(1 073 022)	**(176 912)**

The table on this page is an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In thousands of euro	Note	For the year ended 31 December **2019**	For the year ended 31 December **2018**
Profit (loss) for the period		**(1 073 022)**	**(176 912)**
Other comprehensive income :			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Foreign currency translation differences		142 565	(1 302)
Hyperinflation adjustment 2019 (net of tax)		9 091	28 358
Recycling hyperinflation due to loss of control Lime		(28 972)	-
Release OCI due to loss of control Lime		(28 805)	-
Effective portion of changes in fair value of cash flow hedges		(10 864)	863
Equity-settled share-based payment		9 077	7 108
Income tax on other comprehensive income		4 302	(76)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Remeasurements employee benefits, net of tax		(34 386)	13 979
		62 008	**48 930**
Total comprehensive income for the period		**(1 011 014)**	**(127 982)**
Attributable to:			
Owners of the Company		(619 590)	(79 074)
Non-controlling interests		(391 424)	(48 907)
		(1 011 014)	**(127 982)**

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of euro	Note	For the year ended 31 December 2019	For the year ended 31 December 2018
Assets		**4 160 400**	**5 442 026**
Non-current assets		**2 592 698**	**3 840 353**
Property, plant and equipment	16	2 082 922	3 332 504
Intangible assets other than goodwill	17	129 849	201 229
Right-of-use assets	32	204 956	-
Goodwill	17	14 827	14 588
Equity-accounted investees	18	29 777	27 914
Deferred tax assets	20	104 358	231 594
Non-current financial assets	19	4 783	4 031
Employee benefit assets	27	-	-
Other non-current assets	21	21 226	28 493
Current assets		**1 567 701**	**1 601 673**
Inventories	22	376 299	430 627
Current financial assets	19	1 978	2 407
Trade receivables	23	372 360	471 441
Other receivables	23	94 595	96 947
Current tax assets	15	34 095	55 218
Cash and cash equivalents	24	580 692	267 833
Assets classified as held for sale	11	107 682	277 200
Equity and liabilities		**4 160 400**	**5 442 026**
Total equity		**1 113 763**	**2 198 234**
Equity attributable to equity holders		**1 097 953**	**1 787 130**
Share capital	25	25 000	25 000
Share premium		12	12
Retained earnings and reserves		1 072 941	1 762 118
Non-controlling interests	5	**15 810**	**411 104**
Non-current liabilities		**2 258 457**	**2 320 118**
Interest bearing loans & borrowings	26	1 466 390	1 534 313
Lease obligations	32	289 705	-
Non-current provisions	28	308 217	304 043
Employee benefits	27	132 034	114 843
Deferred tax liabilities	20	26 717	330 058
Trade and other payables	29	4 965	198
Other non-current liabilities	30	30 428	36 663
Current liabilities		**788 179**	**923 674**
Bank overdrafts	26	10 971	40 669
Interest bearing loans & borrowings	26	58 700	78 459
Lease obligations	32	76 568	-
Current provisions	28	88 389	82 412
Trade and other payables	29	498 949	598 460
Current tax liabilities	15	11 596	27 667
Other current liabilities	30	3 471	7 100
Liabilities classified as held for sale	11	39 536	88 907

The table on this page is an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF EQUITY

In thousands of euro	Share capital	Share premium	Translation reserve	Hedging reserve	Fair value	Reserve for own shares	Retained earnings	Total	Non-controlling interests	Total equity
Balance as at 1 January 2019	**25 000**	**12**	**(179 084)**	**(3 213)**	**(3 289)**	**(66 831)**	**2 014 534**	**1 787 129**	**411 105**	**2 198 233**
Profit/(loss) for the period							**(671 754)**	**(671 754)**	**(401 268)**	**(1 073 022)**
Foreign currency translation differences	-	-	128 217	-	-	-	-	128 217	14 348	142 565
Hyperinflation adjustment	-	-	9 091	-	-	-	-	9 091	-	9 091
Recycling hyperinflation due to loss of control Lime	-	-	(28 972)	-	-	-	-	(28 972)	-	(28 972)
Release OCI due to loss of control Lime	-	-	2 499	424	491	-	(32 218)	(28 805)	-	(28 805)
Cash flow hedges, net of tax	-	-	-	(8 044)	-	-	-	(8 044)	1 481	(6 563)
Fair value changes, net of tax	-	-	-	-	-	-	-	-	-	-
Remeasurements employee benefits, net of tax	-	-	-	-	-	-	(25 224)	(25 224)	(9 162)	(39 386)
Equity-settled share-based payment	-	-	-	-	-	-	5 900	5 900	3 177	9 077
Total other comprehensive income	-	-	**110 835**	**(7 620)**	**491**	-	**(51 542)**	**52 164**	**9 844**	**62 008**
Total comprehensive income for the period	-	-	**110 822**	**(7 620)**	**491**	-	**(723 296)**	**(619 590)**	**(392 424)**	**(1 011 014)**
Own shares acquired	-	-	-	-	-	(1 152)	-	(1 152)	-	(1 152)
Dividends to equity holders	-	-	-	-	-	-	(70 411)	(70 411)	(454)	(70 865)
Total contributions by and distributions to owners	-	-	-	-	-	**(1 152)**	**(70 411)**	**(71 563)**	**(454)**	**(72 017)**
Other movements	-	-	(1 657)	89	(65)	(49)	3 658	1 976	(3 416)	(1 440)
Total transactions with owners	-	-	**(1 657)**	**89**	**(65)**	**(1 201)**	**(66 753)**	**(69 587)**	**(3 870)**	**(73 457)**
Balance as at 1 December 2019	**25 000**	**12**	**(69 906)**	**(10 744)**	**(2 863)**	**(68 032)**	**1 224 485**	**1 097 952**	**15 811**	**1 113 762**

For more information on Capital and reserves – see note 25 *Capital and share-based payments*.

The table on this page is an integral part of these consolidated financial statements.

In thousands of euro	Share capital	Share premium	Translation reserve	Hedging reserve	Fair value	Reserve for own shares	Retained earnings	Total	Non-controlling interests	Total equity
Balance as at 1 January 2018	**25 000**	**12**	**(149 411)**	**(3 831)**	**(3 289)**	**(65 216)**	**1 676 273**	**1 479 538**	**6 097**	**1 485 634**
Profit for the period							**(126 079)**	**(126 079)**	**(50 833)**	**(176 912)**
Foreign currency translation differences	-	-	441	-	-	-	-	441	(1 742)	(1 302)
Hyperinflation adjustment	-	-	28 358	-	-	-	-	28 358	-	28 358
Cash flow hedges, net of tax	-	-	-	787	-	-	-	787	-	787
Fair value changes, net of tax	-	-	-	-	-	-	-	-	-	-
Remeasurements employee benefits, net of tax	-	-	-	-	-	-	12 875	12 875	1 104	13 979
Equity-settled share-based payment	-	-	-	-	-	-	4 544	4 544	2 564	7 108
Total other comprehensive income	-	-	**28 799**	**787**	-	-	**17 419**	**47 005**	**1 926**	**48 930**
Total comprehensive income for the period	-	-	**28 799**	**787**	-	-	**(108 660)**	**(79 074)**	**(48 907)**	**(127 982)**
Own shares acquired	-	-	-	-	-	(1 530)	-	(1 530)	-	(1 530)
Dividends to equity holders	-	-	-	-	-	-	(71 903)	(71 903)	(702)	(72 605)
Capital decreases	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-	**(1 530)**	**(71 903)**	**(73 433)**	**(702)**	**(74 135)**
Acquisition of non-controlling interest (note 3)	-	-	(58 472)	-	-	-	518 859	460 387	454 476	914 863
Other movements	-	-	-	(169)	-	(85)	(35)	(289)	141	(148)
Total transactions with owners	-	-	**(58 472)**	**(169)**	-	**(1 615)**	**446 921**	**386 665**	**453 915**	**840 580**
Balance as at 31 December 2018	**25 000**	**12**	**(179 084)**	**(3 213)**	**(3 289)**	**(66 831)**	**2 014 534**	**1 787 129**	**411 104**	**2 198 232**

CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of euro	Note	2019	2018
Profit for the period		**(1 073 021)**	**(176 912)**
Adjustments for:			
Amortisation, depreciation and impairment	16,17,32	1 735 573	569 386
Provisions and employee benefits	27, 28	58 258	34 742
Loss/(gain) on sale of property, plant and equipment		(15 316)	(8 654)
Share of profit of equity accounted investees	18	(3 684)	(2 697)
Financial result	13	(40 285)	102 529
Income taxes	14	(152 609)	9 558
Share-based payment expense		9 076	7 207
Other non-cash items (allowances trade receivables/write down inventories)		17 382	11 662
Operating cash flow before working capital changes		**535 374**	**546 821**
Changes in inventories		13 787	(37 011)
Changes in trade and other receivables		116 992	44 440
Changes in trade and other payables		(131 306)	48 257
Proceeds/payments forex risk hedges		31	(570)
Working capital changes		**(496)**	**55 116**
Use of provisions	28	(67 226)	(41 945)
Contributions pensions	27	(25 048)	(28 607)
Operating cash flow		**442 604**	**531 385**
Income taxes (paid)/received		(29 378)	(55 308)
Interest received		17 727	4 420
Net cash from operating activities		**430 953**	**480 497**
Proceeds from sale of property, plant and equipment		36 160	16 101
Proceeds from sale of intangible assets		789	541
Sale of subsidiaries, net of cash disposed of	4	456 132	2 017
Repayment of granted loans		33 465	-
Other proceeds		692	954
Dividends received		2 222	2 115
Investing cash inflows		**529 460**	**21 728**
Business combinations	3	(11 192)	(59 186)
Acquisition of property, plant and equipment	16	(190 105)	(354 437)
Acquisition of intangible assets	17	(21 948)	(4 787)
Granting of loans		(295)	-
Changes in other non-current assets		(1 830)	(500)
Investing cash outflows		**(225 370)**	**(418 910)**
Net cash used in investing activities		**304 090**	**(397 182)**
Drawing of borrowings		7 331	1 404 725
Repayment of borrowings		(165 863)	(1 170 280)

In thousands of euro	Note	2019	2018
Increase (decrease) of lease liabilities		(111 432)	(2 623)
Increase (decrease) of long term payables		-	-
Interest paid		(84 181)	(87 418)
Purchase of non-controlling interests	3	(9)	-
Purchase of treasury shares		(1 152)	(1 615)
Dividends paid to shareholders		(72 432)	(73 905)
Changes in other financing activities		4 880	(7 254)
Net cash used in financing activities		**(422 858)**	**61 630**
Net increase/(decrease) in cash and cash equivalents		**312 185**	**144 945**
Cash and cash equivalents at beginning of the period		**267 833**	**139 077**
Net increase/(decrease) in cash and cash equivalents		312 185	144 945
Effect on exchange rate fluctuations on cash held		(6 038)	(9 477)
Cash included in disposal group		6 712	(6 712)
Cash and cash equivalents at end of the period	24	**580 692**	**267 833**

The table on this page is an integral part of these consolidated financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

SCR-Sibelco N.V. ("the Company") is a company registered in Belgium, Plantin en Moretuslei 1a, BE-2018 Antwerp, Belgium. The consolidated financial statements of the Company comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associated entities and jointly controlled entities. The consolidated financial statements as at and for the year ended December 31, 2019 were authorized for issue by the Board of Directors on 11 March 2020.

The Group is principally engaged in the exploration for, development of and production of industrial minerals and serves its customers in the glass, ceramics, energy, metal & casting, construction & engineering, chemical, electronics and other industries.

A. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union.

B. BASIS OF PREPARATION

I. Basis of measurement

The consolidated financial statements are presented in euro, which is the Company's functional currency, and are rounded to the nearest thousands, except when otherwise indicated. They are prepared on the historical cost basis except for derivative financial instruments, financial liabilities at fair value through profit or loss and greenhouse gas emissions rights that have been measured at fair value – see note 13 *Net financing costs*.

II. Judgements, estimates and assumptions

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in each note whenever relevant.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- note 17 – key assumptions used in the impairment test for cash generating units;
- note 20 – utilisation of tax losses;
- note 27 – employee benefits;
- note 31 – financial instruments;
- note 28 – provisions for site restoration and plant demolition.

Non-recurring items are those that in management's judgement need to be disclosed and are determined by the nature of the item or their incidence. Such items are disclosed separately in the notes to the financial statements – see note 9 *Other operating income* and note 10 *Other operating expenses*.

Non-recurring items are income or expense that arise from events that are clearly distinct from ordinary activities, not expected to recur frequently and that are unpredictable and unusual. Events which may give rise to non-recurring items are principally:

- Natural disasters and fire;
- Decisions taken by local authorities which reduce or restrict the Group's rights on assets and which are out of the Group's control;
- Decisions to discontinue operations;
- Disposal of legal entities, cash-generating units or major parts of a cash-generating unit; and
- Restructuring programmes.

The accounting policies have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by Group entities.

III. Changes in accounting policies and disclosures

New and amended standards and interpretations

The Group applied IFRS 16 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments and interpretations apply for the first time in 2019, the Group only listed and addressed those new and amended standards and interpretations that are relevant to the Group's financial position, performance and/or disclosures. The Group has not early adopted any standards.

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the

Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Group adopted IFRS 16 using the modified retrospective method of adoption, with the cumulative effect recognised at the date of initial application of 1 January 2019. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

In addition the Group also elected to use the following practical expedients to leases previously classified as operating leases when applying the standard using the modified retrospective method:

- A single discount rate has been applied to a portfolio of leases with reasonably similar characteristics (e.g., leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment).
- Rely on the assessment of whether leases are onerous applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review.
- Initial direct costs have been excluded from the measurement of the right-of-use asset at the date of initial application.
- Hindsight has been used, such as in determining the lease term if the contract contains options to extend or terminate the lease.

Comparative figures are not restated under the retrospective method of adoption and the cumulative effect of initially applying the standard is recognised as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application of 1 January 2019.

Based on the above, as at 1 January 2019 the effect of IFRS 16 adoption is as follows:

In thousands of euro

Assets	
Right-of-use assets	464 463
Property, plant and equipment	(14 477)
Intangible assets	(31 530)
Total assets	**418 456**
Liabilities	
Lease obligations	422 412
Other payables	(3 956)
Total liabilities	**418 456**

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

In thousands of euro

Operating lease commitments at December 2018	**550 941**
Current leases with a lease term of 12 months or less (short-term lease)	(2 631)
Leases of low-value-assets (low-value-leases)	(116)
Variable lease payments	(754)
Other	(70 577)
Operating lease obligations as of 1 January 2019 (gross, without discounting)	**476 863**
Discounting	(54 451)
Operating lease obligations as of 1 January 2019 (net, discounted)	**422 412**
Lease liabilities from finance leases recognised as at 31 December 2018	8 917
Lease liabilities recognised at 1 January 2019	**431 329**

Operating leases for royalty contracts are included in the operating lease commitments at 31 December 2018. However, consistent with IAS 17, leases to explore for or use minerals, oil, natural gas and similar non-regenerative resources are excluded from the scope of IFRS 16. In this context, “Other” (€70.6 million) mainly reflects the scope exclusion for royalty payments.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its consolidated financial statements.

Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company’s and the subsidiaries’ tax filings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Group determined, based on its tax compliance and transfer pricing study, that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The Interpretation did not have an impact on the consolidated financial statements of the Group.

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments had no material impact on the consolidated financial statements of the Group as it did not have material plan amendments, curtailments, or settlements during the period.

IV. Presentation current and non-current assets and liabilities

The Group has presented current and non-current assets, and current and non-current liabilities, as separate classifications in the statement of financial position. The Group has elected to present non-current assets and liabilities before current assets and liabilities.

An asset is current when it is either:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 months after the reporting period;
- Cash or cash equivalent, unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when either:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

C. BASIS OF CONSOLIDATION

I. Subsidiaries

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has all of the following:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting, or similar, rights of an investee, it considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group’s voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Where the Group's interest is less than 100 percent, the profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if doing so causes the non-controlling interests to have a deficit balance. When preparing the consolidated financial statements, adjustments to the financial statements of the subsidiaries might be necessary in order to bring their accounting policies in line with the Group's accounting policies.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

II. Joint operations

The Group undertakes a number of business activities through joint arrangements. A joint arrangement is an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control over an arrangement, which exists only when the decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement.

In relation to its interests in joint operations, the Group recognises its:

- Assets, including its share of any assets held jointly;
- Liabilities, including its share of any liabilities incurred jointly;
- Revenue from the sale of its share of the output arising from the joint operation;
- Share of the revenue from the sale of the output by the joint operation;
- Expenses, including its share of any expenses incurred jointly.

III. Equity accounted investees

Equity accounted investees include associates and joint ventures. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds, directly or indirectly through subsidiaries, twenty percent or more of the voting power. Conversely, joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. The consideration made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

Associates and joint ventures are both accounted for by the Group using the equity method of accounting. Under this method, the investment is initially recorded at cost and adjusted thereafter for the changes in the Group's share of the net assets of the associate or joint venture after the acquisition date. The Group's investments in associates or joint venture include goodwill (net of impairment) on acquisition which is presented in the carrying amount of the investments. The consolidated financial statements of the Group include the Group's share of the profit or loss, OCI and movements directly recognised in equity of the equity accounted investees. The consolidated financial statements include the associates or joint venture from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

The aggregate of the Group's share of profit or loss of equity accounted investees is shown on the face of the statement of profit or loss outside EBIT and represents profit or loss after tax and non-controlling interests (if any) in the subsidiaries of the equity-accounted investees.

After the application of the equity method, the Group determines whether there is objective evidence that the investment in the equity accounted investees is impaired. If there is such evidence then the Group estimates the recoverable amount of the investment and recognises an impairment loss representing the difference between the recoverable amount of the equity accounted investee and its carrying amount. Such impairment loss is recognised within 'Share of profit of equity accounted investees (net of tax)'.

When the Group's share of losses exceeds the carrying amount of the equity accounted investee, the carrying amount of the Group's interest (including any long-term investments) is reduced to nil and recognition of further losses is discontinued, except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee.

IV. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

D. FOREIGN CURRENCY TRANSLATION

For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

I. Foreign currency transactions

Group's entities recognise transactions in foreign currencies in their respective functional currency at the spot rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are converted to the functional currency using the closing rate at the balance sheet date. Foreign exchange differences arising on translation are recognised in profit or loss (as finance income or expense), except for differences arising on non-monetary items that are measured at fair value, for example, financial assets measured at fair value through OCI or a financial liability designated as a hedge of the net investment in a foreign operation (see i) Derivative financial instruments and hedge accounting below). The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e.: translation differences on items whose fair value gain or loss is recognised in OCI are also recognised in OCI).

Non-monetary items which are carried at fair value are converted using the exchange rates existing when the values were determined.

Non-monetary items which result from transactions which took place in a foreign currency, but which are carried at historical cost, are reported using the exchange rate at the date of the transaction.

II. Foreign operations

The income and expenses of foreign operations are translated to euro at average exchange rates. The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on the acquisition of a foreign entity, are translated to euro at exchange rates at the reporting date.

Foreign exchange differences arising on translation are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. When a foreign operation is disposed of, in part or in full, the cumulative amount in the translation reserve is reclassified to profit or loss as part of the gain or loss on disposal.

E. INTANGIBLE ASSETS

I. Recognition and measurement

Intangible assets are recognised when the asset is identifiable, controlled by the Group, it is probable that future economic benefits specifically attributable to the asset will flow to the Group and when the cost of the asset can be measured reliably.
All costs related to intangible resources which do not meet the recognition criteria are recognised as expenses and are not subsequently reinstated as an asset.
Intangible assets which have been recognised as assets are not subsequently revalued.
The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable (see accounting policy m) Impairment).
Subsequent expenditure on capitalised intangible assets is capitalised only when it meets the recognition criteria of intangible assets (see above). All other expenditure is expensed as incurred.
Intangible assets are initially measured at cost. The cost of intangible assets acquired in a business combination are initially recognised at fair value on the date of acquisition.

II. Intangible assets in respect of mining activities

Pre-acquisition prospecting, evaluation and exploration costs are charged to expense when incurred.
Acquisition of mineral rights includes legal rights to explore for, develop, and produce wasting resources on a mineral property. Direct costs, license costs and all costs which are incurred in acquiring legal rights to undeveloped mineral properties are capitalised as intangible assets.
Mineral rights and mineral properties shall be recognised as identifiable assets provided that the carrying value is expected to be recovered through successful development and exploitation or exploration and evaluation activities have, at balance sheet date, reached a stage which permits a reasonable assessment of the existence of reserves and resources and active significant operations are continuing.
Other potential reserves and resources and mineral rights, for which, in the Executive Committee's opinion, values cannot reliably be determined, are recognised as expense in profit or loss.
Post-acquisition exploration and evaluation (E&E) costs are initially recognised as an intangible asset pending the determination of whether commercially recoverable reserves have been found.

Post-acquisition E&E comprises following activities:

- Researching and analysing historical exploration data;
- Gathering exploration data through geophysical studies;
- Exploratory drilling and sampling;
- Determining and examining the volume and grade of the resource;
- Surveying transportation and infrastructure requirements;
- Conducting market and finance studies.

To justify a continuing presumption of future economic benefits of deferred post-acquisition exploration and evaluation costs, costs can only be deferred while further activity in the mineral deposit is planned and the post-acquisition exploration and evaluation activities are expected to result in commercial reserves within two years.
Amortisation of capitalised acquisition costs of mineral rights commences as soon as the first unit in a saleable form is produced and are amortised on a units of production basis.
Capitalised post-acquisition exploration and evaluation costs remain unamortized until commercially recoverable reserves are found.
At the time of assessment of insufficient potential for commercial exploitation, capitalised costs are expensed (no reinstatement when subsequently reserves are found).
Once exploitation starts and the proven reserves are estimated the capitalised amounts are amortised using the unit-of-production method, except for capitalised construction costs for which a straight-line depreciation over useful live is applied.

III. Research and development costs

Costs relating to research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are expensed to the statement of profit or loss as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in profit or loss as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation (see below) and impairment losses (see accounting policy m) Impairment).

IV. Computer software

Expenditure on development activities within an ICT project are capitalised if the criteria for capitalisation of research and development costs (see research and development costs) are met.

V. Amortisation

Intangible assets which have an indefinite useful life are not amortised but are subject to annual impairment testing.

Intangible assets which have a finite useful life are amortised from the date they are available for use using the straight-line method over their useful lives. The estimated useful lives are as follows:

Mineral rights and post-acquisition exploration and evaluation costs	Physical unit-of-production method
Development expenses	5 years
Marketing related intangible assets	5 years
Customer related intangible assets	5 years or if acquired through a business combination over the DCF model horizon up to a maximum of 10 years
Contract-based intangible assets	Over estimated economic or legal life (contract terms), whichever is shorter, up to a maximum of 10 years
Computer software	3 years

F. EMISSION RIGHTS

Sibelco recognises a provision for emission in case it has caused emissions in excess of emission rights granted. The provision is measured at the fair value (market price) of emission rights necessary to compensate for that shortfall.

Emission rights held are accounted for as follows:

- Emission rights allocated for free by national authorities are accounted for as non-monetary government grants at its nominal value of nil;
- Emission rights purchased from other parties are accounted for at cost. If they are dedicated to offset a provision for in excess emission, they are deemed to be "reimbursement rights" and are accounted for at fair value;
- Proceeds from disposal of excess rights are recognised when incurred in other operating income at the sales price.

Deficits are measured based on an allocation that covers the entire period of the scheme provided that the entity is unconditionally entitled to all the allowances for the period concerned.

G. GOODWILL

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- The fair value of consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree (for each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets); plus
- If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase price is immediately recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised, but instead the Group tests it for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired (see accounting policy m) Impairment).

The carrying amount of goodwill is allocated to a plant or mineral deposit or groups of plants and mineral deposits (cash-generating unit) that are expected to benefit from the synergies of the combination. The manner in which the goodwill is allocated to each plant or mineral deposit or groups of plants and mineral deposits represents the lowest level within a Group's entity at which the goodwill is monitored for internal management purposes.

H. FINANCIAL INSTRUMENTS – INITIAL RECOGNITION & SUBSEQUENT MEASUREMENT

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

I. Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss. The classification is different for financial asset – debt instruments and financial asset – equity instrument. The most relevant financial assets – debt instruments that are held by the Group are trade receivables and other receivables (e.g.: VAT or cash deposits). The Group may enter into derivative instruments in order to manage certain financial risks.

The classification of debt instruments at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price as disclosed in section u) Revenue from contracts with customers.

In order for a debt instrument to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model. The financial assets acquired and held by the Group, in general, contains plain vanilla features therefore pass the SPPI test. The Group does not invest or acquire debt instruments with complex features such as termination options with significant fair value at initial recognition, interest leveraged to on commodity price or principal amounts pegged to commodity price.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling. The most relevant type of debt instruments are trade receivables which are typically held for collecting cash flows and consequently, resulting in a classification as financial asset at amortised cost. The Group has limited number of non-recourse factoring arrangements in order to manage its liquidity risk which result in derecognising those receivables before their due date. The trade receivables that are susceptible to be factored are managed in a business model with the objective of both collecting and selling the financial assets therefore are classified as financial assets at FVOCI. The typical payment terms of the trade receivables range between 30 and 90 days, consequently, their fair value approximates the nominal amount therefore the classification as FVOCI has no significant impact on the carrying amount of these receivables.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, and loan to an associate and loan to a director included under other non-current financial assets.

Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group's debt instruments at fair value through OCI includes mainly trade receivables that are managed in business model with the objective of both holding to collect contractual cash flows and selling, as in certain countries the Group has non-recourse factoring agreements and decides on case-by-case basis to make use of those factoring facilities.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments. Dividends on listed equity investments are recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

The rights to receive cash flows from the asset have expired

Or

The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Group applies the simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due and the reason of non-payment is linked to the financial situation and health of the debtor. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.
A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

II. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss (FVPL)
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also financial liabilities at fair value through profit or loss unless they are designated as effective hedging instruments.

Gains or losses on financial liabilities FVPL are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 26 Interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

III. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

I. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).
A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is ‘an economic relationship’ between the hedged item and the hedging instrument.
- The effect of credit risk does not ‘dominate the value changes’ that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit or loss as other operating expense or financial expense depending on the hedged risk. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit or loss as other operating expense or financial expense depending on the hedged risk.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

The Group has not entered into any fair value hedges during the year.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments, as well as forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to foreign currency contracts is recognised as other operating expense and the ineffective portion relating to commodity contracts is recognised in other operating expense or financial expense depending on the hedged risk.

The Group designates only the spot element of forward contracts as a hedging instrument. The forward element is recognised in other operating expense or financial expense depending on the hedged risk.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a nonfinancial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as OCI while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

J. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprises cash balances and call deposits with maturities of three months or less that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short term commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

K. PROPERTY, PLANT AND EQUIPMENT

I. Recognition and measurement

All property, plant and equipment are recorded at historical cost less accumulated depreciation (see below) and impairment losses (see accounting policy m) Impairment).
Safety and environmental expenditure is capitalised when the item is needed to obtain future economic benefits from other assets.
Items such as spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment if they are expected to be used during more than one reporting period, their cost can be measured reliably and it is probable that future economic benefits associated with the item will flow to the Group.
The cost of an item of property, plant and equipment includes expenditures that are directly attributable to the acquisition of the asset and where relevant, the costs of dismantling and removing the asset and restoring the site on which that asset is located, and capitalised borrowing costs.
Property, plant and equipment are not subsequently revalued.
Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.
The Group recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred, if it is probable that the future economic benefits embodied with the item will flow to the Group and when the cost of the item can be measured reliably. All other costs are recognised in profit or loss as an expense as incurred.
Property, plant and equipment acquired in a business combination is recognised at fair value at the acquisition date.

II. Property, plant and equipment in respect of mining activities

Acquisition of mineral property includes the costs incurred to purchase or lease mineral properties to explore for, develop, and produce wasting resources.
Development activities include costs for the establishment of access to the mineral reserves and for other preparations before commercial production. In general all development costs are capitalised and

amortised on a units of production basis.
Initial stripping costs at new mines and at operating mines outside existing pit limits, that are expected to benefit future production beyond a minimum of one year, are capitalised as part of the costs of developing and amortised on a units of production basis.
Ongoing stripping costs to maintain production of operating mines are expensed to the statement of profit or loss when the stripping ratio (ratio of minerals extracted to overburden or waste material) over the life of the mine is expected to be relatively even.
Ongoing stripping costs are deferred using a life-of-mine based accounting model when the stripping ratio varies substantially during the life of a mine. It involves deferring costs when the actual stripping ratio incurred exceeds the expected average life-of-mine stripping ratio or recording a liability when the actual stripping ratio is less than the expected average life-of-mine ratio.

III. Depreciation

Items of property, plant and equipment, other than mineral properties and mining development costs, are depreciated in profit or loss as from the date the asset is available for use using the straight-line method over the estimated useful life of the asset.
Mineral properties are depreciated as from the start of production by the proportion that the mineral reserves extracted in a period, correspond to total mineral reserves (physical unit-of-production method). Under the unit-of-production method the mineral reserves base used to depreciate includes the proven (both developed and undeveloped) and probable reserves. Mineral properties remain undepreciated until commercially recoverable reserves are extracted.
The Group assesses the stage of each mine under development/ construction to determine when a mine moves into the production phase, this being when the mine is substantially complete and ready for its intended use. The criteria used to assess the start date are determined based on the unique nature of each mine development/ construction project, such as the complexity of the project and its location. At this point, all related amounts are reclassified from 'Assets under construction' to 'Mineral Properties'.
Capitalised development costs are also depreciated on a unit-of-production basis.
At the time of assessment of insufficient potential for commercial exploitation, capitalised costs are expensed (no reinstatement when subsequently reserves are found).
Estimated residual salvage values are taken into account in determining depreciation.
The estimated useful lives are as follows:

Mineral property	Physical unit-of-production method
Mining development costs	Physical unit-of-production method
Administrative buildings	30 years
Plant and processing equipment	5 and 12 years
Mobile equipment	5 years
Laboratory equipment	7 years
Railroad equipment	10 – 25 years

Land which is not intended for mining activities is not depreciated.

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

L. LEASES

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

I. Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section M. Impairment.

II. Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease term is determined as the non-cancellable period of a lease together with both (a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and (b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The Group considers all relevant facts and circumstances in the assessment whether an option is reasonably certain to be exercised such as significant leasehold improvements undertaken (or expected to be undertaken) over the term of the contract and costs relating to the termination of the lease, such as negotiation costs, relocation costs, costs of identifying another underlying asset suitable for the Group's needs.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is usually not readily determinable. The Group determines the incremental borrowing rate based on an applicable reference rate and a specific margin. The reference rate is based on the specific lessee's country reflecting the currency and country risk and taking into account the lease term of the contract. The margin reflects the incremental spread applicable to the Group based on market data and available funding contracts. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Interest-bearing loans and borrowings – see Note 26 *Interest-bearing loans and borrowings*.

III. Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value which is defined as EUR 10.000 for the whole Group. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

M. IMPAIRMENT

At each reporting date, the Group assesses the carrying amount of its assets, other than inventories (see accounting policy n) Inventories), financial assets (see accounting policy h) and deferred tax assets (see accounting policy t) Income taxes), to determine whether there is any external or internal indication that those assets have been impaired.

If any such indication exists, the recoverable amount of the asset is estimated and compared to its carrying value in order to determine the extent of the impairment loss (if any). For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time in December.

I. Determination of recoverable amount

The recoverable amount of the assets tested for impairment is the greater of their fair value less costs of disposal and value in use.

For the fair value less costs of disposal, the fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The costs of disposal is deducted from the fair value and includes costs other than those that have been recognised as liabilities, for example, legal costs, stamp duty and similar transaction taxes.

In assessing value in use, the estimated future cash flows generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit or a cluster of cash generating units to which the asset belongs.

Estimated future cash flows are based on proven and probable reserve quantities as per the most recent life of the mine plan in determining the value in use of mineral properties. The Group uses a time horizon of maximum 10 years and in case the reserves are estimated to remain available after the maximum period, then it estimates a terminal value. Future cash flows of mineral properties include estimates of recoverable minerals, mineral prices (considering current and historical prices and price trends), production levels, capital and reclamation costs, all based on detailed engineering life of mine plans.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount (impairment loss). Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (cluster of cash generating units) and then, to reduce the carrying amount of the other assets in the unit (cluster of cash generating units) on a pro rata basis. Impairment losses are immediately recognised in profit or loss.

After the recognition of an impairment loss, the depreciation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

II. Reversal of impairment

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, where an impairment loss subsequently reverses as a result of a change in the estimates used to determine the recoverable amount, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) if no impairment loss had been recognised for the asset (cash-generating unit) in prior years.

N. INVENTORIES

I. Recognition and measurement

Inventories are measured at the lower of cost and net realisable value. Cost of raw materials comprises the purchase price (less discounts and rebates), import and other duties, non-refundable purchase taxes, transport and handling costs and other costs directly attributable to the acquisition of the inventories.
Cost of finished goods and work-in-progress comprises costs directly related to the units of production, such as labour and an appropriate proportion of variable and fixed production overheads.
Cost is determined on the weighted average cost basis for mining inventories and a first-in, first-out (FIFO) basis for trading inventories. Inventories are written down to net realisable value when the cost of the inventories exceeds that value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling costs.

II. Inventories in respect of mining activities

The cost of finished products comprises all costs related to the mineral reserves extracted and made ready for use or sale during the period. The conversion costs include costs of direct labour in the mine and at the plant, both variable and fixed production costs and an appropriate portion of fixed and variable overhead costs.
Joint products are products having significant relative values emerging from a common production process. The cost of conversion is allocated between the joint products on the basis of physical measures such as weight, volume and energy content.
Ordinary spare parts (that are regularly replaced) and consumables are stated at cost less any write-down for obsolescence.

O. HEDGE ACCOUNTING

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.
Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.
The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates and certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.
At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

I. Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.
The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts (‘forward points’) is separately accounted for as a cost of hedging and recognised in a costs of hedging reserve within equity.

II. Fair value hedges

For fair values hedges, in which derivative financial instruments hedge the change in fair value of assets and liabilities or an unrecognised firm commitment, changes in the fair value of derivative financial instruments are recognised in profit or loss, together with changes in the fair value of the related hedged item in respect of the risk that is hedged.

III. Hedge of net investment in foreign operation

Where a foreign currency liability hedges a net investment in a foreign operation, foreign exchange differences arising on translation of the liability to euro are recognised directly in other comprehensive income. Where a derivative financial instrument hedges a net investment in a foreign operation, the portion of the gain or the loss on the hedging instrument that is determined to be an effective hedge is recognised directly in other comprehensive income and presented within equity in the translation reserve, the ineffective portion is reported in the statement of profit or loss. When the hedged net investment is disposed of, in part or in full, the cumulative amount in the translation reserve is transferred to the statement of profit or loss as an adjustment to the gain or loss on disposal.

P. SHARE CAPITAL

I. Repurchase of share capital (treasury shares)

The Group’s ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares are recognised as a deduction from equity, net of any tax effects.

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a change in equity. Repurchased shares are classified as treasury shares and presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

II. Dividends

Dividends are recognised as a liability in the period in which they are declared.

Q. PROVISIONS

I. Recognition and measurement

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.
The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the reporting date. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.
Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money. The discount rate is based on long term market interest rate for a risk similar to the risk of the Group. When discounting is used, the increase of the carrying amount of the provision in each period to reflect the unwinding of the discount by the passage of time is recognised as an interest expense.

II. Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced before the reporting date or has been announced to those affected by it (constructive obligation). Costs relating to the on-going activities of the Group are not provided for.

III. Provisions for dismantling and removing assets

A provision for the full cost expected to be incurred at the end of the life of the asset on a discounted net present value basis is recognised at the beginning of each project and is capitalised as part of the cost of the asset.
Where discounting is used, the increase in the provision due to the passage of time is recognised as part of finance costs in the statement of profit or loss.
Initial measurement is determined based on the best estimate of the obligation taken into account advances in technology, productivity improvement and the particular circumstances faced by the operations or mines.
Subsequently the amount capitalised as part of the asset is depreciated over the useful life of that particular asset based on the straight-line method (see accounting policy k) Property, plant and equipment). The effect of a change in the discount and inflation rate is allocated to the remaining asset component. In case the asset component is fully depreciated the effect of a change in the discount and inflation rate is recognised as a finance income/expense.

IV. Provisions for site restoration that results from mineral extraction

The Group provides for site restoration costs resulting from mining activities where a legal or constructive obligation exists.
A provision for the full cost expected to be incurred at the end of the life of the mine on a discounted net present value basis is recognised when post-acquisition exploration and appraisal activities commence and is capitalised as part of the cost of the asset. The full provision for site restoration costs does not exceed the period of the mining permission.
Initial measurement is determined based on the best estimate of the site restoration obligation taken into account advances in technology, productivity improvement and the particular circumstances faced by the operations or mines.
Subsequently the amount capitalised as part of the asset is depreciated over the time of the concession or permit, adopting a straight-line method not exceeding twelve years (see accounting policy k) Property, plant and equipment). The effect of a change in the discount and inflation rate is allocated to the remaining asset component. In case the asset component is fully depreciated the effect of a change in the discount and inflation rate is recognised as a finance income/expense.

R. INCOME TAXES

Income tax expense represents the sum of current tax and deferred tax. Current tax and deferred tax expense is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.
Current tax expense is recognised as an expense in the same period as the related accounting profit.
Current tax asset is recognised when the Group expects recovering income taxes paid in respect of the current or previous period. The Group's current tax liabilities (assets) for the current and prior periods is measured at the amount expected to be paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.
Deferred tax is recognised in respect of all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities and assets are not recognised if the temporary differences arise from the initial recognition of goodwill and from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. The Group does not use this initial recognition exemption for provisions for dismantling and removing assets, Provisions for site restoration that results from mineral extraction and lease contracts.
Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.
Deferred tax assets are recognised for all deductible temporary differences, the carry-forward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized.
Subsequently, the carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.
Deferred tax is calculated at the tax rate that is expected to apply in the period when the asset is realised or the liability is settled, using tax rates enacted or substantively enacted at the reporting date.
Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

S. EMPLOYEE BENEFITS

Short-term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided. A liability for short-term employee benefits is recognised for the amount expected to be settled wholly within 12 months after the end of the reporting period under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Termination benefits are recognised as an expense when the Group is demonstrably committed to either terminate the employment of employees before the normal retirement date or when an employee decides accepting an offer of benefits from the Group in exchange for the termination of employment. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, there is a restriction on the Group's ability to withdraw the offer, and the number of acceptances can be estimated reliably.

Post-employment benefits are formal or informal arrangements under which the Group provides post-employment benefits for one or more employees and which are payable after the completion of employment.

The Group operates defined contribution and defined benefit plans. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Contributions to defined contribution plans are recognised as an expense as incurred. Any amount unpaid at the end of the period is recognised as a liability. The liability is discounted using the discount rate specified for defined benefit plans when the contributions are not expected to be settled wholly within 12 months after the end of the period. Contributions already paid exceeding contributions due for service before the reporting date are recognised as an asset to the extent that the prepayments are recoverable.

Following IAS 19R, defined contribution plans with a minimum funding guarantee are accounted for as defined benefit pension plans.

Under a defined benefit plan, actuarial risks and investment risks are borne by the Group. The determination of the defined benefit liability is based on demographic and financial assumptions which are unbiased and mutually compatible. The discount rate is determined by reference at the balance sheet date to high quality corporate bonds that have maturity dates approximating to the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

The Projected Unit Credit Method is used to determine the present value of the defined benefit obligation, the related current service cost and any past service cost. The valuations are carried out with sufficient regularity by a qualified actuary.

Plan assets held by a long-term employee benefit fund including qualifying insurance policies are measured at fair value.

Current service cost which is the actuarial cost of providing benefits in respect of service rendered is recognised as an expense in profit or loss for the current period.

Interest cost which arises as a result of the unwinding of the discount in the present value calculation is recognised in net finance cost in profit or loss for the current period (see accounting policy v) Finance income / expense). It is determined by multiplying the net defined benefit liability (asset) with the discount rate, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Re-measurements, comprising of actuarial gains and losses and the return on plan assets (excluding net interest), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

All past service costs are recognised at the earlier of when the amendment/curtailment occurs or when the related restructuring or termination costs are recognised.

T. GOVERNMENT GRANTS

Government grants are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the government grant relates to an expense item, it is recognised as income on a systematic basis in the same periods in which the expenses are incurred.

Where the grant relates to a depreciable asset, the grant is credited to a deferred income account and is recognised as other operating income over the periods and in the proportions in which depreciation on those assets is charged.

U. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group is in the business of providing industrial minerals to serve its customers in the glass, ceramics, energy, metal & casting, construction & engineering, chemical, electronics and other industries. Revenues are primarily derived from contracts with customers with terms typically ranging from one to eight years in length. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group has generally concluded that it is the principal in its revenue arrangements, except for the agency services below, because it typically controls the goods or services before transferring them to the customer.

I. Sale of goods

Revenue from sale of industrial minerals is recognised at the point in time when control of the asset is transferred to the customer, in accordance with delivery methods as stipulated in the underlying contract. Transfer of control to customers generally occurs when products leave the production facilities of the Group or at other predetermined control transfer points. The normal credit term is 30 to 90 days upon delivery.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated but this happens only occasionally.

The transaction price is typically fixed, however, the Group considers the effects of variable consideration. The transaction price is not adjusted for the effects of a significant financing component, as the time period between transfer of control of the goods and expected payment is in general one year or less. Sales, value-added, and other similar taxes collected are excluded from revenue.

The main elements impacting the consideration to be received is based on the volumes and price of the product per ton as defined in the underlying contract. The price per ton is based on the market value for similar products plus costs associated with transportation and transloading, as applicable.

A part of the transaction price can be variable because the Group can sell goods to certain customers with rebates, discounts, take-or-pay provisions, or other features which are accounted for as variable consideration. Rebates and discounts are not material and have not been separately disclosed. Contracts that contain take-or-pay provisions obligate customers to pay shortfall payments if the required volumes, as defined in the contracts, are not purchased. Shortfall payments are recognized as revenues when the likelihood of the customer purchasing the minimum volume becomes remote subject to renegotiation of the contract and collectability.

By-products are ignored until they are sold, at which time revenues are recognised in profit or loss and classified as other income.

(i) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts provide customers with volume rebates. The volume rebates give rise to variable consideration.

(ii) Significant financing component

Generally, the Group receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

In case the Group receives long-term advances from customers the transaction price for such contracts is discounted, using the rate that would be reflected in a separate financing transaction between the Group and its customers at contract inception, to take into consideration the significant financing component.

II. Contract balances

(i) Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

(ii) Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

(iii) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

III. Rendering of services

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at the reporting date.

V. FINANCE INCOME / EXPENSE

I. Interest

Interest revenue and expense is recognised on a time proportion basis that takes into account the effective yield on the asset and liability. The effective yield is the rate of interest required to discount the stream of future cash receipts or future cash payments expected over the asset's or liability life to equate to the initial carrying amount of the asset or the liability.

II. Dividend income

Dividends are recognised on a cash basis or when they are declared, which is usually the earliest time at which it is probable that they will flow to the holder of the investment.

III. Finance expense

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, the interest cost of employee benefits, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

W. NON-CURRENT ASSETS HELD-FOR-SALE AND DISCONTINUED OPERATIONS

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Immediately before classification as held for sale, the measurement of the assets (and all assets and liabilities in a disposal group) is brought up-to-date in accordance with the applicable Group accounting policies. Then, on initial classification as held-for-sale, non-current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs of disposal.

A disposal group is a group of assets, possibly with some associated liabilities, which the Group intends to dispose of in a single transaction. The measurement basis required for non-current assets classified as held for sale is applied to the group as a whole, and any resulting impairment loss reduces the carrying amount of the non-current assets in the disposal group in the order of allocation required by IAS 36.

Impairment losses on initial classification as held-for-sale are included in profit or loss. The same applies to gains and losses on subsequent remeasurement, but gains are not recognised in excess of any cumulative impairment loss.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held-for-sale, if earlier. A disposal group that is to be abandoned may also qualify. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

X. SHARE BASED PAYMENTS

The Company (through its subsidiary Covia Inc.) operates several equity-settled share-based compensation plans that allow for granting of non-qualified stock options, restricted stock units, and performance restricted stock units to employees. Although the award is not issued by the Company but a subsidiary within the Group, IFRS 2 requires classifying these plans as equity-settled share-based plans and therefore are accounted for using the general guidance.

The fair value of the employee services received in exchange for the grant of the share-based awards is recognized at grant date fair value in employee benefits expense (refer to note 12), together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period).

The cumulative expense recognized for equity-settled awards at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest, while no expense is recognized for awards that do not ultimately vest. The Group recognises stock based compensation expense using the Black-Scholes-Merton option-pricing model, using the input of certain variables that are dependent on future expectations, including the expected lives of the options from grant date to exercise date, the volatility of the shares, and the expected dividend rate. The estimates of these variables are made for the purpose of using the valuation model to determine an expense for each reporting period and are not subsequently adjusted. The Group also estimates a forfeiture rate based on our historical experience, which could change over time. The fair value of the restricted stock units is measured at the closing price of the shares as of the date of issuance of the award.

In the event of modification to the terms of an equity-settled award, the expense recognized is the expense as if the terms had not been modified at all. However, additional expense is recognized for any modification which increases the fair value of the share-based payment award or is otherwise beneficial to the employee as measured as of the date of modification. If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is immediately recognized. However, if a new award is substituted for a cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award. Any proceeds received, net of any directly attributable transaction costs, are credited to share capital and share premium when options are exercised.

Y. NEW STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group considered to only list and address the ones expected to have an impact on the Group's financial position, performance, and/or disclosures. The Group intends to adopt these standards, if applicable, when they become effective.

Amendments to IFRS 3: Definition of a Business

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements.

Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Interest Rate Benchmark Reform

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

The amendments apply to all hedging relationships that are directly affected by interest rate benchmark reform. Application of the reliefs is mandatory. The first three reliefs provide for:

1. The assessment of whether a forecast transaction (or component thereof) is highly probable
2. Assessing when to reclassify the amount in the cash flow hedge reserve to profit and loss
3. The assessment of the economic relationship between the hedged item and the hedging instrument

The fourth relief provides that, for a benchmark component of interest rate risk that is affected by IBOR reform, the requirement that the risk component is separately identifiable need be met only at the inception of the hedging relationship.

The effective date of the amendments is for annual periods beginning on or after 1 January 2020, with early application permitted. The requirements must be applied retrospectively. However, any hedge relationships that have previously been de-designated cannot be reinstated upon application, nor can any hedge relationships be designated with the benefit of hindsight.

The Group is still in process of assessing the impact of the amendment on its consolidated financial statements.

2. FINANCIAL RISK MANAGEMENT

A. OVERVIEW

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- currency risk
- interest rate risk
- liquidity risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

B. CREDIT RISK

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.
No material exposure is considered to exist by virtue of the possible non-performance of the counterparties to financial instruments, other than trade and other receivables held by the Group.
Given the large number of internationally dispersed customers, the Group has limited concentration of credit risk with regard to its trade and other receivables.
This kind of financial risk is managed in a decentralised way.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables (see accounting policy h) Financial instruments & note 31 Financial instruments).

C. CURRENCY RISK

The Group is exposed to different types of currency risks:

- translation
- economical
- transactional

The Group has currently no documented hedges in a net investment in a foreign operation.

Economical exposure is the risk that the company's competitive position is affected by foreign exchange rate movements.
Transactional exposure refers to contractual obligations in foreign currencies other than the functional currency.
The Group adopted in 2007 a policy with regard to the management of these risks.

Economical exposure can be hedged at entity level under strict conditions and within a limited time frame. Cash flow hedge accounting is then applied.
Transactional exposures are systematically hedged when material.

D. INTEREST RATE RISK

Interest rate risk is managed for the Group's consolidated net financial debt with the primary objective of guaranteeing medium-term cost.

To do so, the Group manages this risk centrally, based on trends in the Group's consolidated net financial debt. Knowledge of this debt is provided by a regular reporting, that describes the financial debt of each entity and indicates its various components and characteristics.

The Group Treasury department issues regular advices to the Executive Committee in this respect.

For the Interest Rate swaps, the cash flows are based upon the calculation of the market value.

E. LIQUIDITY RISK

To ensure liquidity and financial flexibility at all times, the Group, in addition to its available cash, has several uncommitted and committed credit lines at its disposal in several currencies and in amounts considered adequate for current and near-future financing needs. Further the Group has the option to use factoring as a supplementary source of liquidity.

3. BUSINESS COMBINATIONS AND ACQUISITION OF NON-CONTROLLING INTERESTS

A. BUSINESS COMBINATIONS

On July 10, 2019, the Group acquired 100 percent of the voting shares of Macoglass S.r.l., a company based in Italy and specialised in glass recycling, for a consideration of €13.4 million in cash. Glass recycling has been defined as a focus area for growth in which the Group has developed core competencies.

Revenues and net income for these acquisition have been included in the Group's consolidated 2019 financial statements from the respective date of acquisition. The effect on revenue and net income in the consolidated 2019 financial statements is €2.1 million and €0.5 million respectively. If the combination had taken place at the beginning of the year, revenue and net income from continuing operations would have been €7.5 million and €1.8 million respectively.

A provisional purchase price allocation has been conducted in line with IFRS 3 and will be finalized in 2020 after a 12 month time horizon. The Group did not recognise any provisional goodwill.

Macoglass has well-advanced machinery to produce glass cullets including some important optical sorters. The processing assets have been valued according to the cost approach valuation method and resulted in a fair value adjustment of €4.2 million for property, plant and equipment.

Licenses have been granted to Macoglass by the Italian authorities to process different kind of glass cullets intended for recycling. The fair value for these licenses has been measured using the income approach valuation method and resulted in a fair value adjustment of €6.1 million. Macoglass has some important customer contracts which have been valued according to the residual approach method. The fair value adjustment for these contracts is €0.9 million. The two fair value adjustments together have been allocated to intangible assets (€7.0 million).

Deferred taxes were recognised on all fair value adjustments, resulting in a net deferred tax liability of €3.1 million.

Based on the above the provisional purchase price allocation resulted in the following effect on the Group's assets and liabilities:

In thousands of EUR	Note	Pre-acquisition carrying amounts	Fair value adjustments	Recognised values on acquisition
Property, plant and equipment	16	1 167	4 156	5 323
Intangible assets	17	815	7 021	7 836
Other non-current assets		-	-	-
Inventories		556	-	556
Trade receivables		1 848	-	1 848
Other receivables		478	-	478
Cash and cash equivalents		2 203	-	2 203
Total identifiable assets acquired		**7 067**	**11 177**	**18 244**
		-	-	-
Interest-bearing loans and borrowings		-	-	-
Provisions	28	-	-	-
Employee benefits	27	(293)	-	(293)
Other long-term liabilities		-	-	-
Trade payables		(1 241)	-	(1 241)
Other payables		(193)	-	(193)
Deferred tax liabilities	20	-	(3 117)	(3 117)
Total liabilities assumed		**(1 727)**	**(3 117)**	**(4 844)**
Net identifiable assets and liabilities		**5 340**	**8 060**	**13 400**
Goodwill on acquisition at closing rate	17	-	-	-
Net assets acquired		-	-	**13 400**
Consideration paid, satisfied in cash		-	-	13 400
Cash (acquired)		-	-	(2 203)
Total net purchase consideration		-	-	**11 197**

No material transaction costs were incurred for this acquisition.

B. FINAL PURCHASE PRICE ALLOCATIONS OF ACQUISITIONS MADE IN 2019

The Group completed the purchase price allocation of the Covia acquisition (acquired in June 2018). No further adjustments were recognised in 2019:

In thousands of euros	Final	Provisional	Adjustments
Property, plant and equipment	1 430 948	1 430 948	-
Intangible assets	124 271	124 271	-
Other non-current assets	5 442	5 442	-
Inventories	93 402	93 402	-
Trade receivables	136 473	136 473	-
Other receivables	8 489	8 489	-
Cash and cash equivalents	90 172	90 172	-
Interest-bearing loans and borrowings	(641 444)	(641 444)	-
Provisions	(20 793)	(20 793)	-
Employee benefits	(7 111)	(7 111)	-
Other long-term liabilities	(17 849)	(17 849)	-
Trade payables	(88 939)	(88 939)	-
Other payables	(35 042)	(35 042)	-
Deferred tax liabilities	(174 144)	(174 144)	-
Net identifiable assets and liabilities	**903 875**	**903 875**	-
Goodwill on acquisition at closing rate	160 348	160 348	-
Consideration	**1 064 223**	**1 064 223**	-
35% goodwill NCI	86 341	86 341	-
Total consideration	**1 150 564**	**1 150 564**	-
Cash paid	149 360	149 360	-
Fair value of shares acquired	650 783	650 783	-
Non-controlling interest	264 080	264 080	-
Cash (acquired)	(90 172)	(90 172)	-
Total net purchase consideration	**974 051**	**974 051**	-

C. ACQUISITION OF NON-CONTROLLING INTERESTS

No material acquisitions of non-controlling interests occurred during 2019.

4. DISPOSAL OF SUBSIDIARIES OR OTHER BUSINESS

On 1 August 2019, the Group disposed of all of the assets and liabilities of the lime and limestone operations in Australia, South America and Asia (except Lime Indonesia – see note 11 *Assets and Liabilities held for sale*). These assets and liabilities were classified as held for sale in 2018. Following schedule reflects the effect of disposing the lime subsidiaries:

In thousands of euros	Note	2019
Cash consideration received from buyers		251 656
Carrying value of the disposed interest in the Lime Business		189 258
Gain recognised in net financing costs	13	**62 398**

Together with the disposal of the lime subsidiaries, Sibelco Australia Ltd also sold land titles for a cash consideration of €4.3 million (carrying value for the land titles was €0.3 million) resulting in a gain on disposal of €4.0 million – see note 9 *Other operating income*. This brings the total gain on the disposal of the lime and limestone operations to €66.4 million.

In August 2019 the Group has sold its 100 percent interest (effective interest percentage for the Group is 65 percent) in Covia Lime LLC (d/b/a Southern Lime) for €117.7 million in cash. The transaction includes the Calera lime business in Alabama, United States. Following schedule reflects the effect of this disposal:

In thousands of euros	Note	2019
Cash consideration received from buyers		117 675
Carrying value of the disposed interest in Covia Lime LLC (d/b/a Southern Lime)		42 219
Gain recognised in net financing costs	13	**75 456**

In September 2019 the Group has sold its 100 percent interest (effective interest percentage for the Group is 65 percent) in Winchester & Western Railroad Company, a railway hub in the United States, for €91.8 million in cash. Following schedule reflects the effect of this disposal:

In thousands of euros	Note	2019
Cash consideration received from buyers		91 780
Carrying value of the disposed interest Winchester & Western Railroad Company		43 068
Gain recognised in net financing costs	13	**48 712**

During 2019, the Group has liquidated company The Newton Abbot Clays Ltd (UK) resulting in a liquidation loss of €3.8 million – see note 13 *Net financing costs under Loss on disposal/liquidation of financial assets*.

5. NON-CONTROLLING INTERESTS

Financial information of subsidiaries that have non-controlling interests is provided below. This information is based on amounts before intercompany eliminations:

Proportion of equity interest held by non-controlling interests

Name	Country of incorporation and operation	2019	2018
Covia Holdings Corporation	United States	35.00%	35.00%
Minérale SA	Belgium	50.00%	50.00%
High Five NV	Belgium	50.00%	50.00%
LLC Silica Holdings	The Netherlands	49.00%	49.00%
France Pare-Brise Recyclage SA	France	50.00%	50.00%
Ecopaté S.R.L.	Italy	10.00%	10.00%
Ecopiave S.R.L.	Italy	10.00%	10.00%
Ramenskiy GOK OJSC	Russian Federation	0.96%	0.96%
Kvarsevye peski CJSC	Russian Federation	0.96%	0.96%
Novoselovskoe GOK	Ukraine	51.65%	51.65%
Sibelco Japan Ltd	Japan	30.00%	30.00%
Fineplus (M) Sdn Bhd	Malaysia	-	12.00%
Unichamp Mineral Philippines Inc	Philippines	-	20.00%

In August 2019 the Group has sold its interest in Fineplus (M) Sdn Bhd and Unichamp Mineral Philippines Inc as part of the disposal of its lime and limestone operations – see note 4 *Disposal of subsidiaries or other business*.

Summarised statement of profit or loss at 100%

In thousands of euro	2019	2018
Revenue	1 531 086	1 747 969
Transportation costs	(496 411)	(525 142)
Cost of Sales	(934 157)	(981 026)
SG&A-expenses	(151 310)	(79 340)
Other operating income/(expenses)	(1 202 348)	(160 339)
Finance income/(expenses)	(109 329)	(59 169)
Profit/(loss) before income taxes	**(1 362 469)**	**(57 047)**
Income taxes	220 119	(3 989)
Profit/(loss) for the period	**(1 142 350)**	**(61 036)**
Total comprehensive income	**(1 142 350)**	**(61 036)**
Attributable to non-controlling interests	(401 268)	(50 833)
Dividends paid to non-controlling interests	(415)	(1 033)

Summarised statement of financial position as at 31 December at 100%

In thousands of euro	2019	2018
Inventories and cash and bank balances	627 203	580 206
Property, plant and equipment and other non-current financial assets	1 562 213	2 805 811
Total assets	**2 189 416**	**3 386 017**
Trade and other payables	289 744	314 510
Interest-bearing loans and borrowing and deferred tax liabilities	1 834 548	1 877 316
Total liabilities	**2 124 292**	**2 191 826**
Total equity	**65 124**	**1 194 191**
Attributable to:		
Equity holders of parent	49 314	783 087
Non-controlling interest	15 810	411 104

Summarised cash flow information at 100%

In thousands of euro	2019	2018
Operating	72 221	268 903
Investing	150 611	(155 542)
Financing	(240 200)	(276 445)
Net increase/(decrease) in cash and cash equivalents	**(17 368)**	**(163 084)**

6. INTEREST IN JOINT ARRANGEMENTS

A. JOINT VENTURES

The Group has a 50 percent share in Ficarex SRO, a joint venture involved in the extraction and processing of silica sand in the Czech Republic. The Group's interest in Ficarex SRO is accounted for using the equity method in the consolidated financial statements.

The Group has a 50 percent in Dansand A/S, a joint venture involved in the extraction and processing of silica sand in Denmark. The Group's interest in Dansand A/S is accounted for using the equity method in the consolidated financial statements.

Summarised financial information of the joint ventures, based on its IFRS financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

Summarised statement of financial position

In thousands of euro	2019	2018
Current assets, excluding cash and cash equivalents and prepayments	32 863	30 854
Cash and cash equivalents	1 210	731
Prepayments	1 650	1 809
Non-current assets	43 450	43 291
Total assets	**79 173**	**76 685**
Current liabilities, excluding tax payable	10 917	10 771
Tax payable	-	-
Non-current liabilities, excluding deferred tax liabilities and long-term borrowing	365	359
Deferred tax liabilities	486	457
Long-term borrowing	1 760	1 761
Total liabilities	**13 528**	**13 348**
Total equity	**65 645**	**63 337**
Carrying amount of the investment	18 582	17 624

Summarised statement of profit or loss

In thousands of euro	2019	2018
Revenue	38 674	38 315
Transportation costs	(7 170)	(6 706)
Cost of Sales	(17 093)	(17 425)
SG&A-expenses	(5 804)	(5 750)
Other operating income/(expenses)	115	66
Finance income/(expenses)	147	(101)
Profit before income taxes	**8 869**	**8 399**
Income taxes	(1 812)	(1 729)
Profit for the period	**7 057**	**6 670**
Group's share of profit for the period	**2 751**	**2 700**

Ficarex SRO and Dansand A/S had no contingent liabilities or capital commitments as at 31 December 2019 and 2018.

More information of these related parties can be found in note 35 *Related parties*.

B. JOINT OPERATION

The Group has a material joint operation, Jundu Mineração Ltda involved in the extraction and processing of silica sand in Brazil. The Group has a 50 percent share in the ownership and is entitled to a proportionate share in the profits/losses. Judgement is required to classify this joint arrangement. The Group assessed their rights and obligations arising from the arrangement and concluded that the joint arrangement in Jundu Mineração Ltda qualifies as a joint operation.

7. INVESTMENTS IN ASSOCIATES

The Group has interests in a number of associates, of which two associates are considered material: Maffei Sarda Silicati SRL in Italy and Glassflake Limited, a company in the United Kingdom. Both associates are private entities which are not listed on any public exchange.

The Group has a 49.90 percent interest in Maffei Sarda Silicati SRL, an Italian company involved in the production of feldspathic sand and feldspar. The Group's interest in Maffei Sarda Silicati SRL is accounted for using the equity method in the consolidated financial statements.

The Group has a 25.10 percent interest in Glassflake Limited, a company in the United Kingdom involved in the manufacturing of an innovative silica based product for potential use in painting, coatings and plastic. The Group's interest in Glassflake Limited is accounted for using the equity method in the consolidated financial statements.

The following table illustrates the summarised financial information of the Group's investments:

Summarised statement of financial position

In thousands of euro	2019	2018
Current assets	25 453	22 989
Non-current assets	17 843	16 920
Total assets	**43 296**	**39 909**
Current liabilities	6 631	6 346
Non-current liabilities	10 823	10 528
Total liabilities	**17 454**	**16 874**
Total equity	**25 842**	**23 035**
Group's share	11 195	10 290

Summarised statement of profit or loss

In thousands of euro	2019	2018
Revenue	36 935	32 038
Cost of Sales	(27 493)	(26 234)
SG&A-expenses	(5 540)	(4 806)
Other operating income/(expenses)	329	(492)
Finance income/(expenses)	(50)	(85)
Profit before income taxes	**4 181**	**421**
Income taxes	(1 214)	(244)
Profit/(loss) for the period	**2 967**	**177**
Group's share of profit for the period	**933**	**(3)**

Restrictions

The Group cannot distribute its profits from its investments in associates, until it obtains the consent from the other partners. There are no further restrictions which impact the Group's ability to access or use the assets and settle its liabilities of its investments in associates.

8. DETAILED INFORMATION ON REVENUE, COST OF SALES AND SG&A

On June 1st 2018 (the "Merger Date"), Unimin, a Sibelco subsidiary concluded a transaction with Fairmount Santrol Holdings. Upon closing of this transaction, Fairmount Santrol was merged into a wholly-owned subsidiary of Unimin and ceased to exist as a separate corporate entity. Unimin changed its name and began operating as Covia. For Sibelco group reporting purposes, Fairmount Santrol operating results are included in the consolidated financial statements since the Merger date. The revenue of Fairmount for 2018 pre-merger amounted to €405 million.

As a result of this transaction, the Group's statement of profit or loss for 2019 included a full year of Fairmount Santrol results while 2018 only included 7 months of these results.

Revenue by type

In thousands of euro	2019	2018
Sale of goods	3 260 971	3 483 451
Services	33 547	35 546
Commissions	17	37
Construction contracts	594	2 096
Total	**3 295 130**	**3 521 130**

Sale of goods by Business unit

In thousands of euro	2019	2018
Build Environment	791 784	888 148
Coatings, Polymers & Chemical Solutions	213 048	243 721
Glass Solutions	461 614	462 911
Water & Environmental Solutions	112 187	108 641
Covia	1 408 469	1 629 201
Other	273 869	150 829
Total	**3 260 971**	**3 483 451**

Other sale of goods includes revenue from the Lime operations (disposed 1 August 2019 – see note 4 *Disposal of subsidiaries and other business*), Magnesia operations (considered as a disposal group – see note 11 *Assets and liabilities classified as held for sale*) and Mineral Sands operations.

Cost of sales

In thousands of euro	Note	2019	2018
Production expenses		2 418 306	2 549 546
Changes in provisions	28	(2 430)	2 973
Revision of site restoration and plant demolition provisions		8 856	7 647
Depreciation and impairment of property, plant and equipment	16	279 756	267 895
Amortisation and impairment of intangible assets	17	21 832	26 510
Depreciation and impairment of right-of-use assets	32	92 930	-
Total		**2 819 250**	**2 854 571**

Selling, general and administrative expenses

In thousands of euro	Note	2019	2018
Administrative expenses		337 022	325 748
Changes in allowance for uncollectible receivables	31	4 143	3 008
Changes in provisions	28	5 552	5 322
Depreciation and impairment of property, plant and equipment	16	8 509	8 981
Amortisation and impairment of intangible assets	17	7 871	11 509
Depreciation and impairment of right-of-use assets	32	8 459	-
Total		**371 556**	**354 568**

9. OTHER OPERATING INCOME

In thousands of euro	Note	2019	2018
By-products		736	581
Royalties and rentals		383	362
Government grants		950	1 030
Gain on disposal of property, plant and equipment		15 967	9 506
Reversal of provisions	28	579	350
Other operating income		23 286	25 216
Total		**41 900**	**37 045**

Other operating income amounts to €41.9 million, of which €12.9 million non-recurring (2018: €7.6 million).

Gain on disposal of property, plant and equipment mainly relates to the sale of multiple properties and equipments in China and Spain and the sale of assets in Australia as part of the Lime divestment.

Other operating income for the year is €23.3 million (2018: €25.2 million) and mainly originates from Luxembourg, North America and Germany. It includes income from our insurance company, income related to the realization of customary take-or-pay provisions of certain customer supply agreements and income from backfilling activities.

10. OTHER OPERATING EXPENSES

In thousands of euro	Note	2019	2018
Loss on disposal of property, plant and equipment		651	852
Impairment losses on property, plant and equipment	16	1 100 504	44 897
Impairment losses on intangible assets and goodwill	17	28 781	209 594
Impairment losses on right-of-use assets	32	186 973	-
Transaction costs business combinations	3	-	86 403
Additions to provisions	28	42 757	46 923
Other operating expenses		56 081	27 601
Net foreign exchange losses		75	288
Total		**1 415 822**	**416 558**

Other operating expenses amount to €1.4 billion, almost completely classified as non-recurring (2018: €404 million).

A total of €1.3 billion mainly relates to the impairment loss driven by our subsidiary Covia – see note 16 *Property, plant and equipment* and note 17 *Intangible assets and goodwill* and note 32 *Leases.* Additionally, impairment losses were recognised for disposal groups of which respectively €10.0 million and €1.2 million. These movements are not embedded in note 16 *Property, plant and equipment* and in note 17 *Intangible assets and goodwill* as they are not part of note 11 *Assets and liabilities classified as held for sale.*

Prior year transactions costs were related to the transactions costs of the Covia Merger.

Non-recurring additions to provisions mainly relates to restructuring provisions which were incurred across the entire Group. The majority of the additional expenses were incurred in North America and Europe.

The majority of the Other operating expenses (€56.1 million) mainly relate to expenses at our subsidiary Covia (€26 million), transaction expenses related to the Lime divestment (€14 million) and other elements.

11. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

In January 2020, the Group reached an agreement to sell its magnesia assets in Australia (Qmag). The sale includes a processing facility, as well as associated site assets, reserves and resources. The transaction is subject to regulatory approvals and is expected to be completed at the end of the first quarter of 2020.

Additionally, management committed to a plan to sell the remaining operations in Australia.

The remaining lime business in Indonesia was already classified as held for sale in December 2018 and continues so at December 31, 2019 following the groups continued commitment to sell the related assets in their current state. All other Lime entities/businesses have been disposed of as of August 1, 2019 – see note 4 *Disposal of subsidiaries or other business, for the effect of the disposal* – and assets and liabilities of the former Lime subsidiaries are derecognised from the consolidated statement of financial position.

In November 2019, the Group decided to sell one of the clay operations in Thailand. The sale is expected to be completed in the course of 2020.

The assets and liabilities of the disposal groups are measured at the lower of carrying amount and fair value less costs of disposal at the date of the classification. The fair value less costs of disposal is based on the transaction price. Any excess of the carrying amount over the fair value less costs to sell is recognized as an impairment loss.

The major classes of assets and liabilities classified as held for sale by disposal group as at 31 December are as follows:

In thousands of euro	Magnesia Australia	Other	2019	2018
Property, plant and equipment	21 364	34 768	56 132	176 098
Right-of-use assets	251	-	251	-
Intangible assets other than goodwill	-	-	-	15 477
Deferred tax assets	-	-	-	15 898
Other non-current assets	-	-	-	3 876
Inventories	28 579	4 929	33 508	20 693
Trade receivables	10 816	1 217	12 033	38 446
Other and tax receivables	161	1 175	1 336	-
Cash and cash equivalents	4 349	72	4 421	6 712
Assets held for sale disposal groups	**65 520**	**42 161**	**107 682**	**277 200**
Interest bearing loans & borrowings	241	1 516	1 757	15 978
Provisions	14 660	9 196	23 856	18 784
Employee benefits	-	129	129	-
Deferred tax liabilities	-	-	-	22 564
Other non-current liabilities	-	4	4	348
Trade, other and tax payables	13 029	761	13 790	31 233
Liabilities directly associated with assets held for sale disposal groups	**27 930**	**11 606**	**39 536**	**88 907**

12. PERSONNEL EXPENSES

In thousands of euro	Note	2019	2018
Wages and salaries		479 573	509 001
Compulsory social security constributions		61 165	63 057
Other personnel costs		86 708	67 490
Contributions to defined contribution plans		13 194	10 922
Expenses for post employment benefits	27	5 526	(16 261)
Expenses for termination benefits	27	84	(65)
Expenses for other defined benefits	27	124	281
Expenses for other employee benefits (non DBO related)	27	(1 632)	(11 729)
Total		**644 741**	**622 696**
Full time equivalents (FTE) at 31 December		8 181	10 582

Personnel expenses are recognised in the following line items in the statement of profit or loss:

In thousands of euro	2019	2018
Cost of sales	439 078	424 252
Selling, general and administrative expenses	205 663	198 444
Total	**644 741**	**622 696**

13. NET FINANCING COSTS

In thousands of EUR	Note	2019	2018
Interest income on cash and cash equivalents		4 711	3 955
Dividend income		16	44
Gain on financial assets	4	187 427	1 446
Other financial income		12 983	597
Financial income		**205 137**	**6 042**
Interest expense on financial liabilities		(104 375)	(64 090)
Interest expense on lease obligations		(20 667)	(2 651)
Net foreign exchange losses		(2 084)	(15 343)
Net change in fair value of derivatives and financial assets		176	1 513
Change in fair value of net non current assets classified as held for sale	11	-	(23)
Unwinding of the discount rate provisions	28	(12 832)	(12 110)
Change in discount rate provisions	28	(2 510)	1 535
Net interest expense on defined benefit liability	27	(3 431)	(4 461)
Loss on disposal/liquidation of financial assets	4	(3 985)	(3 440)
Other financial expenses		(15 144)	(9 501)
Financial expenses		**(164 852)**	**(108 571)**
Net finance cost		**40 285**	**(102 529)**

Interest income mainly includes interest received by Covia (respectively €3.9 million in 2019 and €3.2 million in 2018).

Gain on financial assets in 2019 mainly includes the gain on sale of the lime and limestone operations in Asia, Australia and South America for €62.4 million, the gain on sale of Covia Lime LLC (including the Calera lime business in Alabama, United States) for €75.5 million and the gain on sale of Winchester & Western Railroad Company, a railway hub in the United States, for €48.7 million.

Other financial income includes a gain of €12.1 million related to the extinguishment of debt by Covia. Covia has repurchased €56.2 million of its term loan at 76.8% of par, resulting in a cash outlay of €43.2 million, exclusive of fees.

The increase in interest expense relates to Covia where the expense increased by €32.2 million from €59.4 million in 2018 to €91.6 million in 2019. These interests are mainly resulting from the Term Loan which started on 1 June 2018 – see note 26 *Interest-bearing loans and borrowings*.

The increase of interest expense on lease obligations is related to the introduction of IFRS 16 Leases. It mainly includes interest expenses of €18.8 million on Covia's lease obligations substantially for railcars.

The impact on net foreign exchange losses in 2018 where mainly recycling of hedge reserves from Argentina where the devaluation of the ARS had a significantly negative impact. In 2019 the net foreign exchange losses decreased due to the disposal of the Argentinian lime and limestone operations in August 2019 – see note 4 *Disposal of subsidiaries or other business* and to a less weakening of the ARS for the first 7 months of 2019.

The unwinding of the discount rate provisions and the change in discount rate provisions relates to site restoration and plant demolition – see note 28 *Provisions*.

Other financial expense mainly includes the amortisation of capitalised financing costs related to the Term Loan of Covia (€8.9 million) – see note 26 *Interest-bearing loans and borrowings*. The remaining includes bank charges and contract transaction costs.

14. INCOME TAXES

Recognised in the statement of profit or loss

In thousands of euro	Note	2019	2018
Current year		40 443	40 796
Adjustments for prior years		(709)	(9 833)
Current tax expense		**39 734**	**30 964**
Origination and reversal of temporary differences		(346 007)	(10 800)
Utilization previously recognised tax losses		23 359	13 070
Recognition current year's losses		(2 446)	(10 474)
Change in tax rate		(816)	1 863
Change in unrecognised deferred tax assets		136 031	19 064
Recognition of previously unrecognised tax losses		(2 464)	(34 128)
Deferred tax expense (income)	20	**(192 343)**	**(21 405)**
Income taxes in the statement of profit or loss		**(152 609)**	**9 558**

As a consequence of the impairment charge relating to Covia, the Group reversed deferred tax liabilities which resulted into a favorable €327.7 million deferred tax income.

This was partly offset by the derecognition of deferred tax assets in Covia (€88.0 million) and Australia (€45.6 million), resulting in a deferred tax expense reported under 'Change in unrecognized deferred tax assets'.

Reconciliation of effective tax rate

In thousands of euro	2019	%	2018	%
Profit before income taxes	(1 225 630)	-	(167 354)	-
Share of profit of associates (net of tax)	(3 684)	-	(2 697)	-
Profit before income taxes and share of profit of equity accounted investees	**(1 229 314)**	-	**(170 051)**	-
Income tax using the domestic corporate tax rate	(363 631)	(29.58%)	(50 301)	(29.58%)
Effect of tax rates in foreign jurisdictions	98 432	8,01%	18 147	10.67%
Change in tax rate	(816)	(0.07%)	1 863	1.10%
Effect of tax rate on specific gains	(27 308)	(2.22%)	2	-
Non-deductible expenses	14 003	1.14%	67 956	39.96%
Withholding taxes and non-exempt part of dividends	1 765	0.14%	1 366	0.80%
Tax exempt revenues	(3 494)	(0.28%)	(912)	(0.54%)
Tax allowances	(11 361)	(0.92%)	(7 381)	(4.34%)
Utilisation of tax losses not previously recognised	(17 775)	(1.45%)	(2 147)	(1.26%)
Recognition previously unrecognised tax losses	(2 464)	(0.20%)	(34 128)	(20.07%)
Current year losses for which no deferred tax asset recognised	23 245	1.89%	5 318	3.13%
Under (over) provided in prior years	(709)	(0.06%)	(9 833)	(5.78%)
Change in unrecognised temporary differences	136 031	11.07%	19 064	11.21%
Other	1 473	0.12%	544	0.32%
Total	**(152 609)**	**(12.41%)**	**9 558**	**5.62%**

The effect of tax rate on specific gains relates to a number of Group companies which were sold in 2019. At such time the reserves including currency translation differences are reversed. This led to a net gain which is not taxable.

15. CURRENT TAX ASSETS AND LIABILITIES

The current tax assets of €34.1 million (2018: €55.2 million) represent the amount of income taxes recoverable in respect of current and prior periods that exceed payments.

The current tax liabilities of €11.6 million (2018: €27.7 million) represent the estimated additional charges for income taxes.

16. PROPERTY, PLANT AND EQUIPMENT

In thousands of euro	Note	Land and buildings	Mineral properties	Processing equipment	Assets under construction	2019	2018
Balance at end of previous period as reported		**1 166 273**	**1 653 887**	**3 541 877**	**258 771**	**6 620 808**	**5 161 052**
Reclassification to right-of-use assets		(17)	-	(16 846)	-	(16 863)	-
Additions		16 762	18 363	54 237	95 250	184 612	354 437
Acquisitions through business combinations	3	16	-	5 306	-	5 323	1 430 948
Disposals & retirements		(26 676)	(1 777)	(222 067)	(10 152)	(260 672)	(41 629)
Transfers		19 052	5 097	103 208	(126 954)	403	1 530
Asset component change site rest./plant dem.	28	-	31 638	(2 026)	-	29 612	(12 594)
Reclassification assets held for sale	11	(26 154)	(132 783)	(153 957)	(510)	(313 404)	(347 970)
Exchange differences		21 167	32 432	57 083	2 522	113 204	30 040
Other changes		(3 286)	2 537	1 010	(1 712)	(1 451)	44 994
Balance at end of period		**1 167 137**	**1 609 394**	**3 367 825**	**217 215**	**6 361 571**	**6 620 808**

Depreciation and impairment losses

Balance at end of previous period as reported		**(456 208)**	**(404 706)**	**(2 408 527)**	**(18 863)**	**(3 288 304)**	**(3 180 423)**
Reclassification to right-of-use assets		17	-	2 369	-	2 386	-
Depreciation	8	(43 874)	(51 415)	(194 309)	-	(289 598)	(276 444)
Impairment losses recognised	8, 10	(258 305)	(524 226)	(284 191)	(22 487)	(1 089 209)	(45 329)
Disposals & retirements		20 623	1 217	141 687	523	164 050	35 900
Transfers		(4 694)	-	4 695	10	11	(1 531)
Reclassification assets held for sale	11	11 665	110 100	135 677	(170)	257 272	172 307
Exchange differences		(2 602)	(1 707)	(33 326)	(156)	(37 791)	5 680
Other changes		3 952	413	(1 831)		2 534	1 536
Balance at end of period		**(729 426)**	**(870 324)**	**(2 637 756)**	**(41 143)**	**(4 278 649)**	**(3 288 304)**
Carrying amounts at 1 January as reported		**710 065**	**1 249 181**	**1 133 350**	**239 908**	**3 332 504**	**1 980 629**
Carrying amounts at 31 December		**437 711**	**739 070**	**730 069**	**176 072**	**2 082 922**	**3 332 504**

Additions

Additions throughout the year mainly relate to additions of assets under construction and include the construction of new plants and expansion of facilities in Europe (mainly UK, Turkey, Norway and France), as well as the construction of kilns in Australia.

Acquisitions through business combinations

On July 10, 2019, the Group acquired 100 percent of the voting shares of Macoglass S.r.l. – see note 3 *Business combinations and acquisition of non-controlling interest*. As a result of the provisional purchase price allocation, tangible assets (processing equipment for glass recycling and optical sorters) have been recognised in the Group's balance sheet at their fair values.

Asset component change

As from 2015, detailed closure planning requirements were introduced through our closure plan policy, with each plant required to develop a closure plan as part of their life of asset plan. All closure plans for the site restoration and plant demolition were set up in 2017. Therefore, 2019 only includes adjustments to these closure plans in order to further reflect their best estimate. In addition, the asset component change is impacted by the yearly update of the underlying assumptions (inflation rate and discount rate).

Reclassification assets held for sale

Reclassification assets held for sale relates to the reclassification of our disposal group – see note 11 *Assets held for sale.*

Depreciation and impairment losses recognised

In thousands of euro	Note	2019	2018
Cost of sales	8	279 756	267 895
Sales, general and administrative expenses	8	8 509	8 981
Other operating expenses	10	1 090 542	44 897
Total		**1 378 807**	**321 773**

During the year the Group tested property, plant and equipment for impairment – see note 17 *Intangible assets and goodwill* – as a result of the required yearly test on cash-generating units containing goodwill. No impairment losses were recognised for 2019 based on such required testing.

Further every year the Group assesses if there are indicators that assets need to be impaired. Individual assets (operating plants, a mill or kiln etc.) might be subject to impairment testing when following triggering events happen:

- An individual asset or group of assets (operating plant/plants) is physically damaged (e.g. fire or natural disaster);
- An individual asset or group of assets (operating plant/ plants) is idle;
- Management has a plan to discontinue or to realign the strategic direction of individual assets or group of assets (operating plant/ plants) because economic performance is unsatisfactory;
- Decisions taken by local authorities which reduce or restrict the Group's rights on assets impacting market values.

Based on the occurrence of internal and external impairment indicators the Group impaired a total of €1.1 billion on tangible assets (2018: €45.3 million).

Throughout 2019, Covia was impacted by new sources of supply and sequentially slower proppant demand resulting in a surplus of proppant and significantly lower proppant pricing. In response to changing market demands, Covia idled operations at certain mines, terminals, resin-coating facilities, rationalized its railcar fleet and reduced production capacity and total production at certain of its Northern White sand plants. In total, Covia has reduced its annual production capacity for proppants by over 15 million tons since September 2018.

The Group reviewed the recoverability of the carrying amount of Covia's CGU and, based upon its impairment assessments, the carrying amount of the assets exceeded the recoverable amount using a value in use method. The value in use of the CGU was determined based on the present value of future cash flows which was higher than a fair value less costs to sell approach. As a result a total impairment expense of €1.3 billion was recorded out of which €1.1 billion was recorded on tangible assets, €25.0 million on intangible assets – see note 17 *Intangible assets and goodwill* and €187.0 million on right-of use assets – see note 32 *Leases.* The used discount rate is disclosed in note 17 *Intangible assets and goodwill.*

The depreciation and impairment charge is recognised in the following line items in the statement of profit or loss:

In thousands of euro	2019	2018
Impairment test for cash-generating units containing goodwill	-	-
Impairment based on internal and external impairment indicators	1 089 209	45 329
Total impairment on tangible assets	**1 089 209**	**45 329**

Restrictions

As per 31 December 2019 there were no restriction on title and property, plant and equipment pledges as security for liabilities (2018: nihil).

17. INTANGIBLE ASSETS AND GOODWILL

In thousands of euro	Note	Mineral Rights and E&E costs	Goodwill	Development Costs	Other	2019	2018
Balance at end of previous period as reported		**191 905**	**333 940**	**6 257**	**251 686**	**783 788**	**550 229**
Reclassification to right-of-use assets		-	-	-	(35 989)	(35 989)	-
Additions		206	-	7	21 735	21 948	4 787
Acquisitions through business combinations	3	-	-	-	7 836	7 836	284 620
Transfers		-	-	-	4	4	1 494
Disposals		(9 675)	2	-	(48 150)	(57 823)	(3 411)
Reclassification assets held for sale	11	-	-	-	-	-	(68 358)
Exchange differences		6 781	5 849	(4)	3 501	16 127	(2 619)
Other changes		2 795	(685)	(443)	(4 298)	(2 632)	17 046
Balance at end of period		**192 010**	**339 106**	**5 817**	**196 325**	**733 259**	**783 788**

Depreciation and impairment losses

Balance at end of previous period as reported		**(131 534)**	**(319 352)**	**(5 970)**	**(111 115)**	**(567 971)**	**(352 740)**
Reclassification to right-of-use assets		-	-	-	4 459	4 459	-
Amortisation	8	(1 545)	-	(7)	(28 095)	(29 647)	(38 002)
Impairment losses recognised	8, 10	(2 502)	-	-	(25 098)	(27 600)	(209 611)
Transfers		-	-	-	-	-	(933)
Disposals		9 598	-	-	32 044	41 642	(324)
Reclassification assets held for sale	11	-	-	-	-	-	52 881
Exchange differences		(3 969)	(5 612)	4	(1 055)	(10 632)	(914)
Other changes		(211)	685	213	477	1 166	(18 328)
Balance at end of period		**(130 160)**	**(324 279)**	**(5 760)**	**(128 383)**	**(588 583)**	**(567 971)**
Carrying amounts at 1 January as reported		**60 371**	**14 588**	**287**	**140 571**	**215 817**	**197 489**
Carrying amounts at 31 December		**61 850**	**14 827**	**57**	**67 942**	**144 676**	**215 817**

Additions

Additions to Other intangible assets mainly includes investments in a new ERP system for the Group.

Acquisitions through business combinations

On July 10, 2019, the Group acquired 100 percent of the voting shares of Macoglass S.r.l. — see note 3 *Business combinations and acquisition of non-controlling interest*. As a result of the provisional purchase price allocation, intangible assets (mainly licenses and customer contracts) have been recognised in the Group's balance sheet at their fair values. No provisional goodwill has been recognized.

Reclassification assets held for sale

There were no intangible assets relating to our disposal group reclassed to assets held for sale for 2019 — see note 11 *Assets held for sale*.

Amortisation and impairment losses recognised

Every year the Group assesses if there are indicators that assets need to be impaired – see note 16 *Property, plant and equipment*.

In response to the reduced consumption of certain value-added proppants Covia recognized €25.0 million impairment expenses related to its intangible assets and technology.

The amortisation and impairment charge is recognised in the following line items in the statement of profit or loss:

In thousands of euro	Note	2019	2018
Cost of sales	8	21 832	26 510
Sales, general and administrative expenses	8	7 871	11 509
Other operating expenses	10	27 544	209 594
Total		**57 247**	**247 613**

Impairment test for cash-generating units containing goodwill

The carrying amount of goodwill is as follows per cluster of cash-generating unit (CGU):

Clusters of CGUs	2019	2018
Spain	8 573	8 573
UK	4 905	4 665
France	1 350	1 350
Total	**14 828**	**14 588**

Goodwill acquired in a business combination shall, from the acquisition date, be allocated to a cash-generating unit (CGU) or a cluster of cash-generating units (CGUs), that is expected to benefit from the synergies of the combination.

A CGU represents an operating site, being the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets. A site includes (a collection of) locations and facilities belonging to the same profit center.

Each CGU or cluster of CGUs to which the goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes. A cluster of CGUs can represent a legal entity, a country, a business unit or an operating segment (IFRS 8). Goodwill is tested for impairment at a level that reflects the way the Group manages its operations and with which the goodwill would naturally be associated. A cluster of CGUs cannot be larger than an operating segment as defined by paragraph 5 of IFRS 8 which are identified as the Group's business units:

- Build Environment
- Coatings, Polymers & Chemical Solutions
- Glass Solutions
- Water & Environmental Solutions
- Covia

Each CGU or cluster of CGUs to which the goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

For impairment testing, the carrying amount of a CGU or a cluster of CGUs including goodwill is compared with the recoverable amount of the CGU or cluster of CGUs.

Notwithstanding, individual assets (operating plants, a mill or kiln etc.) might be subject to impairment testing when following triggering events happen:

- An individual asset or group of assets (operating plant/plants) is physically damaged (e.g. fire or natural disaster);
- An individual asset or group of assets (operating plant/plants) is idle;
- Management has a plan to discontinue or to realign the strategic direction of individual assets or group of assets (operating plant/plants) because economic performance is unsatisfactory;
- Decisions taken by local authorities which reduce or restrict the Group's rights on assets impacting market values.

When the carrying amount of an individual asset or (cluster of) CGU(s) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using an after-tax weighted average cost of capital (WACC) discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The discount factors are reviewed annually. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the

Group's CGU's to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Goodwill is tested for impairment annually as at 30 September and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or cluster of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

The WACC ranged between 5.30 percent and 11.43 percent in nominal terms for goodwill impairment testing conducted for 2019:

Discount rates for impairment testing	Covia	Spain	UK	France
Group target ratios				
% debt	54%	25%	25%	25%
% equity	46%	75%	75%	75%
Cost of debt	**12.41%**	**2.78%**	**2.88%**	**2.15%**
Risk free rate = Rt	2.41%	0.93%	1.03%	0.30%
Default spread (BBB)	10.00%	1.85%	1.85%	1.85%
Corporate tax rate	27.00%	25.00%	19.00%	31.00%
Cost of debt after tax	**9.06%**	**2.09%**	**2.33%**	**1.48%**
Cost of equity = Rt + ß . Em	**14.21%**	**7.31%**	**7.51%**	**6.57%**
Risk free rate = Rt	2.41%	0.93%	1.03%	0.30%
Beta = ß	1.80	1.06	1.08	1.05
Size premium	1.00%	-	-	-
Market equity risk premium = Em	6.00%	6.00%	6.00%	6.00%
WACC - nominal	**11.43%**	**6.00%**	**6.21%**	**5.30%**
Expected inflation	2.32%	1.74%	1.97%	1.67%
Cost of debt after tax adjusted by inflation	7.37%	0.78%	0.73%	0.33%
Cost of equity adjusted by inflation	10.89%	5.56%	5.53%	4.90%
WACC in real terms	**8.99%**	**4.37%**	**4.33%**	**3.76%**

These above calculations are corroborated by valuation multiples.

An increase of 1.0 percent in the rate used to discount the future cash flows and terminal values would have led to an additional impairment of €115.3 million.

18. EQUITY ACCOUNTED INVESTEES

In thousand of euro	Note	2019	2018
Carrying amount at 1 January		**27 914**	**27 629**
Result of the period		3 684	2 697
Dividends		(2 206)	(2 071)
Exchange differences		373	(207)
Other		12	(134)
Carrying amount at 31 December		**29 777**	**27 914**
Attributable to:			
Interests in joint arrangements	6	18 582	17 624
Investments in associates	7	11 195	10 290

The Group's share recognised in profit or loss in its associates and joint-ventures– see note 6 *Interest in joint arrangements* and 7 Investments *in associates* for the year ended 31 December 2019 was €3.7 million profit (2018: €2.7 million profit).

19. FINANCIAL ASSETS

Non-current financial assets

In thousands of euro	Note	2019	2018
Loans to third parties at amortised cost		35	28
Loans to associates	35	557	557
Derivatives forex	31	2	595
Other		4 189	2 851
Non-current financial assets		**4 783**	**4 031**

Current financial assets

In thousands of euro	Note	2019	2018
Loans to third parties at amortised cost		320	-
Derivatives forex	31	1 569	2 318
Other		89	89
Current financial assets		**1 978**	**2 407**

20. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following items:

In thousands of euro	Assets 2019	Assets 2018	Liabilities 2019	Liabilities 2018	NET 2019	NET 2018
Property, plant and equipment and ROU asset	(9 832)	(35 483)	191 051	361 148	181 219	325 665
Intangible assets	(28 690)	(49 083)	18 044	22 991	(10 646)	(26 092)
Financial assets	(4 707)	(2 458)	2 642	19 643	(2 065)	17 185
Inventories	(7 430)	(7 817)	949	4 162	(6 481)	(3 655)
Trade and Other Receivables	(2 702)	(2 996)	1 218	2 032	(1 484)	(964)
Interest bearing loans & borrowings	(91 273)	(5 697)	512	4 096	(90 761)	(1 601)
Provisions	(37 673)	(59 952)	6 430	7 461	(31 243)	(52 491)
Employee benefits	(22 743)	(18 288)	7	34	(22 736)	(18 254)
Trade and Other Payables	(12 753)	(3 672)	1 244	6 118	(11 509)	2 446
Other items	(3 546)	(14 691)	829	17 268	(2 717)	2 577
Tax loss carry-forwards	(79 218)	(146 352)	-	-	(79 218)	(146 352)
Tax (assets) / liabilities	**(300 567)**	**(346 489)**	**222 926**	**444 953**	**(77 641)**	**98 464**
Set off of tax	196 209	114 895	(196 209)	(114 895)	-	-
Net tax (assets)/liabilities	**(104 358)**	**(231 594)**	**26 717**	**330 058**	**(77 641)**	**98 464**

Movement in temporary differences during the period

In thousands of euro	Note	Balance 31, Dec. 2018	Change in accounting policies (IFRS 16)	Recognised in profit or loss	Recognised in equity/ OCI	Acquired in business combinations	Disposal group	Reclasses	Translation differences	Balance 31, Dec. 2019
Property, plant and equipment and ROU asset		325 665	89 021	(244 525)	2	1 457	-	1 292	8 305	181 217
Intangible assets		(26 092)	-	13 569	-	1 959	-	57	(139)	(10 646)
Financial assets		17 185	-	(19 249)	-	-	-	-	(1)	(2 065)
Inventories		(3 654)	-	(2 839)	-	-	-	(9)	22	(6 480)
Trade and other receivables		(964)	-	(67)	-	(2)	-	(379)	(72)	(1 484)
Interest bearing loans & borrowings		(1 601)	(89 021)	(1 088)	50	(70)	-	-	969	(90 761)
Provisions		(52 490)	-	23 264	-	(227)	-	(1 195)	(594)	(31 242)
Employee benefits		(18 254)	-	(7 024)	(4 912)	-	-	7 711	(256)	(22 735)
Trade and other payables		2 445	-	(14 175)	(45)	-	-	(94)	360	(11 509)
Other items		2 575	-	(10 683)	(4 302)	-	-	9 509	182	(2 719)
Tax loss carry-forwards		(146 353)	-	68 956	9	-	-	188	(2 017)	(79 217)
Total	3, 14	**98 462**	-	**(193 861)**	**(9 198)**	**3 117**	-	**17 080**	**6 759**	**(77 641)**

In thousands of euro	Note	Balance 31, Dec. 2017	Recognised in profit or loss	Recognised in equity/OCI	Acquired in business combinations	Disposal group	Reclasses	Translation differences	Balance 31, Dec. 2018
Property, plant and equipment		90 827	16 350	-	214 937	(74)	1 728	1 897	325 665
Intangible assets		(22 549)	(4 610)	-	6 252	(3 487)	(352)	(1 346)	(26 092)
Financial assets		19 329	(2 153)	76	-	-	(80)	13	17 185
Inventories		(4 048)	(6 171)	-	6 620	184	(75)	(165)	(3 654)
Trade and other receivables		(3 738)	1 696	-	806	173	163	(64)	(964)
Interest bearing loans & borrowings		(3 490)	(488)	-	-	1 918	205	254	(1 601)
Provisions		(70 802)	10 885	-	(51)	6 104	(897)	2 271	(52 490)
Employee benefits		(25 108)	9 689	8 449	(11 033)	46	(53)	(244)	(18 254)
Trade and other payables		(4 005)	7 088	-	(661)	452	(524)	95	2 445
Other items		9 816	(10 459)	12 031	1 713	(12 991)	(473)	2 940	2 575
Tax loss carry-forwards		(60 555)	(43 232)	-	(44 439)	1 009	(1 668)	2 532	(146 353)
Total	3, 14	**(74 323)**	**(21 405)**	**20 556**	**174 144**	**(6 666)**	**(2 026)**	**8 183**	**98 462**

Unrecognised deferred tax assets and liabilities

Considering that in 2018 the participation exemption on qualifying dividends in Belgium increased from 95 percent to 100 percent, there is in fact no longer an unrecognised deferred tax liability relating to future dividend streams to the parent company from investments in subsidiaries and equity accounted investees.

Deferred tax assets have not been recognised in respect of tax losses/credits for €185.1 million (2018: €74.9 million), because it is not probable that sufficient future taxable profit will be available against which the Group can utilise these benefits.

The majority of the tax losses have no legal expiry date and the legal expiry term of the rest is on average 10 years.

21. OTHER NON-CURRENT ASSETS

In thousands of euro	2019	2018
Cash guarantees, at cost	1 097	2 285
Other	20 129	26 208
Total	**21 226**	**28 493**

Total other non-current assets amount to €21.2 million in 2019 (€28.5 million in 2018) and consist out cash guarantees, cash deposits and royalty advances.

22. INVENTORIES

In thousands of euro	2019	2018
Raw materials	104 518	89 854
Consumables	12 686	13 131
Work in progress mining & industrial treatment	43 600	53 054
Finished goods mining & industrial treatment	163 397	211 050
Goods purchased for resale	38 908	32 712
Spare parts	58 696	58 539
Write-downs	(45 506)	(27 713)
Total	**376 299**	**430 627**

The cost of raw materials and consumables was €319.8 million (€375.7 million in 2018) and of goods purchased for resale €80.3 million (2018: €85.4 million), both recognised as an expense in profit or loss.

Write-downs are related to slow moving inventories as they may be an indicator that the net realisable value is likely to be less than cost, i.e. it is likely to become obsolete before it can be sold. Write-downs are triggered whenever inventory exceeds twelve months production or sales volumes.

23. TRADE AND OTHER RECEIVABLES

Current trade and other receivables

In thousands of euro	Note	2019	2018
Trade receivables		385 600	482 549
Construction contracts receivables		283	580
Impairment losses	31	(13 522)	(11 688)
Trade receivables		**372 360**	**471 441**
Other receivables		20 246	21 254
Interest receivables		46	73
Tax receivables, other than income taxes		28 257	36 237
Amounts due from customers for contract work		709	1 367
Advance payments, prepayments and prepaid expenses		40 588	31 725
Cash guarantees, at cost		222	220
Other current assets		4 526	6 071
Other receivables		**94 595**	**96 947**
Total		**466 955**	**568 388**

24. CASH AND CASH EQUIVALENTS

In thousands of euro	2019	2018
Deposits with banks	11 512	16 279
Cash equivalents	69 587	91 019
Bank balances - Current accounts	499 351	160 295
Cash at hand	242	240
Total	**580 692**	**267 833**

Cash equivalents comprise invoices qualifying for sale under a factoring program as well as cheques received. The Group has a factoring program for receivables invoiced in the following countries: Belgium, France, Germany, Italy, Spain, The Netherlands and United Kingdom.

This program provides the Company the option to sell its receivables eligible for this program at any moment. Considering this option, the invoices qualifying for sale under the factoring program are readily convertible into known amounts of cash.

25. CAPITAL AND SHARE-BASED PAYMENTS

Capital and reserves

The various components of capital and reserves and the changes therein from 31 December 2018 to 31 December 2019 are presented in the Consolidated Statement of Changes in Equity.

Share capital and share premium

The issued capital of the Company as per 31 December 2019 amounts to €25.0 million, represented by 470 170 fully paid ordinary shares without par value.

In thousands of euro

Ordinary shares issued and fully paid	Number	Amount
At 1 January 2018	470 170	25 000 000
Changes		
At 31 December 2018	470 170	25 000 000
Changes		
At 31 December 2019	470 170	25 000 000

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign entities of the Company.

Hedging reserves

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedge instruments related to hedged transactions that have not yet affected profit or loss.

Reserve for treasury shares

At 31 December 2019 the Group held 35 314 (2018: 34 164) of the Company's shares. Throughout the year 150 new treasury shares were acquired.

In thousands of euro

Treasury shares	Number	Amount
At 1 January 2018	34 994	65 216
Changes	170	1 530
At 31 December 2018	35 164	66 746
Changes	150	1 152
At 31 December 2019	35 314	67 898

Dividends

In March 2020 a dividend of €76.6 million (€162.86 per ordinary share) has been recommended by the Board of Directors, but has not yet been approved by the General Meeting of Shareholders of SCR-Sibelco NV. On October 15 , 2019 an interim dividend of €29.6 million gross (€62.86 per ordinary share) has already been declared and recognised in the accounts. The difference between the proposed dividend and the interim dividend has not yet been recognised.

The following dividends were declared and paid by the Group on the Company's shares, excluding dividends paid for treasury shares, for the year ended 31 December:

In thousands of euro		2019	2018
Final dividend	100 Euro per ordinary share for 2019 (100 Euro per ordinary share for 2018)	**43 486**	**43 501**
Interim dividend	62.86 Euro per ordinary share for 2019 (62.86 Euro per ordinary share for 2018)	**27 334**	**27 343**

Share-based payments

Senior executives and directors of Covia are granted share options. They include restricted stock units ("RSUs"), and nonqualified stock options ("Options" and, together with the RSUs, the "Awards").

These Awards are governed by various plans: the FMSA Holdings Inc. Long Term Incentive Compensation Plan (the "2006 Plan"), the FMSA Holdings, Inc. Stock Option Plan (the "2010 Plan"), the FMSA Holdings Inc. Amended and Restated 2014 Long Term Incentive Plan (the "2014 Plan"), and the 2018 Omnibus Plan (the "2018 Plan").

Options may be exercised, in whole or in part, at any time after becoming exercisable, but not later than the date the Option expires, which is typically ten years from the original grant date. All Options granted under the 2006 Plan and 2010 Plan were fully vested as of June 1, 2018 (acquisition date of Covia).

The fair values of the RSUs and Options were estimated at the acquisition date of Covia. The fair value of the RSUs was determined to be the opening share price of Covia shares at the acquisition date of Covia. The fair value of Options was estimated at the acquisition date of Covia using the Black Scholes-Merton option pricing model.

The total value of the outstanding Awards amounts to €52.3 million ($58.7 million) (2018: €42.4 million or $48.6 million) and the Group recorded expense arising from equity-settled share-based payment transactions of €9.1 million ($10.0 million) (2018: €7.2 million or $8.2 million).

26. INTEREST-BEARING LOANS AND BORROWINGS

A. INTEREST BEARING LOANS & BORROWINGS

In thousands of EUR	2019	2018
Bank borrowings	1 376 652	1 409 041
Syndicated loans	85 714	114 286
Amortizing Syndicated Loan at fixed rate	42 857	57 143
Amortizing Syndicated Loan at floating rate	42 857	57 143
Other loans & borrowings	4 024	6 735
Non-current	**1 466 390**	**1 530 062**
Bank borrowings, current portion	27 661	42 928
Syndicated loans	28 571	28 571
Amortizing Syndicated Loan at fixed rate, current portion	14 286	14 286
Amortizing Syndicated Loan at floating rate, current portion	14 285	14 285
Private placements	-	-
Other loans & borrowings	2 468	2 293
Bank overdrafts	10 971	40 669
Current	69 671	114 461
Total	**1 536 061**	**1 644 523**

Interest-bearing loans and borrowings – Covia

On 1st June 2018, Covia Holdings Corporation entered into a €1.5 billion ($1.7 billion) Term Loan. The Term Loan was issued at par with a maturity date of June 1, 2025. Covia incurred approximately €28.5 million ($32.0 million) of transaction costs that were included in the initial measurement of the loan and subsequently recognised in the statement of profit or loss through the effective interest rate method.

The Term Loan requires quarterly principal payments of €3.6 million ($4.1 million) with the balance payable at the maturity date and quarterly interest payments beginning September 30, 2018 through March 31, 2025. Interest on the Term Loan accrues at a per annum rate of either (at our option) (a) LIBOR plus a spread or (b) the alternate base rate plus a spread. The spread will vary depending on our total net leverage ratio, defined as the ratio of debt (less up to €133.5 million ($150.0 million) of cash) to EBITDA for the most recent four fiscal quarter period.

The Term Loan contain customary representations and warranties, affirmative covenants, negative covenants and events of default. Negative covenants include, among others, limitations on debt, liens, asset sales, mergers, consolidations and fundamental changes, dividends and repurchases of equity securities, repayments or redemptions of subordinated debt, investments, transactions with affiliates, restrictions on granting liens to secure obligations, restrictions on subsidiary distributions, changes in the conduct of the business, amendments and waivers in organizational documents and junior debt instruments and changes in the fiscal year.

Covia has the option to prepay the Term Loan without premium or penalty other than customary breakage costs with respect to LIBOR borrowings.

In December, Covia successfully repurchased €56.0 million ($62.9 million) of its term loan at 76.8% of par, resulting in a cash outlay of €43.0 million ($48.3 million), exclusive of fees. Covia has recognized a pre-tax gain of approximately €11.9 million ($13.4 million) in the fourth quarter of 2019 related to this extinguishment of debt – see note 13 *Net financing costs*.

At December 31, 2019, the Term Loan had an interest rate of 6.04313%.

Interest-bearing loans and borrowings – Sibelco Group excluding Covia

In 2019, the Group has used the option to extend the 2018 Syndicated Revolving Credit Facility for €510 million with 1 year resulting in a new termination date in 2024 with the option to extend it again for 1 year. This facility contains financial covenants. The Group's financial covenants have been set to provide the Group with a very strong buffer in case of further cash needs driven by working capital, Capex, acquisitions or pressure on its EBITDA. End of December 2019, the Group was well below any of these financial covenants.

At 31 December 2019, the Group had available €705.5 million of undrawn committed borrowing facilities.

B. RECONCILIATION BETWEEN THE OPENING AND CLOSING BALANCES FOR LIABILITIES ARISING FROM FINANCING ACTIVITIES

				Non-cash changes			
In thousands of euro	**2018**	Changes in IFRS accounting policies	Cash flows	Acquisition / disposal	Foreign exchange translation	Foreign exchange revaluation in (profit) or loss	**2019**
Bank borrowings	1 448 861	-	(95 582)	15 980	27 770	7 283	1 404 312
Syndicated loans	142 857	-	(28 571)	-	(1)	-	114 285
Lease obligations	8 917	422 412	(111 432)	19 940	6 424	20 011	366 272
Other loans & borrowings	10 435	-	(2 648)	(1 445)	109	43	6 494
Bank overdrafts	42 371	-	(31 731)	-	554	(223)	10 971
Bank overdrafts	**1 653 441**	**422 412**	**(269 964)**	**34 475**	**34 856**	**27 114**	**1 902 334**

C. TERMS AND DEBT REPAYMENT SCHEDULE

In thousands of euro	2019				2018			
Bank loans	Nominal Interest Rate	Year or maturity	Face value	Carrying Amount	Nominal Interest Rate	Year or maturity	Face value	Carrying Amount
BRL	8.00%	2022	15 105	15 105	8.00%	2022	10 320	10 320
CLP	-	-	-	-	7.65%	2019	14 883	14 883
CNY	0.96%	2019	17 606	17 606	3.90%	2019	17 525	17 525
EUR	1.24%	2019-2023	68 495	68 495	1.57%	2019-2023	140 323	140 323
GBP	-	-	-	-	-	2018	455	455
IDR	10.09%	2020	265	265	9.00%	2018	1 158	1 158
INR	7.19%	2020	8 573	8 573	7.96%	2019	9 565	9 565
MYR	3.40%	2020	9 777	9 777	5.57%	2019	12 628	12 628
NOK	1.05%	2020	32 681	32 681	1.72%	2019	21 315	21 315
PLN	0.64%	2020	745	745	1.15%	2019	55	55
RUB	9.72%	2020	14 498	14 498	9.72%	2019	13 932	13 932
SEK	-	-	-	-	1.15%	2019	18 939	18 939
THB	3.30%	2020	13 024	13 024	2.52%	2019	7 663	7 663
TRY	18.33%	2020	5 279	5 279	15.89%	2019	7 226	7 226
TWD	2.12%	2020	2 666	2 666	2.27%	2019	5 255	5 255
USD	6.22%	2025	1 363 779	1 363 779	6.51%	2025	1 396 429	1 396 429
Total			**1 552 493**	**1 552 493**			**1 677 670**	**1 677 670**

In thousands of euro	Face value	Carrying Amount	Face value	Carrying Amount
Loans with Non-Fin Ctparties	6 496	6 496	10 433	10 433
Liabilities held for sale	-	-	(15 978)	(15 978)
Other	(22 927)	(22 927)	(27 601)	(27 601)
Total	**1 536 062**	**1 536 062**	**1 644 524**	**1 644 524**

27. EMPLOYEE BENEFITS

Sibelco Group companies maintain retirement, post-retirement, medical and long-term benefit plans in several countries in which the Group operates.

Post-employment defined benefit plans

United Kingdom

The United Kingdom represents 44 percent of the obligations as per 31 December 2019. The Sibelco UK Final Salary Pension Scheme is closed to new entrants and future accruals. All previous active members of the Scheme entered a new defined contribution section of the Scheme from 1 January 2014, while all new employees hired since 1 January 2003 have been offered entry to a separate defined contribution plan. The Scheme is formally governed by a consolidated Trust deed and rules, which ensures the assets of the Scheme are segregated from those of the sponsoring employers. The Scheme has a statutory funding objective to ensure that it has sufficient and appropriate assets to cover its technical provisions (Pension Act 2004). Liabilities are exposed to interest rate risk, inflation risk and demographic risk (mortality, turnover). Assets are exposed to interest rate risk, market risk and credit risk. The Trustee has agreed that Scheme's defined benefit Section should have a strategic asset allocation.

The last completed triennial valuation as per 31 December 2016 was finalized in 2018. With the value of the UK Scheme's assets being less than the Trustee's technical provisions, a recovery plan has been agreed between the sponsoring companies and the Trustees of the Scheme to eliminate the difference by payment of additional "deficit" contributions. The aim is to eliminate the deficit by 31 December 2025 by making deficit contributions of £10.30 million in 2018, increasing by around 1.55 percent each first of January thereafter until and including 2021. For the period 2022 to 2025 contributions are reduced with £5.00 million and increase with 1.00 percent per year. This is in addition to a contribution towards the Scheme administration of £0.35 million per annum.

Closure to future accrual will limit future growth in the defined benefit obligation. Scheme designed trigger points will automatically switch growth assets to matching assets when their values have reached pre-agreed targets. If the Scheme becomes fully funded and in surplus, "deficit" contributions to the Scheme would cease and ultimately it is possible the surplus could be refunded to the sponsoring employers once all benefits have been secured.

United States

The United States represents 19 percent of the obligations as per 31 December 2019. All plans in the United States are part of Covia. The Company sponsors a defined benefit plan, the Covia Pension Plan (hourly and salaried), a nonqualified supplemental benefit plan, the Covia Restoration Plan and two qualified pension plans for hourly workers of Legacy Fairmount Santrol ("Fairmount Santrol Hourly Plans"). The Covia Pension Plan is a funded plan. Minimum funding and maximum tax-deductible contribution limits for the plan is defined by the Internal Revenue Service. Salaried participants accrued benefits based on service and final average pay. Hourly participants benefits are based on service and benefit formula.

The Covia Pension Plan was closed to new entrants effective on 1 January 2008 except for three unionized participating locations. Effective 1 November 2017 the Plan was closed to new entrants for the three unionized participating locations. In 2018 the plan was frozen for future accruals for salaried employees. An independent trustee has been appointed for the Covia Pension Plan whose responsibilities include custody of plan assets as well as recordkeeping. A pension committee consisting of members of senior management provides oversight through quarterly meetings. In addition, an independent advisor has been engaged to provide advice on the management of the plan assets. The Fairmount Santrol Hourly Plans are small funded plans that are closed for new entrants and frozen for future accruals.

The Covia Restoration Plan is unfunded and as at 31 December 2019 reports a liability below €500k with a low number of beneficiaries. Benefit payments for the plan are expected to end in the short term.

The primary risk for the pension plans is the volatility of the net liability. Liabilities are exposed to interest rate risk and demographic risk (e.g. mortality, turnover, etc.). Assets are exposed to interest rate risk, market risk and credit risk.

The Company offers retiree medical plan for certain groups of hourly employees of legacy Unimin. The plan is mainly exposed to risk of increases in health care costs, longevity risk and interest rate risk.

Canada and Mexico

The defined benefit plans in Canada and Mexico represent 14 percent of the obligations as per 31 December 2019. All plans in Canada and Mexico are part of Covia. In Canada, the Company sponsors three retirement plans. Two of the retirement plans are for hourly employees and one is for salaried employees. The plan for salaried employees has been closed to new entrants since 1 January 2008.

In addition, there are two post-retirement medical plans. In the case of the Canadian pension plans, minimum funding is required under the provincial Pension Benefits Act (Ontario) and regulations and maximum funding is set in the Federal Income Tax Act of Canada and regulations. The pension plan is administered by Covia Canada.

A pension committee exists to ensure proper administration, management and investment review with respect to the benefits of the pension plan through implementation of governance procedures. The medical plan is administered by an insurance company, with Covia Canada having the ultimate responsibility for all decisions.

In Mexico, the Company sponsors two retirement plans. The main plan is a defined benefit plan with a minimum benefit equal to severance payment by unjustified dismissal according to Mexican Labour Law. There is no minimum funding requirement in Mexico. Maximum funding is defined according to the actuarial cost method registered with the Mexican Tax Authority. Investment decisions are made by an administrative committee of Grupo de Materias Primas pension plans. The pension plan pays benefits through 5 annual payments conditioned on compliance with non-compete clauses.

The other plan is the mandatory seniority premium plan as defined by Mexican Labour Law. It foresees in a lump sum payment in case of retirement, death, disability and leave.

Europe

The plans in Europe (excluding the UK plan) represent 21 percent of the obligations as per 31 December 2019. The main defined benefit plans are in the Netherlands, Germany and Sweden. These are all retirement plans that generally provide a benefit related to years of service and rates of pay close to retirement. The plans in the Netherlands are insured and are closed for future salary accruals and to new entrants. In case of Germany, the Netherlands and Sweden, the benefit is also paid in case of death or disability. All plans have been established in accordance with common practice and legal requirements in each country.

The Belgian defined contribution pension plans are by law subject to minimum rates of return to be guaranteed by the employer. Pension legislation was amended at the end of 2015. This amended legislation defines the minimum guaranteed rate of return on an annual basis as a variable percentage linked to the 24-month average of the Belgian government bond yields (OLO 10Y). Minimum rates can however not be lower than 1.75 percent and not be higher than 3.75 percent. For 2016 through 2019 the minimum guaranteed rate of return is 1.75 percent on employer contributions and employee contributions. The previous rates (3.25 percent on employer contributions and 3.75 percent on employee contributions) continue to apply to the accumulated past contributions in the Group insurance as at 31 December 2015. Because of the legal change the defined contribution plans have been reclassified as defined benefit plans in 2016. The net liability equals €2.5 million as per 31 December 2019 (€1.9 million as per 31 December 2018).

Benefits in Italy and France relate to the mandatory retirement benefits of the defined benefit type.

Asia & Australia

Australia represents 1 percent of the obligations as per 31 December 2019. The Australian defined benefit pension plan requires contributions to be made to a separately administered fund. As from 31 December 2019 there are only retired members participating to the plan as the last active members retired in 2019. The pension plan is exposed to Australia's inflation, interest rate risks and changes in the life expectancy for pensioners. The plan assets include investments in quoted equity shares of entities across several industries. Due to this the Australian pension plan is exposed to equity market risks.
The Group has complementary retirement plans in Taiwan and Japan. The plan in Taiwan is closed for new entrants.
The reported liabilities for Thailand, India, Indonesia, Malaysia, the Philippines and Korea mainly relate to mandatory retirement benefits of the defined benefit type.

Liabilities in Asia account in total for 1 percent of the obligations as per 31 December 2019.

Termination benefits

The reported termination benefits are early retirement plans in Belgium.

Other long-term employee benefits

In 2011, the Board of Directors decided to set up long term incentive plans (LTI) for a selected number of key executives. Today the LTI plans of 2013, 2014 and 2015 and 2016 are still in force with potential cash payments in future years based on the evolution of financial KPI's. At the end of 2019, the provision for all these plans has been estimated to be €2.6 million.
The other long-term benefit plans are jubilee plans (5) in The Netherlands and Belgium.

Explanation of amounts in the financial statements

Defined benefit liabilities

In thousands of euro	2019				2018			
	Post-employment benefits	Termination benefits	Other	Total	Post-employment benefits	Termination benefits	Other	Total
Present value of funded obligations	597 171	9	-	597 180	525 246	61	-	525 307
Fair value of plan assets	(499 063)	-	-	(499 063)	(446 987)	(49)	-	(447 036)
Present value of net funded obligations	**98 108**	**9**	-	**98 117**	**78 259**	**12**	-	**78 271**
Present value of unfunded obligations	27 356	956	5 605	33 917	24 742	1 161	11 017	36 920
Reclassification liabilities held for sale	-	-	-	-	(348)	-	-	(348)
Total defined benefit liabilities/(assets)	**125 464**	**965**	**5 605**	**132 034**	**102 653**	**1 173**	**11 017**	**114 843**
Liabilities	125 464	965	5 605	132 034	102 653	1 173	11 017	114 843
(Assets)	-	-	-	-	-	-	-	-
Net liability at 31 December	**125 464**	**965**	**5 605**	**132 034**	**102 653**	**1 173**	**11 017**	**114 843**

Movements in the net liability for defined benefit obligations recognised in the statement of financial position

In thousands of euro	2019				2018			
	Post-employment benefits	Termination benefits	Other	Total	Post-employment benefits	Termination benefits	Other	Total
At 1 January	**102 653**	**1 173**	**11 017**	**114 843**	**162 321**	**1 627**	**19 394**	**183 342**
Contributions by employer	(20 696)	(292)	(4 357)	(25 345)	(26 615)	(390)	(3 273)	(30 278)
Expense (income) recognised in the statement of profit or loss	8 927	84	(1 476)	7 535	(11 826)	(65)	(11 421)	(23 312)
Remeasurements loss (gain) included in OCI	32 006	-	-	32 006	(24 343)	-	-	(24 343)
Reclassification liabilities held for sale	-	-	-	-	(348)	-	-	(348)
Business combinations	-	-	293	293	700	-	6 411	7 111
Other movements	(84)	-	-	(84)	282	-	(85)	197
Exchange differences	2 658	-	128	2 786	2 482	1	(9)	2 474
At 31 December	**125 464**	**965**	**5 605**	**132 034**	**102 653**	**1 173**	**11 017**	**114 843**

Changes in the present value of the defined benefit obligations

In thousands of euro		2019				2018			
	Note	Post-employment benefits	Termination benefits	Other	Total	Post-employment benefits	Termination benefits	Other	Total
At 1 January		**550 029**	**1 222**	**11 163**	**562 414**	**629 398**	**1 665**	**19 540**	**650 603**
Service cost		5 405	-	(1 510)	3 895	10 359	10	(11 616)	(1 247)
Interest cost	13	17 738	-	30	17 768	17 616	(1)	28	17 643
Benefits paid		(40 094)	(277)	(4 357)	(44 728)	(43 849)	(382)	(3 272)	(47 503)
Actuarial losses (gains)		72 398	6	(20)	72 384	(41 777)	24	8	(41 745)
Tax on contributions paid		-	(15)	-	(15)	-	-	-	-
Past service cost		(215)	67	14	(134)	3 120	(98)	188	3 210
Losses (gains) on curtailments		(192)	-	10	(182)	(30 147)	-	(29)	(30 176)
Losses (gains) on settlements		(51)	-	-	(51)	-	-	-	-
Business combinations		-	-	293	293	7 454	-	6 411	13 865
Other movements		(368)	(61)	-	(429)	307	-	(86)	221
Exchange differences		19 927	-	128	20 055	(2 452)	4	(9)	(2 457)
At 31 December		**624 577**	**942**	**5 751**	**631 270**	**550 029**	**1 222**	**11 163**	**562 414**

The specification of the actuarial gains and losses for 2019 is the following:

In thousands of euro	2019	2018
Experience adjustments	(2 238)	4 130
Changes in demographic assumptions	(5 570)	(637)
Changes in financial assumptions	80 192	(45 238)
Total	**72 384**	**(41 745)**

Total actuarial gains and losses were €72.4 million, mainly arising from the change in financial assumptions in the UK and US (€80.2 million).

Changes in the fair value of plan assets

In thousands of euro		2019				2018			
	Note	Post-employment benefits	Termination benefits	Other	Total	Post-employment benefits	Termination benefits	Other	Total
At 1 January		**(447 376)**	**(49)**	**(146)**	**(447 571)**	**(467 077)**	**(38)**	**(146)**	**(467 261)**
Return on plan assets	13	(14 337)	-	-	(14 337)	(13 182)	-	-	(13 182)
Actuarial (gains) losses		(40 392)	-	-	(40 392)	17 434	-	-	17 434
Administration costs		528	-	-	528	408	-	-	408
Assets distributed on settlements		51	11	-	62	-	-	-	-
Contributions by employer and employee		(20 696)	(277)	(4 357)	(25 330)	(26 615)	(391)	(3 272)	(30 278)
Benefits paid		40 094	277	4 357	44 728	43 849	382	3 272	47 503
Reclassification liabilities held for sale		-	-	-	-	(348)	-	-	(348)
Business combinations		-	-	-	-	(6 754)	-	-	(6 754)
Other movements		283	61	-	344	(25)	1	-	(24)
Exchange differences		(17 268)	-	-	(17 268)	4 934	(3)	-	4 931
At 31 December		**(499 113)**	**23**	**(146)**	**(499 236)**	**(447 376)**	**(49)**	**(146)**	**(447 571)**

Expense recognised in profit or loss

In thousands of euro		2019				2018			
	Note	Post-employment benefits	Termination benefits	Other	Total	Post-employment benefits	Termination benefits	Other	Total
Current service cost (net of employee contributions)	12	5 405	-	(1 510)	3 895	10 359	10	(11 616)	(1 247)
Administrative costs	12	528	-	-	528	408	-	-	408
Interest cost	13	17 738	-	30	17 768	17 616	(1)	28	17 643
Return on plan assets	13	(14 337)	-		(14 337)	(13 182)	-	-	(13 182)
Actuarial (gains) losses recognised in the period	12	N/A	6	(20)	(14)	N/A	24	8	32
Past service cost	12	(215)	67	14	(134)	3 120	(98)	188	3 210
(Gains) losses on curtailments & settlements	12	(192)	11	10	(171)	(30 147)	-	(29)	(30 176)
Total		**8 927**	**84**	**(1 476)**	**7 535**	**(11 826)**	**(65)**	**(11 421)**	**(23 312)**

Comment on results post-employment benefits

During 2019, both Defined Benefit Obligations on post-employment benefits and Plan Assets have been increased. The funded position, i.e. ratio of Plan Assets to Defined Benefit Obligation, has slightly decreased to around 80 percent (2018: 81 percent). This results from the evolution of the DBO and is due to the interest cost and service cost during 2019 (€23.1 million) and the negative effects of actuarial losses (€72.4 million) and exchange differences (€19.9 million), while the evolution of the assets is mainly due to the real return on plan assets (€54.7 million), the employer contributions (€20.7 million) and negative exchange differences (€17.3 million). The amounts at both sides are therefore not similar taking into account the amounts involved (plan assets of about €499 million against a DBO of about €625 million).

The Defined Benefit Liability has increased during the year from €102.7 million to €125.5 million which is mainly due to the remeasurement loss included in OCI (€32.0 million) and the expenses recognised in the income statement (€8.9 million), partly offset by the positive effect of the employer contributions (€20.7 million).

Expected benefit payments

In thousands of euros	Post-employment benefits	Termination benefits	Other	Total
Expected benefit payments due within 1 year	24 413	245	136	24 794
Expected benefit payments due between 2-5 years	103 937	566	345	104 848
Expected benefit payments due between 6-10 years	140 374	143	451	140 968

Disaggregation fair values plan assets

The average weighing of the assets by the various asset categories are shown below (75.7 percent of the assets are quoted):

	2019	2018
Government bonds	10.80%	8.12%
Corporate bonds	11.02%	12.89%
Equity	11.70%	10.35%
Cash	1.95%	2.69%
Property	0.06%	3.84%
Insurance contracts	18.36%	18.06%
Other	46.11%	44.05%
Total	**100.00%**	**100.00%**

In the plan assets there are no own equity instruments and no property used by the Group. The real return on assets over 2019 amounts to €54.7 million or 12.2 percent (2018: €4.3 million negative or 0.9 percent).

Significant actuarial assumptions

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2019	2018
Discount rate	2.26%	3.24%
Rate of salary increases	1.65%	2.17%
Inflation rate	1.79%	2.17%
Medical trend rate	6.71%	4.50%
Pension increase rate	3.32%	2.93%

The discount rate and the rate of salary increases were weighted by the defined benefit obligation, the expected return on assets by the assets, the medical trend rate is weighted by the Defined Benefit Obligation of the medical plans and the pension increase rate is weighted by the Defined Benefit Obligation of the plans paying pensions rather than lump sums on retirement. The medical rate shown is the ultimate rate, which is used for periods over five years. The best estimate of the employer contributions which the Group expects to pay for 2020 amounts to €21.4 million (2019: €26.6 million). The average duration of the defined benefit plan obligation at the end of the reporting period is 16 years (2018: 15 years).

Sensitivity analysis

A 0.25 percent change in the actuarial assumptions would have the following effects (note that a positive amount refers to a decrease in the obligations or cost while a negative amount refers to an increase in the obligations or cost):

In thousands of euro	2019		2018	
Discount rate	**25 basis points increase**	**25 basis points decrease**	**25 basis points increase**	**25 basis points decrease**
Effect on the aggregate of the service cost and finance cost	815	(895)	535	(622)
Effect on the defined benefit obligation	22 639	(24 702)	20 068	(21 270)
Inflation rate	**25 basis points increase**	**25 basis points decrease**	**25 basis points increase**	**25 basis points decrease**
Effect on the aggregate of the service cost and finance cost	390	(351)	393	(358)
Effect on the defined benefit obligation	11 588	(11 217)	10 564	(10 307)
Medical cost trend rate	**25 basis points increase**	**25 basis points decrease**	**25 basis points increase**	**25 basis points decrease**
Effect on the aggregate of the service cost and finance cost	86	(68)	25	(24)
Effect on the defined benefit obligation	275	(238)	316	(302)

The sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

28. PROVISIONS

In thousands of euro	Note	Warranties and onerous contracts	Restructuring plans	Site restoration and plant demolition	Penalties, legal claims and other	2019	2018
Balance at 1 January		**418**	**39 322**	**330 613**	**16 102**	**386 455**	**373 863**
Movements through P&L		**(27)**	**34 104**	**34 487**	**933**	**69 497**	**73 090**
Additional provision	8, 10	17	34 760	26 157	3 048	63 982	67 373
Unused amounts reversed	8	(44)	(656)	(6 802)	(2 325)	(9 827)	(4 858)
Revisions due to change of discount rate and inflation rate	13	-	-	2 544	(34)	2 510	(1 535)
Unwinding of the discount rate	13	-	-	12 588	244	12 832	12 110
Other movements		**(14)**	**(36 555)**	**(18 970)**	**(3 809)**	**(59 346)**	**(60 498)**
Business combinations	3	-	-	-	-	-	20 793
Disposals		(17)	317	34	(879)	(545)	-
Addional provisions (variation of the asset component)	16	-	-	29 612	-	29 612	(12 594)
Provision used during the period		(12)	(37 196)	(28 064)	(1 954)	(67 226)	(41 945)
Exchange difference		15	324	3 128	(277)	3 190	(10 195)
Transfers		-	-	176	(699)	(521)	2 227
Reclassification liabilities held for sale	11	-	-	(23 856)	-	(23 856)	(18 784)
Balance at 31 December		**377**	**36 871**	**346 130**	**13 226**	**396 606**	**386 455**
Current		1	34 421	43 160	10 804	88 389	82 412
Non-current		375	2 450	302 970	2 422	308 217	304 043

Restructuring plans

The decrease in provisions for restructuring plans can be mainly explained by the use of restructuring provisions for €37.2 million, that were recognized prior year, for restructuring programs in North America, Australia, Europe, South America and Asia.

During 2019, additional restructuring provisions have been recognised for €34.8 million in respect of SG&A transformation and optimisation programs all over Sibelco Group – see note 10 *Other operating expenses*.

Site restoration and plant demolition

The Group is subject to numerous environmental requirements in various countries in which it operates, including restoration and clean-up of its quarries and demolition of its plants. In order to comply with regulations, the Group has made significant expenditure and has set up provisions.

The obligation to restore the environment or dismantle an asset is provided in full at the time of the start of the operations. When the provision arises on initial recognition of an asset, the corresponding debit is treated as part of the cost of the related asset and is not recognised immediately in profit or loss but gradually through the depreciation of the related asset. Changes in the estimate of the provision generally are adjusted against the carrying amount of the asset.

Due to the long-term nature of the liability, the biggest uncertainties in estimating the provision are the costs that will be incurred. The provision is measured at the best estimate of costs to be incurred. This takes the time value of money into account, if material. The best estimate typically will be based on the single most likely cost of mine closure and takes uncertainties into account in either the cash flows or the discount rate used in measuring the provision.

In particular, the Group has assumed that its quarries will be restored using technology and materials that are currently available. The corresponding provisions have been calculated taking into account future price increases and discount factors.

2019	Currency	Discount rates 10Y	Inflation rates
Australia	AUD	4.12	2.45
Belgium	EUR	2.56	1.83
Brazil	BRL	11.48	3.97
Canada	CAD	3.95	2.01
Finland	EUR	2.39	1.77
France	EUR	2.49	1.67
Germany	EUR	2.12	2.03
Italy	EUR	4.73	1.30
Malaysia	MYR	5.94	2.40
Mexico	MXN	10.18	3.01
The Netherlands	EUR	2.27	1.89
Norway	NOK	3.74	1.88
Portugal	EUR	3.41	1.79
Russia	RUB	10.29	4.17
Spain	EUR	3.17	1.74
Sweden	SEK	2.37	1.90
Turkey	TRY	18.99	13.42
United Kingdom	GBP	3.20	1.97
Ukraine	UAH	20.12	5.51
United States	USD	4.65	2.32

There are many complexities in calculating an estimate of the expenditure to be incurred. Technological advances may reduce the ultimate cost of mine closure and may also affect the timing by extending the existing expected recoveries from the reserves. The estimate is updated at each reporting date.

Our active and inactive managed facilities are required to have closure plans. As from 2015, detailed closure planning requirements were introduced through our Closure Plan Policy, with each asset required to develop a closure plan as part of their life of asset plan. In addition, a new sustainability process was implemented focusing on closure planning, cost estimation and closure objectives at operating assets. Integrating closure planning in the early stages of project development and through an asset's lifecycle helps us to leave a positive legacy of sustainable development, minimize financial impacts and ensure stakeholder expectations are met. Closure plans provide the basis for estimating the financial costs of closure and the associated accounting closure and rehabilitation provisions.

Closure plans are reviewed at the following frequency:

- Every 5 years, or;
- When significant changes occur:
  - in the operation,
  - in local regulatory requirements or constructive obligations,
  - in stakeholder interests or the local environment that:
    - jeopardize the Group's long term viability (expected lifetime of the operation), or
    - risk renewal or prolongation of necessary permits and rights to exploit, or;
- Every year when the operation has an expected lifetime of less than 5 years.

During 2019, the best estimates of the closure plans were reviewed and adjusted, resulting in an addition to the provision of €26.2 million in the income statement, an addition to the asset component of €29.6 million and a release of the provision of €6.8 million. The main impacts for these additions and releases were respectively in Australia, North America and in Europe. The unwinding and change of the discount rate and inflation rate are both a non-cash impact on the provision of €12.6 million and €2.5 million, spread over several entities of the Sibelco Group. The use of the provision site restoration and plant demolition, for €28.1 million, was mainly situated in Europe and Australia.

Contingencies

The group has different contingencies. These are described under note 34 *Contingencies*.

Penalties, legal claims and other

Provisions for penalties, legal and other claims are mainly related to Europe and South America. In 2019 the Group has released several provisions for a total of €2.3 million for fines and litigations, consisting of various small claims and litigations.

29. TRADE AND OTHER PAYABLES

Non-current trade and other payables

In thousands of euro	Note	2019	2018
Deferred consideration on acquisitions		176	168
Other payables		4 789	30
Trade and other payables - Non-current	31	**4 965**	**198**

Current trade and other payables

In thousands of euro	Note	2019	2018
Trade payables		285 935	352 985
Unearned revenues and advances		9 304	11 456
Other payables		76 082	99 116
Interest payable		21 213	620
Non-income tax payables		22 903	31 089
Accrued liabilities		83 512	103 194
Trade and other payables - Current	31	**498 949**	**598 460**

30. OTHER CURRENT AND NON-CURRENT LIABILITIES

Other non-current liabilities

In thousands of euro	Note	2019	2018
Cash flow hedge, negative fair value	31	18 913	3 596
Other, negative fair value	31	-	-
Derivative financial instruments		**18 913**	**3 596**
Government grants		2 485	13 601
Other		9 030	19 466
Other liabilities - Non-current		**30 428**	**36 663**

Other non-current liabilities of the Group were €30.4 million, mainly relating to a new cash flow hedge, negative fair value in Covia (€18.9 million). The decrease in government grants (€2.5 million for 2019, €13.6 million in 2018) relates to the disposal of Winchester & Western Railroad ("W&W Railroad") in North America, in which there were mainly government grants for railroad works.

Other current liabilities

In thousands of euro	Note	2019	2018
Cash flow hedge, negative fair value	31	-	338
Other, negative fair value	31	2 052	3 786
Derivative financial instruments		**2 052**	**4 124**
Other		1 418	2 976
Other liabilities - Current		**3 471**	**7 100**

Other current liabilities of the Group were €3.5 million (2018: €7.1 million) and mainly consist of fair value derivatives for hedging operational risk.

31. FINANCIAL INSTRUMENTS

The Group uses derivate financial instruments to hedge the exposure to fluctuations in foreign exchange rates and interest rates. Some hedges qualify for hedge accounting, others are treated as 'free-standing instruments held for trading' for hedging financial assets and liabilities in foreign currencies compliant with the Group's FX policy.

The Group has decided to fix the interest rate for a significant portion of its debt. Following this decision, the interest rate risk is hedged by means of interest rate swaps for which cash flow hedge accounting is applied.

Credit risk

Exposure to credit risk

At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

Impairment losses

The group applies an allowance percentage on specific buckets in order to determine the total impairment loss on the trade receivables. The used percentages are 1 percent for receivables past due 0 – 90 days; 50 percent for past due 91 – one year and 100 percent for receivables for more than one year. These are determined based on an ECL model which incorporates historic data.

The ageing of trade receivables at reporting date was:

In thousands of euro	Note		2019
		Gross	Impairment
Not past due		364 250	2 420
Past due 0 - 90 days		97 691	1 232
Past due 91 - one year		13 280	9 870
More than one year		2 212	2 212
Trade Receivables	23	**477 433**	**15 735**

In thousands of euro	Note		2018
		Gross	Impairment
Not past due		360 742	2 523
Past due 0 - 120 days		105 919	805
Past due 120 days - one year		16 351	8 360
More than one year		2 647	2 357
Trade Receivables	23	**485 659**	**14 045**

The Group believes that, apart from the above, no additional impairment allowance is necessary in respect of trade receivables not past due.

The movement in the allowance for impairment in respect of trade receivables during the period was as follows:

In thousands of euro	Note	2019	2018
Balance at 1 January		**14 045**	**12 013**
Adjustments on prior year		237	-
Impairment loss recognised	8	4 216	3 008
Allowances used during the period		(2 646)	(1 744)
Exchange differences		119	(64)
Reclassification assets held for sale		(45)	(237)
Scope changes		(191)	1 069
Balance at 31 December	23	**15 735**	**14 045**

Total impairment loss recognised was €4.2 million, of which €4.1 million expensed as SG&A and €0.1 million as cost of sales (production expenses) – see note 8 *Detailed information on revenue, cost of sales and SG&A*.

Liquidity risk

For the Interest Rate Swaps the cash flows reported are based upon the future cash flow consideration as part of the fair value calculation.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

In thousands of euro	Note	2019 Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities						
Bank borrowings	26	1 404 313	(1 696 546)	(69 683)	(1 616 729)	(10 134)
Amortizing Sydicated Loan	26	114 285	(115 263)	(29 054)	(86 209)	-
Lease obligations	26	366 272	(406 802)	(89 000)	(300 768)	(17 034)
Other loans & borrowings	26	6 492	(8 744)	(469)	(7 913)	(362)
Bank overdrafts	26	10 971	(10 971)	(10 971)	-	-
Total		**1 902 333**	**(2 238 326)**	**(199 177)**	**(2 011 619)**	**(27 530)**
Derivative financial liabilities						
Interest rate swaps - hedge accounting	30	18 913	(22 356)	(4 246)	(18 110)	-
Other forward exchange contracts - no hedge accounting	30	2 052	(2 515)	(2 515)	-	-
Outflow		-	(6 907)	(6 907)	-	-
Inflow		-	4 392	4 392	-	-
Total		**20 965**	**(27 386)**	**(6 761)**	**(18 110)**	**-**
Other financial liabilities						
Trade and other payables	29	503 913	(503 913)	(498 949)	(4 965)	-
Total		**503 913**	**(503 913)**	**(498 949)**	**(4 965)**	-

In thousands of euro	Note	2018 Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities						
Bank borrowings	26	1 451 969	(1 848 161)	(109 294)	(369 665)	(1 369 202)
Amortizing Sydicated Loan	26	142 857	(144 320)	(29 017)	(115 303)	-
Finance lease obligations	26	8 918	(8 918)	(4 668)	(4 251)	-
Other loans & borrowings	26	9 028	(11 346)	(1 663)	(9 372)	(311)
Bank overdrafts	26	40 669	(41 713)	(41 713)	-	-
Total		**1 653 441**	**(2 054 458)**	**(186 355)**	**(498 591)**	**(1 369 513)**
Derivative financial liabilities						
Interest rate swaps - hedge accounting	30	3 934	(6 835)	(976)	(5 656)	(203)
Other forward exchange contracts - no hedge accounting	30	3 786	(3 587)	(3 587)	-	-
Outflow		-	(53 961)	(53 961)	-	-
Inflow		-	50 374	50 374	-	-
Total		**7 720**	**(14 009)**	**(4 563)**	**(5 656)**	**(203)**
Other financial liabilities						
Trade and other payables	29	598 658	(598 658)	(598 460)	(198)	-
Total		**598 658**	**(598 658)**	**(598 460)**	**(198)**	-

The following table indicates the period in which the cash flows associated with derivatives that are cash flow hedges are expected to occur.
They will be recycled through profit or loss in the same periods:

		2019				
In thousands of euro	Note	Carrying amount	Expected cash flows	Less than 1 year	1-5 years	More than 5 years
IRS & Forward exchange contracts:						
Assets - forward exchange contracts	19	-	-	-	-	-
Liabilities - IRS	30	(18 913)	(22 356)	(4 246)	(18 110)	-
Total		**(18 913)**	**(22 356)**	**(4 246)**	**(18 110)**	-

		2018				
In thousands of euro		Carrying amount	Expected cash flows	Less than 1 year	1-5 years	More than 5 years
IRS & Forward exchange contracts:						
Assets - forward exchange contracts	19	-	-	-	-	-
Liabilities - IRS	30	(3 934)	(6 835)	(976)	(5 656)	(203)
Total		**(3 934)**	**(6 835)**	**(976)**	**(5 656)**	**(203)**

Currency risk

Exposure to currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currency of the Group entities, primarily the US Dollar (USD), the euro (EUR), the British Pound (GBP) but also the Australian Dollar (AUD). The currencies in which these transactions primarily are denominated are EUR and USD.

The Group uses forward exchange contracts to hedge the foreign exchange risk compliant with the policy as detailed under 'Financial risk management' – see note 2 *Financial risk management*.

The Group's exposure to foreign currency risk was as follows based on notional amounts:

Sensitivity analysis

In thousands of euro	2019 EUR	2019 USD	2019 GBP	2019 AUD	2019 Other	2018 EUR	2018 USD	2018 GBP	2018 AUD	2018 Other
Transactional Exposure										
Trade, other receivables and cash & cash equivalents	22 331	(3 301)	(183 747)	(94 862)	34 772	26 682	7 315	(183 408)	(71 786)	(8 204)
Interest bearing loans and borrowings	(4 975)	995	131 404	-	68 953	4 975	11 991	109 108	(4 731)	55 412
Trade and other payables	(25 093)	(26 168)	(200)	(11)	(24 814)	(50 849)	(31 699)	(2 680)	(65)	(16 332)
Gross balance sheet exposure	**(7 737)**	**(28 474)**	**(52 543)**	**(94 873)**	**78 911**	**(19 192)**	**(12 393)**	**(76 980)**	**(76 582)**	**30 876**
Forward exchange contracts	3 039	42 601	52 325	94 500	(61 299)	14 237	9 076	76 867	78 277	(45 269)
Total	**(4 698)**	**14 127**	**(218)**	**(373)**	**17 612**	**(4 955)**	**(3 317)**	**(113)**	**1 695**	**(14 393)**
Economical Exposure										
Estimated forecast sales/receivables	-	2 739	-	-	6 399	7 109	25 686	-	-	7 526
Estimated forecast purchases	-	(2 072)	-	-	(3 304)	(6 587)	(15 256)	(28)	-	(77)
Gross exposure	-	**667**	-	-	**3 095**	**522**	**10 430**	**(28)**	-	**7 449**
Forward exchange contracts	-	-	-	-	(3 095)	(3 246)	(11 797)	-	-	(7 910)
Total	-	**667**	-	-	-	**(2 724)**	**(1 367)**	**(28)**	-	**(461)**

A 10 percent change of the euro against the other currencies at 31 December would have an insignificant impact on the hedge reserve included in equity nor on net profit (economical exposure), (2018: no risks on equity nor on net profit).

Interest rate risk

The interest rate risk of the Group is hedged by interest rate swaps for a total nominal value of €400.1 million. Further the Group has a Term Loan at fixed rate for €57.0 million. In total this means that almost 30 percent of the debt is at fixed rate.

The floating part is mainly influenced by changes in the USD Libor 3 months. A shift in interest rate of 1 percent has an impact of €10.8 million on interest result.

Fair values

Fair values versus carrying amounts

The fair values together with the carrying amounts shown in the statement of financial position are as follows:

In thousands of EUR	Note	Carrying amount 2019	Fair value 2019 Level 2	Carrying amount 2018	Fair value 2018 Level 2
Fixed rate financial liabilities :					
Non-current	26	(42 857)	(42 857)	(57 143)	(57 143)
Current	26	(14 286)	(14 286)	(14 286)	(14 286)
Floating rate financial liabilties:					
Non-current	26	(1 423 533)	(1 109 655)	(1 472 919)	(1 472 919)
Current	26	(55 385)	(52 043)	(100 175)	(100 175)
Interest rate swaps:					
Assets		-	-	-	-
Liabilities	30	(18 913)	(18 913)	(3 934)	(3 934)
Forward exchange contracts:					
Assets - hedge net financial position	19	1 187	1 187	1 950	1 950
Assets - hedge transactional and economical exposure	19	384	384	963	963
Liabilities - hedge net financial position	30	(2 229)	(2 229)	(2 941)	(2 941)
Liabilities - hedge transactional and economical exposure	30	177	177	(845)	(845)
Total		**(1 555 455)**	**(1 238 235)**	**(1 649 330)**	**(1 649 330)**

Hierarchy and determination of fair values

All above fair values have a Level 2 nature, meaning that inputs used for measurement are other than quoted prices within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

The fair value of forward exchange contracts is determined using money market interest rates and the foreign exchange spot rates at the balance sheet date.

The fair value of interest rate swaps and cross currency interest rate swaps are calculated as the net present value of the future cash flows.

In the context of IFRS 13, the Group has made an assessment of non-performance risk in respect of derivatives. The Group assessed that no value adjustments are required, taken into account the financial strength of the counterparties (investment grade and the short term nature of the current portfolio).

For the valuation and testing of derivative financial instruments for which hedge accounting is applied, the Group is using a fair value model which meets the IFRS requirements regarding hedge effectiveness testing. For hedge effectiveness testing the dollar-offset method is applied.

32. LEASES

The Group leases railway equipment, operating equipment and buildings under a number of lease agreements.

The Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the ‘short-term lease’ and ‘lease of low-value assets’ recognition exemptions for these leases.

I. Right-of-use assets:

In thousands of EUR	Land and buildings	Processing equipment	Intangible assets	2019
First time adoption IFRS 16	**49 781**	**414 624**	**58**	**464 463**
Additions	6 472	6 568	-	13 040
Lease remeasurements	9 548	(669)	-	8 879
Disposals	(2 204)	(7)	-	(2 211)
Transfers	-	-	-	-
Exchange differences	287	9 048	-	9 335
Other	17	(226)	-	(209)
Depreciation expense	(12 799)	(88 548)	(21)	(101 368)
Impairment expense	(13 358)	(173 615)	-	(186 973)
Balance at end of period	**37 744**	**167 175**	**37**	**204 956**

II. Lease obligations:

In thousands of EUR	Lease liabilities
First time adoption IFRS 16	**422 412**
Recognised under IAS 17	8 917
Additions	13 041
Accretion of interest	20 667
Payments	(111 432)
Lease remeasurements	8 841
Disposals	(1 942)
Transfers	-
Exchange differences	6 424
Other	(655)
Balance at end of period	**366 273**
Non-current	289 705
Current	76 568

III. Lease expenses:

In thousands of EUR	Lease expenses
Depreciation expense of right-of-use assets PPE	101 368
Depreciation expense of right-of-use assets intangible assets	21
Impairment expense on right-of-use-assets	186 973
Interest expense on lease liabilities	20 667
Expense relating to short-term leases (included in cost of sales)	20 907
Expense relating to short-term leases (included in SG&A expenses)	678
Expense relating to leases of low-value assets	994
Variable lease payments	4 380
Total amount recognised in profit or loss	**335 988**

For the year ended December 31, 2019, Covia recorded impairment expenses of €187.0 million for right-of-use assets as a result of the impairment test (see note 16 *Property, plant and equipment* and note 17 *Intangible assets and goodwill*) and related to certain railcars that will no longer be in use during their remaining lease term.

In 2019, the Group recognised €336.0 million as an expense in profit or loss in respect of leases. The variable lease payments are in relation to warehouse lease contracts where the Group can use flexible storage spaces and the contract does not define an underlying asset. The rented storage space always matches the needs of the Group.

33. COMMITMENTS

Capital Commitments

At 31 December 2019, the Group had commitments relating to property, plant and equipment and intangible assets amounting to €40.9 million (2018: €42.0 million), of which €22.9 million in Covia, €17.8 million in Europe and €0.2 million in Australia.

34. CONTINGENCIES

The Group is defendant in a number of lawsuits filed in several jurisdictions where it operates. The Group has a strong defence in these cases and the risk of material cash outflows is considered remote.

35. RELATED PARTIES

I. Identity of related parties

The Group has a related party relationship with its subsidiaries – see note 39 *Group entities* and note 18 *Equity accounted investees* and with its directors and executive officers.

II. Transactions with equity accounted investees

All outstanding balances with these related parties are priced at arm's length basis.

2019

In thousands of euro	Sales	Purchases	Other costs	Accounts receivable	Accounts payable	Granted loans to associates	Dividends received from associates
Glassflake Ltd	130	-	-	12	-	-	101
SCI Les Granet	-	5	1	-	4	-	-
Maffei Sarda Silicati SRL	-	-	27	-	611	544	-
Ficarex SRO	-	-	-	-	-	-	763
Sklopisek Strelec AS	-	40	-	-	-	-	-
Dansand A/S	163	129	-	22	21	13	1 342
Total	**293**	**174**	**28**	**35**	**636**	**557**	**2 206**

2018

In thousands of euro	Sales	Purchases	Other costs	Accounts receivable	Accounts payable	Granted loans to associates	Dividends received from associates
Glassflake Ltd	60	-	-	15	1	-	-
SCI Les Granet	9	4	3	8	3	-	-
Maffei Sarda Silicati SRL	-	-	27	-	611	544	-
Ficarex SRO	-	-	-	-	-	-	727
Sklopisek Strelec AS	-	85	-	-	-	-	-
Dansand A/S	208	90	-	13	9	13	1 344
Total	**277**	**179**	**30**	**35**	**624**	**557**	**2 071**

The Group has outstanding loans to associates for an amount of €0.6 million – see note 19 *Financial assets* and has received dividends from its associates for a total amount of €2.2 million – see note 18 *Equity accounted investees*.

Transactions with key management personnel

The total remuneration expense recognised in profit or loss in relation to the members of the Board of Directors and to the Executive Committee amounts to €5.4 million in 2019 (2018: €5.6 million), including bonus and accruals for long term incentives to be potentially paid over the next years – see note 27 *Employee Benefits* – for the members of the Executive Committee. None of key management personnel are granted share options or share based payments.

36. EXCHANGE RATES

The following exchange rates have been used in preparing the financial statements:

	Closing rate		Average rate	
1 euro equals :	2019	2018	2019	2018
ARS	67.2580	43.1436	53.9472	32.8926
AUD	1.5995	1.6220	1.6112	1.5796
BRL	4.5157	4.4440	4.4169	4.3061
CAD	1.4598	1.5605	1.4854	1.5298
CHF	1.0854	1.1269	1.1123	1.1553
CLP	844.8867	793.5766	786.9195	756.9654
CNY	7.8205	7.8751	7.7354	7.8061
CZK	25.4080	25.7240	25.6712	25.6444
DKK	7.4715	7.4673	7.4661	7.4531
EGP	17.9744	20.4268	18.7716	20.9686
GBP	0.8508	0.8945	0.8775	0.8846
HKD	8.7473	8.9675	8.7691	9.2605
IDR	15 616.3834	16 580.7450	15 834.1468	16 799.7742
INR	80.1870	79.7298	78.8182	80.7026
JPY	121.9400	125.8500	121.9818	130.4306
KRW	1 296.2800	1 279.1600	1 305.5927	1 298.9963
MXN	21.2202	22.4921	21.5549	22.7109
MYR	4.5953	4.7317	4.6369	4.7637
NOK	9.8638	9.9483	9.8531	9.5994
NZD	1.6653	1.7056	1.7000	1.7063
PHP	56.9000	60.2041	57.9751	62.2168
PLN	4.2568	4.3014	4.2977	4.2605
RUB	69.9563	79.7153	72.4281	74.0204
SEK	10.4468	10.2548	10.5923	10.2571
SGD	1.5111	1.5591	1.5271	1.5928
THB	33.4150	37.0520	34.7453	38.1684
TRY	6.6843	6.0588	6.3633	5.6947
TWD	33.8009	34.9981	34.5706	35.5710
UAH	26.4220	31.7141	28.8645	32.1227
USD	1.1234	1.1450	1.1192	1.1816

37. SUBSEQUENT EVENTS

On 14 January 2020, the Group reached an agreement to sell its magnesia business in Australia. The sale includes a processing facility, as well as associated site assets, reserves and resources.
The transaction is subject to regulatory approvals and is expected to be completed at the end of the first quarter of 2020.

On 16 January 2020, the Group has signed acquisition agreements with two Ukrainian clay producers. This acquisition is subject to merger clearance by the Ukrainian authorities and the completion of a number conditions precedent. The closing of the acquisition deal is anticipated for early March 2020, subject to those conditions, when the Group will effectively become the owner of this new businesses.

The outbreak of the coronavirus in early 2020 and the results of the measures taken to contain the virus, could impact our financial performance of 2020 and the measurement of certain assets and liabilities. Accordingly, we may thus possibly need to record material adjustments in our accounts during 2020. Based on the facts known as of today, we have currently no knowledge of financial impacts on the 2019 financial statements.

38. INFORMATION ON THE AUDITOR'S ASSIGNMENTS AND RELATED FEES

The worldwide audit and other fees in respect of services provided by EY and its network can be detailed as follows:

In thousands of euro	2019	2018
Total audit fees for SCR-Sibelco N.V. and its subsidiaries	3 795	5 256
Other audit-related services	388	1 190
Tax	70	436
Total	**4 253**	**6 882**

39. GROUP ENTITIES

Control of the Group

The Group's ultimate parent company is SCR-Sibelco N.V., Antwerp / Belgium

Consolidated companies, December 31, 2019	Registered seat/location	Effective interest %
Australia		
QMAG Pty Ltd	Victoria (AU)	100.00%
QMC (Kunwarara) Pty Ltd	North Sydney (AU)	100.00%
QMC REFMAG Pty Ltd	North Sydney (AU)	100.00%
QMCH Pty Ltd	Victoria (AU)	100.00%
Queensland Construction Materials Pty Ltd	North Sydney (AU)	100.00%
Rutile Ltd Consolidated	North Sydney (AU)	100.00%
Sibelco Asia Pacific Pty Ltd	North Sydney (AU)	100.00%
Sibelco Australia Ltd	North Sydney (AU)	100.00%
Sibelco Talc Pty Ltd	North Sydney (AU)	100.00%
Stradbroke Rutile Pty Ltd	North Sydney (AU)	100.00%
Belgium		
Act&Sorb BVBA	Houthalen-Helchteren (BE)	24.00%
Cofisa NV	Antwerpen (BE)	100.00%

High Five NV	Antwerpen (BE)	50.00%
Limburgse Berggrinduitbating NV	Antwerpen (BE)	100.00%
Minérale SA	Lodelinsart (BE)	50.00%
NZM Grit NV	Dessel (BE)	100.00%
NZM NV	Dessel (BE)	100.00%
Sablières de Mettet SA	Mettet (BE)	100.00%
Silfin NV	Antwerpen (BE)	100.00%
Brazil		
Mineração Jundu Ltda	Descalvado (BR)	50.00%
Tansan Industria Quimica Ltda	Pedra di Indaia (BR)	100.00%
Unimin do Brasil Ltda	Barueri (BR)	100.00%
Unimin Mineração	Barueri (BR)	100.00%
Canada		
909273 Ontario Inc	Toronto (Ontario, CA)	65.00%
Covia Canada Ltd.	Toronto (Ontario, CA)	65.00%
Lake Shore Sand Company (Ontario) Ltd.	Hamilton (Ontario, CA)	65.00%
China		
Sibelco Changsu Minerals Co Ltd	Suzhou City (CN)	100.00%
Sibelco China Limited	Hong Kong (CN)	100.00%
Sibelco Shanghai Minerals Co Ltd	Shanghai (CN)	100.00%
Sibelco Shanghai Minerals Trading Co Ltd	Shanghai (CN)	100.00%
Santrol (Yixing) Proppant Co., Ltd.	Yixing (CH)	45.50%
Czech Republic		
Kaolin Hlubany AS	Podborany (CZ)	100.00%
Denmark		
Sibelco Nordic A/S	Rönne (DK)	100.00%
Covia Europe ApS	Fredericia (DK)	65.00%
Egypt		
Sibelco Egypt JSC	Caïro (EG)	100.00%
Finland		
Kalke Oy AB	Vihiti (FI)	100.00%
Sibelco Nordic OY AB	Nummela (FI)	100.00%
Vectori-South Oy AB	Espoo (FI)	100.00%
France		
CERES SCEA	Paris (FR)	100.00%
France Pare-Brise Recyclage SA	Crouy (FR)	50.00%
Minerais de la Mediterranée SA	Balaruc-les-Bains (FR)	100.00%
Sibelco France SAS	Paris (FR)	100.00%
Sibelco Green Solutions SAS	Crouy (FR)	100.00%

Georgia		
Georgian Minerals Ltd	Tbilisi (GE)	80.00%
Germany		
Sibelco Deutschland GmbH	Ransbach-Baumbach (DE)	100.00%
Sibelco Minerals GmbH	Ransbach-Baumbach (DE)	100.00%
Greece		
Sibelco Hellas Mining SA	Thessaloniki (GR)	100.00%
India		
Adarsh India Mining Pvt Ltd	Hyderabad (IN)	100.00%
Sibelco India Minerals Pvt Ltd	Hyderabad (IN)	100.00%
Indonesia		
PT Bhumiadya	Bandung (ID)	100.00%
PT Sibelco Lautan Minerals	Jakarta (ID)	100.00%
Italy		
Ecopaté S.R.L.	Robilante (IT)	90.00%
Ecopiave S.R.L.	Venice (IT)	90.00%
Macoglass S.R.L.	Antegnate (IT)	100.00%
Sibelco Italia S.p.A.	Robilante (IT)	100.00%
Japan		
Sibelco Japan Ltd	Nagoya (JP)	70.00%
Luxembourg		
NZM Lux 1 SA	Strassen (LU)	100.00%
NZM Lux 2 SA	Strassen (LU)	100.00%
NZM Lux 3 SA	Strassen (LU)	100.00%
Sibelco Laos Invest SARL	Strassen (LU)	100.00%
Sibelux SA	Luxembourg (LU)	100.00%
Madagascar		
Ambilobe Minerals SRLU	Antananarivo (MA)	100.00%
Malaysia		
Sera Kekal Sdn Bhd	Kuala Lumpur (MY)	100.00%
Sibelco Malaysia Sdn Bhd	Pasir Gudang (MY)	100.00%
Tinex Kaolin Corporation Sdn Bhd	Kuala Lumpur (MY)	100.00%
Mexico		
Fairmount Minerals Sales de Mexico, S. de R.L. de C.V.	Mexico City (MX)	65.00%
Grupo Materias Primas de Mexico S. de R.L. de C.V.	Monterrey (MX)	65.00%
Grupo Materias Primas, S. de R.L. de C.V.	Monterrey (MX)	65.00%
Materias Primas Minerales de Ahuazotepec S. de R.L. de C.V.	Monterrey (MX)	65.00%
Materias Primas Monterrey S. de R.L. de C.V.	Monterrey (MX)	65.00%
Santrol de Mexico, S. de R.L. de C.V.	Mexico City (MX)	65.00%
Servicos Intergrales Lampazos S. de R.L. de C.V.	Monterrey (MX)	65.00%

The Netherlands		
Ankerpoort NV	Maastricht (NL)	100.00%
Ankerpoort Handel BV	Maastricht (NL)	100.00%
Ankersmit Maalbedrijven BV	Maastricht (NL)	100.00%
Ecomineraal BV	Maastricht (NL)	100.00%
Eurogrit BV	Vreeswijk (NL)	100.00%
Filcom BV	Papendrecht (NL)	100.00%
Grondbezit Bemelen BV	Maastricht (NL)	100.00%
Handelsonderneming Elvers BV	Geertruidenberg(NL)	100.00%
Industriele Maatschappij Geertruidenberg BV	Geertruidenberg (NL)	100.00%
Jan de Poorter BV	Geertruidenberg (NL)	100.00%
Maasgrit B.V.	Maastricht (NL)	100.00%
Sibelco Benelux BV	Heerlen (NL)	100.00%
Sibelco Nederland NV	Papendrecht (NL)	100.00%
Watts Blake Bearne International Holdings BV	Amsterdam (NL)	100.00%
Winterwijksche Steen-en Kalkgroeve BV	Winterswijk (NL)	100.00%
World Ceramic Minerals BV	Maastricht (NL)	100.00%
New Zealand		
Sibelco New Zealand Ltd	Auckland (NZ)	100.00%
Norway		
Olivin AS	Rud (NO)	100.00%
Sibelco Nordic AS	Rud (NO)	100.00%
Poland		
Sibelco Poland sp.z.o.o.	Gdansk (PL)	100.00%
Portugal		
Sibelco Portuguesa Lda	Rio Maior (PT)	100.00%
Russian Federation		
Azimut LLC	Ramenskoye (RU)	100.00%
Kvarsevye peski CJSC	Eganovo (RU)	99.04%
Sibelco Nebolchi LLC	Nebolchi (RU)	100.00%
Ramenskiy GOK OJSC	Eganovo (RU)	99.04%
Russian Mining Company CJSC	Nebochi (RU)	100.00%
Sibelco Rus LLC	Eganovo (RU)	100.00%
Trading House Hercules Moscow LLC	Moscow (RU)	100.00%
Vector LLC	Moscow (RU)	100.00%
Sibelco Voronezh LLC	Posyolok Strelitsa (RU)	100.00%
Singapore		
Sibelco Asia Pte Ltd	Singapore (SG)	100.00%
SIKO Pte Ltd	Singapore (SG)	100.00%

South Korea		
Sibelco Korea Co. Ltd (South Korea)	Chungnam (SK)	100.00%
Spain		
Sibelco Inversiones Argentina SL	Bilbao (ES)	100.00%
Sibelco Minerales Ceramicos SA	Castellon (ES)	100.00%
Sibelco Minerales SA	Bilbao (ES)	99.93%
Sibelco Participaciones SL	Bilbao (ES)	100.00%
Sibelco Ukrainian Trading SL	Barcelona (ES)	100.00%
Inversiones Indonesia S.L.	Bilbao (ES)	100.00%
Sweden		
Sibelco Nordic AB	Göteborg (SE)	100.00%
Sibelco Nordic Region AB	Göteborg (SE)	100.00%
Switzerland		
Sibelco Switzerland GmbH	Birsfelden (CH)	100.00%
Taiwan		
Sibelco Asia Pte Ltd, Bao Lin Branch	Taichung (TW)	100.00%
Sibelco Bao Lin Co Ltd	Taichung (TW)	100.00%
Thailand		
GTT Holdings Ltd	Amphur Muang (TH)	100.00%
Niyom and Son Ltd (Thailand)	Amphur Muang (TH)	100.00%
Ratthathum Mining Company Ltd (Thailand)	Amphur Muang (TH)	100.00%
Sibelco Minerals (Thailand) Ltd	Amphur Muang (TH)	100.00%
Turkey		
Alabanda Madencilik Dis Ticaret AS	Aydin (TR)	100.00%
Alinda Madencilik Sanayi Ve Ticaret AS	Aydin (TR)	100.00%
Sibelco Turkey Madencilik Tic AS	Aydin (TR)	100.00%
Ukraine		
Donbas Clays JSC	Donetsk (UA)	100.00%
LLC Silica Holdings	Kyiv (UA)	51.00%
PJSC Novoselovskoe GOK	Kharkiv (UA)	48.36%
United Kingdom		
Blubberhouses Moor Ltd	Sandbach (UK)	100.00%
Ellastone Investments	Sandbach (UK)	100.00%
Fordath Ltd	Sandbach (UK)	100.00%
Ilamian Ltd	Sandbach (UK)	100.00%
Sibelco Minerals & Chemicals (Holdings) Ltd	Sandbach (UK)	100.00%
Sibelco UK Ltd	Sandbach (UK)	100.00%
Viaton Industries Ltd	Sandbach (UK)	100.00%
Watts Blake Bearne & Co Ltd	Sandbach (UK)	100.00%
WBB Eastern Europe Ltd	Sandbach (UK)	100.00%

United States		
Alpha Resins, LLC	Cleveland (Ohio, US)	65.00%
Best Sand Corporation	Cleveland (Ohio, US)	65.00%
Best Sand of Pennsylvania, Inc.	Cleveland (Ohio, US)	65.00%
Bison Merger SUB I, LLC	Wilmington (Delaware, US)	65.00%
Black Lab LLC	Cleveland (Ohio, US)	65.00%
Cheyenne Sand Corp.	Bingham Farm (Michigan, US)	65.00%
Construction Aggregates Corporation of Michigan, Inc.	Bingham Farm (Michigan, US)	65.00%
Covia Financing LLC	Cleveland (Ohio, US)	65.00%
Covia Holdings Corporation	Wilmington (Delaware, US)	65.00%
Covia Specialty Minerals Inc.	Wilmington (Delaware, US)	65.00%
Fairmount Logistics LLC	Dallas (Texas, US)	65.00%
Fairmount Minerals, LLC	Cleveland (Ohio, US)	65.00%
Fairmount Santrol Inc.	Wilmington (Delaware, US)	65.00%
FML Resin, LLC	Cleveland (Ohio, US)	65.00%
FML Sand, LLC	Cleveland (Ohio, US)	65.00%
FML Terminal Logistics, LLC	Cleveland (Ohio, US)	65.00%
FMSA Inc.	Wilmington (Delaware, US)	65.00%
Mineral Visions Inc.	Cleveland (Ohio, US)	65.00%
Self-Suspending Proppant LLC	Wilmington (Delaware, US)	65.00%
Shakopee Sand LLC	Minneapolis (Minnesota, US)	65.00%
Sibelco North America, Inc	Charlotte (North Carolina, US)	100.00%
Specialty Sands, Inc.	Bingham Farm (Michigan, US)	65.00%
Standard Sand Corporation	Bingham Farm (Michigan, US)	65.00%
Technimat LLC	Cleveland (Ohio, US)	58.50%
TechniSand, Inc.	Wilmington (Delaware, US)	65.00%
Unimin Finance Company LLC	Wilmington (Delaware, US)	65.00%
Wedron Silica Company	Cleveland (Ohio, US)	65.00%
West Texas Housing LLC	Wilmington (Delaware, US)	65.00%
Wexford Sand Co.	Bingham Farm (Michigan, US)	65.00%
Wisconsin Industrial Sand Company, L.L.C.	Wilmington (Delaware, US)	65.00%
Wisconsin Specialty Sands, Inc.	Dallas (Texas, US)	65.00%

Equity accounted investees , December 31, 2019	Registered seat/location	Effective interest %
Brazil		
Jundu Nordeste Mineracao Ltda	Descalvado (BR)	50.00%
Portsmouth Participações Ltda	Descalvado (BR)	50.00%
Czech Republic		
Ficarex SRO	Teplice (CZ)	50.00%
Sklopisek Strelec AS	Mladejov (CZ)	32.55%
Denmark		
Dansand A/S	Silkeborg (DK)	50.00%
France		
SCI Les Granet	Cayeux Sur Mer (FR)	33.33%
Italy		
Maffei Sarda Silicati SRL	Florinas (IT)	49.90%
United Kingdom		
Exilica	Coventry (UK)	30.70%
Glassflake Ltd	Leeds (UK)	25.10%
Prestige Sports Surfaces Ltd	Birmingham (UK)	50.00%

40. GLOSSARY OF NON-GAAP TERMS

Capex	Expenditure for the acquisition of property, plant and equipment and intangible assets
Capital employed	Working capital plus intangible assets, property, plant and equipment, leased assets and investment properties
Earnings per share	Net profit (share of the Group) divided by the number of ordinary shares outstanding during the period, net of treasury shares
EBIT	Operating result
Free cash flow	Free operating cash flow less interest paid, purchase of treasury shares, dividends paid and plus non-recurring result, interest received and dividends received
Free operating cash flow	EBITDA less income taxes paid, capex, changes in working capital, use of provisions and cash contributions to defined benefit plans, plus income tax received, proceeds from sale of PP&E, revisions and pension expenses recorded in EBITDA
Growth Capex	Capital investments which are aimed at creating growth by increasing final output of existing products, expanding outlets or distribution facilities in products and markets already served, and investments in new minerals, new products, new markets segments or new geographic area
Net (financial) debt	Non-current and current interest bearing loans & borrowings, bank overdrafts, non-current and current deferred considerations on acquisitions, non-current derivative financial liabilities (both hedge and non-hedge accounting for interest rate swaps) and non-current derivative financial assets, minus cash and cash equivalents
Net profit (loss) (share of the Group)	Profit of the period attributable to owners of the Company
Non-recurring result	Operating income or expenses that do not occur regularly as part of ordinary activities (mainly restructuring and business disposals)
Pay out ratio (%)	Gross dividend per share divided by Earnings per share
Region	A region is an "operating segment" as defined under IFRS 8 Operating Segments
Return on capital employed (%)	REBIT/average capital employed during the period
Strategic Business Segment	A Strategic Business Segment equals to a Cash Generating Unit (CGU)
Working capital	Inventories, current trade and other receivables (excl. interest receivables), less current and non-current trade payables, current other payables (excl. dividends and interest payables and deferred considerations on acquisitions)

REPORT OF THE BOARD OF DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

IN ACCORDANCE WITH ART. 3:38 OF THE BELGIAN COMPANY CODE - FINANCIAL YEAR 2019 - TO THE STATUTORY GENERAL MEETINGS OF SHAREHOLDERS OF SCR-SIBELCO NV TO BE HELD ON 22 APRIL 2020.

Ladies and Gentlemen,
We have the pleasure of submitting for your approval the financial statements for the financial year ended 31 December 2019 and reporting on the activities of the Company and its subsidiaries.
For the financial year 2019, the consolidated financial statements were established and published according to the International Financial Reporting Standards (IFRS) as adopted by the European Union.

SCR-Sibelco NV is a Belgian-based global leader in material solutions. The company sources, transforms and distributes an extensive portfolio of specialty industrial minerals. Sibelco's solutions support the progress of modern life and serve industries as diverse as glass, ceramics, construction, coatings, polymers, metals, agriculture and water purification. In addition, Sibelco is a majority shareholder in Covia, a leading NYSE-listed provider of minerals and material solutions for the industrial and energy markets in North America. The Sibelco Group operates 163 production sites and has an industrial presence in 31 countries, with a team of some 8 181 people.

**Sibelco has a presence in 38 countries in total.*

FINANCIAL RESULTS OF THE GROUP

	2019	2018	Change % better/(worse)
Consolidated results in thousands of euro			
Revenue	3 295 130	3 521 130	(6.00%)
Sibelco excl. Covia	1 878 556	1 964 976	(4.00%)
Covia	1 425 738	1 566 468	(9.00%)
Other and intercompany	(9 164)	(10 314)	(11.00%)
EBITDA	554 463	651 687	(15.00%)
Sibelco excl. Covia	328 025	334 467	(2.00%)
Covia	226 470	316 878	(29.00%)
Other and intercompany	(32)	342	(109.00%)
Recurring EBIT	127 148	328 878	(61.00%)
EBIT	(1 269 599)	(67 522)	(1780.00%)
Net result (share of the Group)	(671 754)	(126 079)	(433.00%)
Recurring net result	9 824	173 456	(94.00%)
Cash flows			
Free operating cash flow	238 143	134 225	77.00%
Recurring free operating cash flow	333 162	436 607	(24.00%)
Free cash flow before dividend	653 505	(111 139)	688%
Funding (at year end)			
Net debt	1 341 773	1 390 721	4.00%
Net debt excluding lease	983 384	1 390 721	29.00%
Net debt/ adj EBITDA ratio[1, 3]	2.54	1.84	(38.00%)
Net debt excl lease/ adj EBITDA ratio[2, 3]	2.42	1.84	(32.00%)

[1] The 2019 adjusted EBITDA is EUR 529 million . We deduct the performance of Lime, Winchester and Calera divestment .The 2018 adjusted EBITDA for 2018 is EUR 757 million. We add the 5 first months of Fairmount, being EUR 105 million to our EBITDA of EUR 652 million.
[2] The 2019 adjusted EBITDA excluding IFRS 16 lease impact is EUR 407 million.
[3] Net cash for Sibelco excluding Covia amounts to EUR 78 million.

Economic headwinds and a very challenging US energy market but resilience in industrial minerals and robust cashflows

- Revenues decreased by 6% to EUR 3.3 billion due to the impact of continued negative evolution in the US energy sector. Significant decreases in volumes and pricing for proppants more than offset stable volumes and slightly improved pricing in the Group's industrial minerals activities.
- The consolidated net result is impacted by a significant non-cash impairment charge, primarily triggered by the worsened results and outlook of the frac sand business in Covia. The magnitude of the impairment, which mainly relates to Northern White Sand assets and (excess) railcars, can be explained by the step up in fair value at the time of the merger transaction in 2018 and the fact that leased railcars are accounted for on the balance sheet since 2019. As a result, the Group recorded a non-recurring loss of EUR 1 397 million (EUR 1 111 million after tax) which was driven primarily by the impairment of assets and restructuring provisions at Covia.
- The Group's net debt position has been improved. Covia has paid down a portion of its debt through asset sales and has improved its overall liquidity position. The debt at Covia is without recourse to Sibelco. The proceeds from the sale of Lime & Limestone, coupled with positive free operating cash flows, have led to Sibelco (excluding Covia) achieving a net cash positive position at year end.
- Sibelco will continue to drive further performance improvements in its businesses, while seeking value enhancing growth opportunities. Covia will continue to reposition its Energy segment and strengthen its balance sheet while pursuing growth in its Industrial activities.
- Several events and accounting changes need to be considered to allow a like for like comparison between 2019 and 2018 reported figures.

FINANCIAL PERFORMANCE

Sibelco Group consolidated revenue reached EUR 3.3 billion compared to EUR 3.5 billion in 2018, a decrease of EUR 226 million or 6%. This decrease is mainly due to the impact at our subsidiary Covia as a result of the continued negative evolution in the US energy sector. The inclusion of the result of the Fairmount operations for a full year in 2019 and only as of the acquisition in June 2018 –and thus only seven months in 2018– were not sufficient to level off this effect. Significant decreases in volumes and pricing for frac sand more than offset stable volumes and slightly improved pricing in the Group's industrial minerals activities.

At the beginning of 2018 we implemented a new market focused business structure based on business units. Throughout 2019 we further developed the revenue allocation towards these business units. In the comparison below, we adjusted the 2018 figures in alignment with the adapted allocation rules.

BUILD ENVIRONMENT

Revenue for Build Environment was EUR 792 million, down 4% compared to 2018. The largest contributing factor in this was a significant slowdown in tile production, particularly in Italy, Spain and the Middle East. This saw revenue for **Business Line Tiles, Engobes & Engineered Stone** fall 7% on the previous year.

The end of the mineral sands mining lease also contributed to the decrease in sales into tiles as customers sought alternative supply arrangements for this key component in glaze manufacturing. Economic conditions in Turkey were also a factor as the devaluation of the lira saw a fall in demand for premium Sibelco brands such as Maxum®, Quantum® and DBY™ in favour of cheaper local materials.

Despite variable conditions in the engineered stone market, our performance in this sub-segment remained broadly stable.

Sales for **Business Line Sanitaryware & Structural Ceramics** held steady against 2018 despite the ongoing contraction of sanitaryware manufacturing in Western Europe. As with the tile market, devaluation of the lira also led to less demand in Turkey for our premium sanitaryware products such as SanBlend®.

We continued to grow sales in India and elsewhere in Asia. Work began on a EUR 9 million project to increase production of SanBlend® refined clays and other materials at our Kingsteignton site in Devon, UK. The project includes a new ring roller mill which will be fully operational in 2020, helping us to increase output and meet global demand for high-quality material solutions for sanitaryware.

Business Line Metallurgy increased sales 2% against 2018. We achieved this increase despite tough conditions in Europe, where China further increased steel imports across the region in response to additional tariffs on its products in the US. Sales in the foundry sector remained steady.

Business Line Optimised Materials sales fell 4% against the previous year. Part of this decline was as a result of the completion of Nord Stream 2, a major infrastructure project to supply natural gas from Russia to Europe through more than 2.400km of pipes under the Baltic Sea. Sibelco had been involved in the project for several years, supplying over half a million tonnes of Olidense™ high-density aggregate as a coating which stabilises and protects the pipes.

COATINGS, POLYMERS & CHEMICAL SOLUTIONS

Coatings, Polymers & Chemical Solutions revenue went up 1% against 2018 to EUR 213 million as a result of challenging conditions in the chemicals market.

Business Line Coatings achieved a slight upturn in sales, with global demand for paint broadly in line with predictions. The year saw further consolidation of the paint market as major manufacturers sought further growth through acquisition. This trend towards consolidation is leading the largest players to increasingly standardise raw material supplies, creating a highly dynamic market for Sibelco.

We saw increased competition in barytes, particularly from Turkey where producers took full advantage of local currency rates to offer cheaper products. This led to lower demand for our Portaryte™ range. Our Unispar™ range of feldspar materials also saw aggressive price competition from Turkey and China.

Measures to improve operational efficiency at our plant in Jarinu, Brazil, helped us to achieve an increase in sales of materials in the South American coatings market. Closure of our Changshu plant in China had a negative impact on sales in Asia, however sales in North America grew 3%, in line with GDP.

Business Line Polymers revenue grew 6% with a strong performance across all regions. We achieved 13% growth in the flame retardants sector thanks to increased sales of solutions such as Portaflame™ and Securoc™ in Europe, and other materials in the Middle East and Africa.

Our ESD (engineered silicates dispersion) facility in Malaysia ran at full capacity throughout 2019, almost doubling production against the previous year to enable us to increase our presence in the rubber gloves market. Further extension of the ESD plant in 2020 will support further growth in this sector.

Sibelco's overall performance in polymers was adversely affected by increased competition in barytes in the plastic pipes market, and also in nepheline syenite and cristobalite within the plastic film market. However, we made good progress with several ongoing technology and innovation projects which will help to further strengthen our global position.

Revenue for **Business Line Chemicals** fell sharply in 2018, down 16% compared to 2018. This was the result of continued decline in demand for spherical silica in Asia, coupled with a downturn in both the paper and silicates sectors in Europe. The overall fall in revenue came despite a very strong performance in mineral sands. Conditions in the printed circuit board / copper clad laminate sector stabilised after a first quarter downturn, and this market is now gearing up for expansion in line with growth in 5G wireless technology and electric vehicles.

GLASS SOLUTIONS

Glass Solutions revenue of EUR 462 million was stable against 2018 as market dynamics varied between sectors and countries.

Revenue for **Business Line Container Glass** was broadly consistent with 2018. Increased sales in Russia and Turkey were offset by a fall in volumes in Italy as a result of lower customer demand and an increase in utilisation of cullet (recycled glass) within the manufacturing process. The year saw further investment across the sector as the majority of manufacturers continue to upgrade or build new furnaces to meet anticipated market growth of between 2% and 5%, mainly driven by consumers switching to glass in favour of plastic bottles. We continued to collaborate with key customers on several development projects and began exploring the use of new materials within the tableware sector.

Business Line High Purity Glass suffered the most significant drop in revenue, down 7% against 2018. This was driven by a slow-down in the semiconductor segment and the ongoing US-China trade war. China's import tariffs on our IOTA® high purity quartz from the US rose from 1% to 16% over the course of the year. We had to absorb much of this cost in order to maintain Sibelco's market share in China's solar photovoltaic market.

Business Line Float Glass revenue was roughly in line with 2018. Lower sales in the UK and Germany were partially offset by increased business in Italy, particularly towards the end of the year. We saw a general softening of the market as a result of the slowdown in car manufacturing in Western Europe, a trend which is expected to continue in 2020.

Business Line Fibre & Specialty Glass saw a 3% dip in revenue as the declining automotive market suppressed silica flour sales in the fibre glass segment. This was offset to some extent by a strong performance in petalite sales to the specialty glass sector.

The year's best performance came from **Business Line Display Glass**, recording a 25% growth in sales. This was achieved mainly through increased business with existing key customers, further boosted by a shift in demand in the US towards display panel materials from Taiwan in favour of supplies from China.

WATER & ENVIRONMENTAL SOLUTIONS

Revenue for Water & Environmental Solutions increased 4% against 2018 to EUR 112 million as Sibelco secured further expansion in the European glass recycling market.

Business Line Recycling revenue was 4% above the previous year, as a result of additional sales in cullet (recycled glass) in Italy. This growth was realised largely through Sibelco's acquisition of Macoglass in combination with additional capacity at our plant in Musile, Venice, both of which strengthen our ability to serve our customers' needs. Sales from our other glass recycling plants across France and Belgium were consistent with 2018, reaffirming the established role of cullet in sustainable glass manufacturing. Work to further improve production capacity at our Musile plant is scheduled for 2020.

Conditions in the abrasives market remained challenging throughout the year with low demand in both the oil & gas and shipbuilding sectors.

After substantial growth in 2018, revenue for **Business Line Filtration & Reactants** flattened out in 2019. This was mainly due to challenging conditions in France, currently Sibelco's biggest filtration market.

However, this was largely offset by increased sales in Asia where our performance exceeded expectations.

We made good progress on projects to extend our filtration portfolio with new material solutions to tackle specific pollutants. This included Sibelco entering into a strategic partnership with a start-up business offering an innovative solution for water filtration based on recycled waste wood, thereby helping to contribute to the circular economy.

COVIA

The market for frac sand in the US changed markedly through the year with overall demand levels falling and customer preference switching to in-basin supplies at the expense of higher quality Northern White sands (NWS). The situation deteriorated towards the end of the year with customer budget exhaustion and seasonality. Full year revenues were EUR 1 426 million or 9% lower than last year even with only 7 months of Fairmount activities , reflecting both a drop in volume and lower contribution per ton of material sold. These negative effects were confined to the Energy segment with volumes and pricing in the Industrial segment proving resilient through the year.

Covia implemented a company-wide business optimisation program to deliver a lower cost structure, support improved Industrial profitability, strengthen the balance sheet and create a more resilient and profitable Energy business. This program included the idling of 15 million tons of capacity, the closure or idling of 16 terminals, the reduction of the railcar fleet and the commissioning of in-basin capacity.

EBITDA

2019 EBITDA for Sibelco Group reached EUR 554 million, down EUR 97 million compared to 2018.

As mentioned, several events and accounting changes need to be considered to allow a like for like comparison between 2019 and 2018 reported figures.

Since 2019 we adopt IFRS 16. This new accounting treatment of leasing positively impacted 2019 EBITDA by EUR 121 million compared to last year but adds liabilities to the balance sheet in 2019 (EUR 422 million). The largest impact is related to Covia's rail car fleet.

Moreover, since the merger transaction between Unimin and Fairmount occurred on 1st June 2018, last year's reported figures for Sibelco Group included only seven months of former Fairmount Santrol activities and financial contribution compared to a full year in 2019. The EBITDA impact thereof was approximately EUR 108 million.

Finally, the sale of Sibelco's lime & limestone activities and Covia's sale of its lime and railroad activities were finalised in the third quarter and there is therefore some resulting impact on the comparability of the results of 2019 versus those of 2018.

TAX

The Group recorded a total tax income of EUR 153 million. This was driven by reversals of deferred taxes (EUR 192 million) mainly resulting from the impairments at Covia level, offset by a current tax expense of EUR 39 million.

NET RESULT

Net loss for the year was EUR 1 073 million of which EUR 672 million share of the group. On a recurring basis (excluding one-off events) we would show a net gain of EUR 10 million.

The consolidated net result is impacted by a significant non-cash impairment charge, primarily triggered by the worsened results and outlook of the frac sand business in Covia. The magnitude of the impairment, which mainly relates to Northern White Sand assets and (excess) railcar, can be explained by the mandatory (non-cash) step up in fair value at the time of the merger transaction and the fact that leased railcars are accounted for on balance sheet since 2019. Other non-recurring results mainly included restructuring and optimisation costs across the full group and transaction costs related to ongoing divestments.

CASH FLOW AND FUNDING

Free Cash Flow before dividend was EUR 654 million. Free Operating Cash Flow (FOCF) was EUR 238 million, being EUR 104 million better than last year. Recurring FOCF was EUR 333 million.

Total net financial debt stood at EUR 1 342 million at 31 December, compared to EUR 1 391 million at the end of 2018. As a result of the new IFRS lease standard, we needed to record by EUR 422 million of lease liabilities. Adjusting for leasing, 2018 net debt would have been EUR 1 813 million, so we achieved a like for like decrease in net debt of EUR 472 million. This decrease was due to the positive operating cashflow and the proceeds of the sale of Sibelco's lime and limestone business, Covia's sale of Calera and Winchester & Western Railroad offset by the interest payments and dividend payments of the year.

Covia reduced its net debt from EUR 1 662 million (including lease liabilities) to EUR 1 420 million during the year, largely through the sale of railroad and lime assets for EUR 210 million. Covia repurchased a portion of debt towards year end at a substantial discount to par and entered into arrangements to further improve its financial flexibility. These included securing a USD 75 million revolving credit facility and restructuring the Company's railcar purchase obligations. It should be noted that Covia's debt has been "ringfenced" without financial recourse to the Sibelco Group.

Sibelco (excl. Covia) further improved its own balance sheet and by the end of the year was in a net cash position of EUR 78 million compared to a net debt of EUR 151 million in 2018 (including lease liabilities).

As a consequence of the decrease in EBITDA the pro-forma consolidated net debt to EBITDA ratio (excluding leasing) for the Group increased to 2.42.

Total Group Capex was EUR 212 million vs EUR 358 million in 2018. This decrease was due to a significantly lower level of capex at Covia. Sibelco's own capital expenditures for growth initiatives increased, with the main expansion projects being the clay operations in the UK and feldspar activities in Turkey.

During 2019, Sibelco expanded its presence in the market for glass recycling by acquiring Italian glass recycling company Macoglass. This was complemented in early 2020 with a further acquisition in Italy, bringing Sibelco's glass recycling capacity to 1.5 million tonnes a year. Sibelco entered into a strategic partnership with a start-up business offering an innovative solution for water filtration based on recycled waste wood.

LOOKING AHEAD

The challenging conditions in several end-markets have not shown any signs of abatement and the extent of the impact of the Covid-19 virus on the global economy is yet to be determined. In terms of comparability, the divested lime and limestone and the upcoming divestment of our Australian magnesia operations as well as the discontinued mineral sands activity accounted for approximately EUR 80 million of Sibelco's EBITDA in 2019.

TECHNOLOGY & INNOVATION

Technology & Innovation (T&I) is a primary driver behind Sibelco's transformation from a leading industrial minerals supplier to a leading provider of material solutions. 2019 saw further integration and optimisation of our newly redeveloped global T&I function, built around three innovation domains: Process Technology, Advanced Materials and New Business Models.

All Business Lines made good progress throughout the year in the execution of the T&I roadmaps established collaboratively over the course of 2018. Development and deployment of these robust, market-driven T&I roadmaps is now enabling us to focus effort and resources on a select number of priority projects.

As well as initiatives generated through the Business Line roadmaps, we continued to feed our T&I pipeline through multiple channels including our Innovation Portal, T&I scouting and open innovation with a range of external partners. We have established several Key Performance Indicators for T&I through which to measure the pipeline process' effectiveness in transforming raw ideas into projects then commercial solutions.

In December, Sibelco's Board of Directors approved plans for a new technology and innovation hub to be built in Maastricht, Netherlands. Its creation will complement our existing global network of technical centres.

The centre will be built alongside our existing plant in Maastricht. It will be home to new colleagues from multiple disciplines, inspiring daily interaction and cross-functional collaboration within creative workspaces, state-of-the-art laboratories and pilot plant facilities. These modern, inspiring surroundings will make the centre an ideal setting to which to invite and work with customers and external partners, helping Sibelco to accelerate and benefit from open innovation with the outside world.

Maastricht represents a prominent, central location for Sibelco's innovation centre. Sitting at the southern tip of the Netherlands next to Belgium and Germany, the international city is close to top universities and research institutes and enjoys excellent local and global transport links. Construction on this exciting project is scheduled to begin in Q2 of 2020 with completion scheduled in 2021.

I. Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- currency risk
- interest rate risk
- liquidity risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

No material exposure is considered to exist by virtue of the possible non-performance of the counterparties to financial instruments, other than trade and other receivables held by the Group.

Given the large number of internationally dispersed customers, the Group has limited concentration of credit risk with regard to its trade and other receivables.

This kind of financial risk is managed in a decentralised way.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables (see accounting policy h) Financial instruments & note 31 *Financial instruments*).

Currency risk

The Group is exposed to different types of currency risks:

- translation
- economical
- transactional

The Group has currently no documented hedges in a net investment in a foreign operation.

Economical exposure is the risk that the company's competitive position is affected by foreign exchange rate movements.

Transactional exposure refers to contractual obligations in foreign currencies other than the functional currency.

The Group adopted in 2007 a policy with regard to the management of these risks.

Economical exposure can be hedged at entity level under strict conditions and within a limited time frame. Cash flow hedge accounting is then applied.

Transactional exposures are systematically hedged when material.

Interest rate risk

Interest rate risk is managed for the Group's consolidated net financial debt with the primary objective of guaranteeing medium-term cost. To do so, the Group manages this risk centrally, based on trends in the Group's consolidated net financial debt. Knowledge of this debt is provided by a regular reporting, that describes the financial debt of each entity and indicates its various components and characteristics. The Group Treasury department issues regular advice to the Executive Committee in this respect.

For the Interest Rate swaps, the cash flows are based upon the calculation of the market value.

Liquidity risk

To ensure liquidity and financial flexibility at all times, the Group, in addition to its available cash, has several uncommitted and committed credit lines at its disposal in several currencies and in amounts considered adequate for current and near-future financing needs. Furthermore, the Group has the option to use factoring as a supplementary source of liquidity.

Operational Risk Management

For the protection of our assets and earnings against insurable risks, different international insurance programs are in place. This international coverage enables us to benefit from optimal terms and conditions while optimising its costs. All international insurance coverage is of the "all risks except" type and is taken out with financially sound insurance companies of outstanding reputation.

The main group insurance programs are:

- General and product liability insurance, covered by a basket of different insurers
- Property damage and business interruption insurance, placed with an A-rated insurer, covering all major production plants worldwide.
- Directors' and Officers' insurance, covering the Directors and Officers of Sibelco and all its affiliates
- Marine cargo insurance, covering all transport over water.

Sibelco also reaches out to the insurance market to cover the specific risks of some of our non-recurring activities and to cover risks for which insurance is compulsory.

We also have some risks partially insured through Sibelco's reinsurance captive, as we consider those thereby to be better controlled and managed than market average. Some of the property, liability, workers' compensation and marine cargo exposures below a relevant threshold are retained within the captive.

For further information on Enterprise Risk Management and the way risks are identified and assessed, we refer to the Internal Audit section of the Corporate Governance report.

CORPORATE GOVERNANCE

This report covers information on governance relevant to the reporting year 2019, at the level of the different corporate bodies of the company.

Special General Meeting

Besides the Ordinary General Meeting held on 17 April 2019, a Special General Meeting was held on 11 October 2019 in order to decide on the renewal of the authorisation to the Board of Directors to acquire or alienate own shares and to provide for a business update on the first half year of 2019. Since the qualified majority was not reached, said authorisation for the purchase and alienation of own shares was not renewed.
On the same occasion and subsequent to the Special General Meeting, an informative meeting was held, providing the shareholders in attendance with information on the Merger of Unimin Corporation with Fairmount Santrol, now known as Covia.

Board of Directors

The Board of Directors of SCR-Sibelco NV is the highest corporate body within the Sibelco Group and it is assisted by an Audit Committee and a Nomination and Remuneration Committee.

Powers and Meetings

The Board of Directors performs all the powers conferred upon it by the law and the company by-laws. Furthermore, according to the Board and Governance Rules, the following powers are specifically reserved to the Board:

- the determination/approval of the general strategy of the Company. This includes the authority to determine the important strategic issues within the Company, to approve plans, yearly and other budgets and important structural changes (including any acquisition or disposal of shares, activities, strategic assets, a company or business), and the responsibility for the relationship between the Company and its shareholders. The general strategy shall be formulated in close co-operation with the Exco under the leadership of the CEO;
- the adoption/establishing of the statutory and consolidated annual accounts of the Company for approval by the General Meeting, and the approval of the annual report. In connection herewith, the Board should:
  - approve a framework of internal control and risk management for the Company and the Group set up by the ExCo, and monitor the implementation of the framework and the use of available resources thereto;
  - ensure the integrity and timely disclosure of the financial statements of the Company and the Group; and
  - supervise the performance of the Statutory Auditor and supervise the internal audit function;
- the calling and organization of the Company's General Meetings;
- the election of the Chairman of the Board, and the approval of the division of responsibilities between the Chairman and the CEO;
- defining the mission, powers, composition and remuneration of the Audit Committee, Remuneration and Nomination Committee and other Board Committees they decide to create, and appointing and dismissing the members of these Board Committees;
- the monitoring and review of the effectiveness of the Board Committees;
- the determination of the structure, powers and duties of the Company's ExCo. This includes primarily the appointment, dismissal and remuneration of the CEO and the other members of the ExCo and the formulation of the criteria according to which the ExCo will manage the Group;
- the supervision of the performance of the ExCo: the Board will in its supervisory task be guided by the Chairman with the help of the Board Committees. The CEO shall inform the Board, in great detail, at the end of each quarter, about the evolution and prospects of the Company. The CEO shall provide the Board at least two times per year with follow-up reports regarding the major strategic programs of the Company;
- The co-optation of new Directors in case of vacancy.

During 2019, the Board of Directors convened nine times, either through a physical meeting or by teleconference.

Election of Board members and Composition of the Board

Members of the Board are appointed for a period of three years.

In April 2019, the mandates of MM. Paul de Lasteyrie du Saillant and Jacques Emsens were not renewed and came to an end during the Ordinary General Assembly. The Board expressed its gratitude towards M. Paul de Lasteyrie du Saillant for the years of valued dedication and contribution to its work and to the development of the Company. The shareholders also noted the resignation of Mrs. Lilia Jolibois as Member of the Board. This mandate also ended during the Ordinary General Assembly.
The mandates of Cytifinance SA, having as permanent representative M. Michel Delloye, and M. Jean-Marc Ueberecken were renewed for another term of 3 years.
MM. Stefan Borgas, Svein Richard Brandtzæg and Stalusa BV, with permanent representative M. Jacques Emsens were elected as new Board members for a term of three years.
Due to these changes, the composition of the Board of Directors of SCR-Sibelco NV as per 31 December 2019 was as follows:

- Bert DE GRAEVE (perm. repr. of IDw Consult BV)
  Non-Executive Chairman
- Stefan BORGAS
- Svein Richard BRANDTZÆG
- France de SADELEER
- Michel DELLOYE
  (perm. repr. of Cytifinance SA)
- Jacques EMSENS,
  (perm. repr. of Stalusa BV)
- Pascal EMSENS
- Walter EMSENS
- Hans-Josef GREHL
- Christophe GROSSPETER
- Jean-Pierre LABROUE
  (perm. repr. of Calavon Finance SAS)
- Jean-Marc UEBERECKEN
- Evrard van ZUYLEN VAN NYEVELT
- Michel VERHAEGHE de NAEYER

Honorary Chairmen

Stanislas EMSENS († 2018)
Gaëtan EMSENS

The mandate of the external auditor, EY Bedrijfsrevisoren BV, with Patrick Rottiers and Christoph Oris as permanent representatives, was also renewed for another term of 3 years.

Audit Committee

The Audit Committee's primary duties and responsibilities are to:

1. monitor the financial reporting process;
2. monitor the effectiveness of the company's system of internal control and risk management;
3. monitor the internal audit function and its effectiveness;
4. monitor and assess the statutory audit of the company's annual and consolidated accounts and follow up on questions and recommendations made by the external auditors;
5. review the independence of the external auditor in particular where he is providing the company with additional services.

The three non-executive Board members who composed the Audit Committee are: Cytifinance SA having M. Michel Delloye as a permanent representative (Chairman of the Committee), Stalusa BV with M. Jacques Emsens as permanent representative and Michel Verhaeghe de Naeyer, and with this composition it has the financial knowledge and experience required by the Charter of the Audit Committee.
The following persons attended these meetings on a regular basis:

IDw Consult BV having M. Bert De Graeve as permanent representative, Jean-Luc Deleersnyder, Group CEO; Kurt Decat, Group CFO; VP Group Internal Audit and Risk Management, Frederic Guilmin (part of the year) and Cedric Mulfinger (part of the year and going forward) and Patrick Rottiers and Christophe Oris as permanent representatives of the external auditor, EY Bedrijfsrevisoren BV.

In 2019, the Audit Committee convened four times.

Nomination and Remuneration Committee

This Committee advises the Board in connection with:

- the appointment and re-appointment of Board members and ExCo members, after due evaluation;
- the most appropriate remuneration policy and benchmarking as well as compensation of Board members and ExCo members including rules on bonuses and long-term incentives and main terms of employment and termination of employment;
- the disclosure on the amounts of Directors' and Executives' compensation;
- the appropriate budget for training of employees and follow up of career development and succession planning applied in the company.

The Nomination and Remuneration Committee was composed of the following Board members: Calavon Finance SAS, having as permanent representative M. Jean-Pierre Labroue (Chairman of the Committee), Paul de Lasteyrie du Saillant (until 17 April 2019), Walter Emsens and Evrard van Zuylen.

The Committee convened six times during the year. The persons attending these meetings on a regular basis were: IDw Consult BV having M. Bert De Graeve as a permanent representative, Chairman of the Board, Jean-Luc Deleersnyder, Group CEO, and Phil Dibley, Group CHR.

Executive Committee

Since 2006, the Board has delegated its management and operational powers to the Executive Committee (ExCo) or Directiecomité as defined in Article 524 of Belgian corporate law. The ExCo operates under the leadership of the CEO.

The objectives of the ExCo are:

- To ensure sustainable returns for our shareholders;
- To ensure the continued growth of the Group.

The responsibilities of the ExCo include, among others:

- the development, implementation and monitoring of the strategy of the Group and each of its components and business segments;
- the development and monitoring of the short and long term plans, and the monitoring of the results of the various business segments and regional operations of the Group;
- the implementation of internal controls based on the internal control and risk management framework approved by the Board;
- the preparation of the annual accounts for presentation to and timely disclosure by the Board.

The ExCo acts under the supervision of the Board, and is in charge of implementing the decisions of the Board.
The CEO functions as the prime interface between the Board and the ExCo.
In view of Tom Cutbush leaving the ExCo as per 31 December 2019, two new ExCo Members were appointed, Mrs. Ilse Kenis and M. Olivier Lambrechts and some functional responsibilities shifted among the ExCo Members.

Following these changes, the composition of the Executive Committee looks as follows:

- Jean-Luc DELEERSNYDER
  Chief Executive Officer
- Laurence BOENS
  Group General Counsel & Company Secretary
- Kurt DECAT
  Chief Financial Officer
- Ilse KENIS
  EVP Glass & Performance materials (as of 01/01/2020)
- Olivier LAMBRECHTS
  EVP Business Group Build Environment & Electronics
  (as of 01/01/2020)
- John VAN PUT
  Chief Operational Officer

All meetings of the ExCo were attended by Phil Dibley, Chief Human Resources Officer, as a permanent invitee.
The ExCo exercises the powers of management of the company and the Group's components within the limits of the corporate purpose and subject to the powers expressively vested by law in the Shareholders' General Meeting and Board of Directors. The CEO is supported in the exercise of his duties by the other members of the Exco.

For matters belonging to the authority of the ExCo, the Company shall be validly represented towards third parties by the joint signature of two members of the ExCo.
The ExCo convened either in Antwerp, on site or via teleconferences for a total of fourteen times during the commented year.

Audit Function

The Internal audit and risk approach has been revisited in 2016 and Frédéric Guilmin was appointed as VP Group Internal Audit and Risk Management and was in place until 30 September 2019. Cedric Mulfinger was appointed VP Group Internal Audit and Risk Management on 1 October 2019.

Sibelco Group's external auditors is EY Bedrijfsrevisoren BV (IRE N° B00160), with permanent representatives Patrick Rottiers (IRE N° A01365) and, as of 17 April 2019, Christoph Oris (IRE N° A02341).

Enterprise Risk Management

At the request of the Board of Directors and the Audit Committee, management has developed a permanent global enterprise risk management (ERM) framework and transposed it into a global Risk Management Policy. A Global Risk Management function has been created (VP Group Internal Audit and Risk Management) and adopted the 'three lines of defence model' to ensure that the ERM framework is implemented and becomes embedded in the day to day operations across the different functions (e.g. legal risk assessments, HS&E risk assessments…). The framework consists in the identification, assessment and prioritisation of the key risks for Sibelco and the continued monitoring and reporting of those risks. The identified risks have been organised on a global and functional level into four different categories: strategy, operations, legal and financial/ reporting. Key risks are then classified by impact and likelihood on basis of a standardised scale. Ownership is assigned and action plans (including deadlines) defined to further mitigate the identified risks. The identification and evaluation of risks, and the definition of the mitigating actions was done through interviews and a workshop with ExCo and the respective functional heads.

Internal Controls Framework

At the request of the Board of Directors and the Audit Committee, management, in collaboration with internal audit, has designed a global internal controls framework. The global internal controls framework consist of 6 core fundamentals:

- Group Policies and Standards,
- definition of roles and responsibilities,
- segregation of Duties (SOD),
- documented processes and related controls in procedures
- execution and evidencing of a defined set of control activities covering specific risks (MICS-Minimum Internal Controls Standards since 2018) and periodic monitoring (yearly Control Self Assessment since 2019)
- and documentation of compliance with these 6 core fundamentals

Global Internal Audit

At the request of the Audit Committee, a new global internal audit strategy has been defined in 2016. The global internal audit strategy focusses on:

- improvement of the internal controls and risk management maturity;
- adding value and improving Sibelco's operations through sharing best practices based on internal and external experiences / competencies;
- continuous communication and sharing with all stakeholders within the organisation;
- focus on key company activities and increase risk based auditing;
- embedding 'cost-benefit realisation' in its audit missions and advisory approach : pragmatic with focus on risk mitigation, internal controls, process standardization/harmonisation and efficiency.

In order to realise the strategy, four different types of audits have been defined on top of the advisory role: theme/functional audits, plant reviews, process audits and ad hoc management requests. Based upon the group risk assessment (see ERM section) a global internal audit plan has been defined and validated by the Audit Committee.

EVENTS AFTER THE CLOSING OF THE FINANCIAL YEAR

On 14 January 2020, the Group reached an agreement to sell its magnesia business in Australia. The sale includes a processing facility, as well as associated site assets, reserves and resources. The transaction is subject to regulatory approvals and is expected to be completed at the end of the first quarter of 2020.

On 16 January 2020, the Group has signed acquisition agreements with two Ukrainian clay producers. This acquisition is subject to merger clearance by the Ukrainian authorities and the completion of a number conditions precedent. The closing of the acquisition deal is anticipated for early March 2020, subject to those conditions, when the Group will effectively become the owner of this new businesses.

The Members of the Board wish to thank all Sibelco Group staff and employees all over the world for their dedicated efforts in achieving the commented results.

The outbreak of the coronavirus in early 2020 and the results of the measures taken to contain the virus, could impact our financial performance of 2020 and the measurement of certain assets and liabilities. Accordingly, we may thus possibly need to record material adjustments in our accounts during 2020. Based on the facts known as of today, we have currently no knowledge of financial impacts on the 2019 financial statements.

Antwerp, 11 March 2020

Signed by the Members of the Board

EY Bedrijfsrevisoren
EY Réviseurs d'Entreprises
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Independent auditor's report to the general meeting of SCR-Sibelco NV for the year ended 31 December 2019

As required by law and the Company's articles of association, we report to you as statutory auditor of SCR-Sibelco NV (the "Company") and its subsidiaries (together the "Group"). This report includes our opinion on the consolidated statement of the financial position as at 31 December 2019, the consolidated statement of profit and loss (consolidated statement of income and consolidated statement of comprehensive income), the consolidated statement of equity and the consolidated statement of cash flows for the year ended 31 December 2019 and the disclosures (all elements together the "Consolidated Financial Statements") as well as our report on other legal and regulatory requirements. These two reports are considered one report and are inseparable.

We have been appointed as statutory auditor by the shareholders' meeting of 17 April 2019, in accordance with the proposition by the Board of Directors following recommendation of the Audit Committee and following recommendation of the workers' council. Our mandate expires at the shareholders' meeting that will deliberate on the Consolidated Financial Statements for the year ending 31 December 2021. We performed the audit of the Consolidated Financial Statements of the Group during 7 consecutive years.

Report on the audit of the Consolidated Financial Statements

Unqualified opinion

We have audited the Consolidated Financial Statements of SCR-Sibelco NV, that comprise of the consolidated statement of the financial position on 31 December 2019, the consolidated statement of profit and loss (consolidated statement of income and consolidated statement of comprehensive income), the consolidated statement of equity and the consolidated statement of cash flows of the year and the disclosures, which show a consolidated balance sheet total of € 4.160.400 (in thousands) and of which the consolidated income statement shows a loss for the year of € 1.073.022 (in thousands).

In our opinion, the Consolidated Financial Statements give a true and fair view of the consolidated net equity and financial position as at 31 December 2019, and of its consolidated results for the year then ended, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") and with applicable legal and regulatory requirements in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the Consolidated Financial Statements" section of our report.

We have complied with all ethical requirements that are relevant to our audit of the Consolidated Financial Statements in Belgium, including those with respect to independence.

We have obtained from the Board of Directors and the officials of the Company the explanations and information necessary for the performance of our audit and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the preparation of the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the Consolidated Financial Statements that give a true and fair view in accordance with IFRS and with applicable legal and regulatory requirements in Belgium and for such internal controls relevant to the preparation of the Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of Consolidated Financial Statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, and provide, if applicable, information on matters impacting going concern, The Board of Directors should prepare the financial statements using the going concern basis of accounting, unless the Board of Directors either intends to liquidate the Company or to cease business operations, or has no realistic alternative but to do so.

Our responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance whether the Consolidated Financial Statements are free from material misstatement, whether due to fraud or error, and to express an opinion on these Consolidated Financial Statements based on our audit. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and we maintain professional skepticism throughout the audit. We also perform the following tasks:

- identification and assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, the planning and execution of audit procedures to respond to these risks and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatements resulting from fraud is higher than when such misstatements result from errors, since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining insight in the system of internal controls that are relevant for the audit and with the objective to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the selected and applied accounting policies, and evaluating the reasonability of the accounting estimates and related disclosures made by the Board of Directors as well as the underlying information given by the Board of Directors;
- conclude on the appropriateness of the Board of Directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, whether or not a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going-concern;
- evaluating the overall presentation, structure and content of the Consolidated Financial Statements, and evaluating whether the Consolidated Financial Statements reflect a true and fair view of the underlying transactions and events.

We communicate with the Audit Committee within the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the audits of the subsidiaries. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities.

Report on other legal and regulatory requirements

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and the content of the Board of Directors' report on the Consolidated Financial Statements.

Responsibilities of the auditor

In the context of our mandate and in accordance with the additional standard to the ISAs applicable in Belgium, it is our responsibility to verify, in all material respects, the Board of Directors' report on the Consolidated Financial Statements, as well as to report on these matters.

Aspects relating to Board of Directors' report

In our opinion, after carrying out specific procedures on the Board of Directors' report, the Board of Directors' report is consistent with the Consolidated Financial Statements and has been prepared in accordance with article 3:32 of the Code of companies and associations. (former article 119 of the Belgian Company code)

In the context of our audit of the Consolidated Financial Statements, we are also responsible to consider whether, based on the information that we became aware of during the performance of our audit, the Board of Directors' report contain any material inconsistencies or contains information that is inaccurate or otherwise misleading. In light of the work performed, there are no material inconsistencies to be reported. In addition, we do not provide reasonable assurance regarding the Board of Directors' report.

Independence matters

Our audit firm and our network have not performed any services that are not compatible with the audit of the Consolidated Financial Statements and have remained independent of the Company during the course of our mandate.

The fees related to additional services which are compatible with the audit of the Consolidated Financial Statements as referred to in article 3:65 of the Code of companies and associations were duly itemized and valued in the notes to the Consolidated Financial Statements.

Antwerp, 20 March 2020

EY Bedrijfsrevisoren BV
Statutory auditor
Represented by

Patrick Rottiers *
Partner

Christoph Oris *
Executive director

*Acting on behalf of a BV/SRL

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STATUTORY FINANCIAL STATEMENTS 2019

BALANCE SHEET

from 1 January to 31 December 2019

Assets

In thousands of euro	2019	2018
FIXED ASSETS	**2 228 098**	**3 022 092**
Intangible assets	**26 093**	**15 438**
Tangible assets	**36 233**	**42 122**
Land and buildings	13 986	14 947
Plant, machinery and equipment	9 634	13 565
Furniture and vehicles	1 916	1 559
Other tangible assets	1 568	1 723
Assets under construction and advance payments	9 129	10 328
Financial assets	**2 165 772**	**2 964 532**
Affiliated enterprises	2 165 616	2 964 377
Participating interests	2 164 605	2 963 416
Amounts receivable	1 011	961
Other financial assets	156	155
Shares	98	98
Amounts receivable and cash guarantees	58	57
CURRENT ASSETS	**77 161**	**114 741**
Stocks and contracts in progress	**4 768**	**4 569**
Stocks	4 768	4 569
Raw materials and consumables	2 494	2 277
Work in progress	163	124
Finished goods	1 861	1 861
Goods purchased for resale	43	42
Advance payments	207	265
Amounts receivable within one year	**53 876**	**90 273**
Trade debtors	36 734	77 748
Other amounts receivable	17 142	12 525
Investments	**6 224**	**6 613**
Own Shares	3 971	3 971
Other investments and deposits	2 253	2 642
Cash at bank and in hand	**651**	**7 198**
Deferred charges and accrued income	**11 642**	**6 088**
TOTAL ASSETS	**2 305 259**	**3 136 833**

BALANCE SHEET

from 1 January to 31 December 2019

Liabilities

In thousands of euro	2019	2018
CAPITAL AND RESERVES	**1 844 373**	**1 665 995**
Capital	**25 000**	**25 000**
Issued capital	25 000	25 000
Share premium account	**12**	**12**
Revaluation surplus	**641**	**641**
Reserves	**1 818 353**	**1 639 801**
Legal reserve	2 500	2 500
Reserves not available for distribution	4 223	4 223
For own shares	3 971	3 971
Other	252	252
Untaxed reserves	19 348	19 348
Reserves available for distribution	1 792 282	1 613 730
Investment grants	**367**	**541**
PROVISIONS AND DEFERRED TAXATION	**2 132**	**3 831**
Provisions for liabilities and charges	**2 132**	**3 831**
Pensions and similar obligations	864	1 055
Environmental liabilities	1 268	2 776
CREDITORS	**458 754**	**1 467 007**
Amounts payable after more than one year	**337 996**	**350 936**
Financial debts	337 996	350 936
Other loans	337 996	350 936
Amounts payable within one year	**116 558**	**1 113 297**
Current portion of amounts payable after more than one year	-	569 685
Financial debts	13 094	14 725
Other loans	13 094	14 725
Trade debts	37 877	63 954
Suppliers	37 877	63 954
Taxes, remuneration and social security	15 605	15 591
Taxes	2 325	1 787
Remuneration and social security	13 280	13 804
Other amounts payable	49 982	449 342
Accrued charges and deferred income	**4 200**	**2 774**
TOTAL LIABILITIES	**2 305 259**	**3 136 833**

INCOME STATEMENT

from 1 January to 31 December 2019

In thousands of euro	2019	2018
Operating income	**198 613**	**197 039**
Turnover	113 457	124 582
Increase (+), decrease (-) in stocks of finished goods, work and contracts in progress	-	(133)
Produced fixed assets	4 625	1 831
Other operating income	80 349	70 743
Non-recurring operating income	182	16
Operating charges	**(195 685)**	**(223 403)**
Raw materials, consumables and goods for resale	(16 087)	(16 796)
Purchases	(16 346)	(17 435)
Increase (-), decrease (+) in stocks	259	639
Services and other goods	(93 539)	(104 435)
Remuneration, social security costs and pensions	(44 605)	(39 240)
Depreciation of and other amounts written off formation expenses, intangible and tangible fixed assets	(13 878)	(14 821)
Increase (+), decrease (-) in amounts written off stocks, contracts in progress and trade debtors	302	13
Increase (+), decrease (-) in provisions for liabilities and charges	1 699	316
Other operating charges	(29 453)	(48 084)
Non-recurring operating charges	(124)	(356)
Operating profit	**2 928**	**(26 364)**
Financial income	**796 675**	**777 479**
Income from financial fixed assets	701 323	62 444
Income from current assets	25	4 521
Other financial income	95 327	69 505
Non-recurring financial income	-	641 009
Financial charges	**(543 689)**	**(99 398)**
Interest and other debt charges	(8 517)	(18 760)
Other financial charges	(99 982)	(69 592)
Non-recurring financial charges	(435 190)	(11 046)
Profit on ordinary activities before taxes	**255 914**	**651 717**
Profit for the period before taxes	**255 914**	**651 717**
Income taxes	**(32)**	**(4)**
Income taxes	(32)	(31)
Adjustment of income taxes and write-back of tax provisions	-	27
Profit for the period	**255 882**	**651 713**
Profit for the period available for appropriation	**255 882**	**651 713**

NOTES

SUMMARY OF THE VALUATION REGULATIONS

The valuation regulations were determined in accordance with the provisions of the Royal Decree of 30/01/2001 with regard to the annual accounts of the company.

I. Intangible fixed assets

- Software: is entered at purchase value. Depreciation is entered according to the linear method over a period of 5 years.
- Emission rights: according to the Belgian annual accounts law, the emission rights assigned or obtained are entered as intangible fixed assets.

If they were purchased on the market, they are valued at their purchase value. If they were obtained at a lower value or free of charge, they may be entered at nominal value or zero value. No depreciation is entered. However, an impairment test is performed.

II. Tangible fixed assets: are valued at purchase value. Depreciation is according to the linear or degressive method.

The annual depreciation percentages are:

- Buildings: 5 – 14.28%
- Sites for development: 7.14%
- Machines and installations: 10 – 14.28%
- Computer equipment: hardware 20%
- Furniture and office equipment: 20%
- Rolling stock: 20 – 33.33%
- Furnishing leased property: 5%
- Advance operating costs for running quarry: 7.14%

III. Financial fixed assets

Participating interests are valued at purchase price. Losses are applied in the case of sustained downward value adjustments.

IV. In absence of legal criteria which allow to identify the transactions with related parties outside normal market conditions, no information could be included under VOL.6.15.

V. Stocks

- Finished products: are valued at direct production costs except if these are higher than the net selling price.
- Consumer goods, ancillary materials and commercial goods are entered at purchase value (FIFO), except if this is higher than the market price.

VI. Accounts receivable

Accounts receivable are valued at nominal value.
Downward value adjustments for doubtful debtors are entered and deducted from the items of the asset to which they relate.

VII. Conversion of foreign currency

Outstanding accounts receivable and debts in foreign currency are valued at the exchanges rates that apply on the balance sheet date. Transactions in foreign currency included in the profit and loss account are converted using rates that approximate the actual exchange rates at the time of the payment.
Exchange rates results are booked as net financial results.

VIII. Provisions

In order to fulfil the statutory obligations, provisions are made for pensions and similar obligations.
Restructuring of the quarry: various authorities impose obligations on us to restore operated sites to their original condition; provisions are made for these restorations based on a very detailed estimate.

IX. Cash pooling: most availabilities (current account) are subject to daily zero balancing. They are presented on the balance sheet 41 and 439 accounts.

X. Financial instruments

Financial instruments are used to cover interest risks and exchange rate risks.
With regard to interest hedging, in accordance with the accounting principles of hedging transactions, neither positive nor negative fluctuations in the market value of the hedging instrument at the end of the period are included in the result. Where free-standing (speculative) financial instruments are concerned, only the deferred debts are included in the result according to the lower of cost or market method. These deferred losses are entered on the accrued liabilities and other financial costs account. Taking into account the principle of caution, deferred surplus values are not qualified as fixed income and are consequently not included in the result.

The forward contracts to hedge exchange rate fluctuations of foreign currencies are revalued at the end of the financial year in line with the official exchange rate at the end of the financial year.

REPORT OF THE BOARD OF DIRECTORS ON THE STATUTORY FINANCIAL STATEMENTS

IN ACCORDANCE WITH ART. 3:6 OF THE BELGIAN COMPANY CODE - FINANCIAL YEAR 2019 TO THE ANNUAL GENERAL MEETINGS OF SHAREHOLDERS OF 22 APRIL 2020 OF NV SCR-SIBELCO

Ladies and Gentlemen,

We have the pleasure of submitting for your approval the statutory financial statements for the financial year ending 31 December 2019 and of reporting on the activities of the Company and its subsidiaries.

For the financial year 2019, the consolidated financial statements were established and published according to the International Financial Reporting Standards (IFRS) as adopted by the European Commission. The statutory financial statements were established according to Belgian GAAP.

SCR-Sibelco NV is a Belgian company which combines its domestic industrial operations in three major silica sand production facilities and its shareholding and management of subsidiaries all specialized in the extraction, production and distribution of a broad range of high quality industrial minerals, located in 37 countries worldwide.

The financial year 2019 ends with a net profit of EUR 255.9 million compared to EUR 651.7 million in 2018. Last year's net profit was positively impacted by the added value realized through some added value which has been realized as a result of transfers and sale of shares to and from SCR-Sibelco within the Sibelco group.

BELGIAN OPERATING RESULT (EXCLUDING CORPORATE ACTIVITIES)

The revenue of 2019 was EUR 113 million, a decrease by 9% compared to the 2018 revenue of EUR 125 million.

During 2019, we invested an amount of EUR 19.4 million, mainly related to the implementation of new global ERP system as well as to other IT projects.

REAL ESTATE TRANSACTIONS

During the financial year 2019, no notable real estate transactions occurred.

TECHNOLOGY & INNOVATION

Technology & Innovation (T&I) is a primary driver behind Sibelco's transformation from a leading industrial minerals supplier to a leading provider of material solutions. 2019 saw further integration and optimisation of our newly redeveloped global T&I function, built around three innovation domains: Process Technology, Advanced Materials and New Business Models.

All Business Lines made good progress throughout the year in the execution of the T&I roadmaps established collaboratively over the course of 2018. Development and deployment of these robust, market-driven T&I roadmaps is now enabling us to focus effort and resources on a select number of priority projects.

As well as initiatives generated through the Business Line roadmaps, we continued to feed our T&I pipeline through multiple channels including our Innovation Portal, T&I scouting and open innovation with a range of external partners. We have established several Key Performance Indicators for T&I through which to measure the pipeline process' effectiveness in transforming raw ideas into projects then commercial solutions.

In December, Sibelco's Board of Directors approved plans for a new technology and innovation hub to be built in Maastricht, Netherlands. Its creation will complement our existing global network of technical centres.

The centre will be built alongside our existing plant in Maastricht. It will be home to new colleagues from multiple disciplines, inspiring daily interaction and cross-functional collaboration within creative workspaces, state-of-the-art laboratories and pilot plant facilities.

These modern, inspiring surroundings will make the centre an ideal setting to which to invite and work with customers and external partners, helping Sibelco to accelerate and benefit from open innovation with the outside world.

Maastricht represents a prominent, central location for Sibelco's innovation centre. Sitting at the southern tip of the Netherlands next to Belgium and Germany, the international city is close to top universities and research institutes and enjoys excellent local and global transport links. Construction on this exciting project is scheduled to begin in Q2 of 2020 with completion scheduled in 2021

PORTFOLIO AND FINANCIAL INCOME

During 2019 the portfolio of financial investments of the parent company (SCR-Sibelco NV or Sibelco) decreased by a total amount of EUR 798.8 million. This decrease is mainly reflected in the participation of Silfin, Sibelco Asia Pacific, Sibelco Switzerland, Covia and Sibelco North America. The decrease is a result of capital reductions and the issuing of share premiums in some entities as well as the reduction of the value of participations.

Our dividend income amounted to EUR 701.3 million in 2019, compared to EUR 62.4 million in 2018.

The total financial debts decreased by EUR 584.2 million to EUR 351.1 million.

FINANCIAL INSTRUMENTS

SCR-Sibelco uses derivative financial instruments – such as interest swaps and foreign exchange swaps – exclusively to manage the exposure to interest rates and foreign exchange rates. SCR-Sibelco does not use derivative financial instruments for speculative trading, nor issues them for that purpose.

FINANCIAL RISK MANAGEMENT

Other than the credit risk related to trade and other receivables held by the Company, no material exposure is considered to exist by virtue of the possible non-performance of the counterparties to financial instruments.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables).

The Company is exposed to currency risks resulting from trade and other receivables/payables and loans received/granted in foreign currency. Currency exposures are systematically hedged when material.

Interest rate risk is managed for the Company's net financial debt with the primary objective of guaranteeing medium-term cost.

To ensure liquidity and financial flexibility at all times, the Company, in addition to its available cash, has several credit lines at its disposal in amounts considered adequate for current and near-future financing needs.

CIRCUMSTANCES WHICH CAN HAVE A SIGNIFICANT INFLUENCE ON THE DEVELOPMENT OF THE COMPANY

We do not see any notable conditions which may have an important impact on the future evolution of the company.

RISK PROFILE

The mixed character of SCR-Sibelco, its activities as a holding company and as an industrial Group, the geographical spread of its participations and investments, together with the broad product portfolio and diversification, result in a healthy and well-balanced risk profile, notwithstanding the volatility in the US oil and gas market. No changes have occurred in this situation during 2019.

The board of directors has no knowledge of any material risk or material uncertainty the company is confronted with, for which no provision or clarification has been included in the annual accounts of 31 December 2019. We refer to the risk management report that is part of the consolidated accounts for a more detailed description of the risk analysis and risk management.

EVENTS AFTER THE CLOSING OF THE FINANCIAL YEAR

The outbreak of the coronavirus in early 2020 and the results of the measures taken to contain the virus, could impact our financial performance of 2020 and the measurement of certain assets and liabilities. Accordingly, we may thus possibly need to record material adjustments in our accounts during 2020. Based on the facts known as of today, we have currently no knowledge of financial impacts on the 2019 financial statements.

PORTFOLIO OF OWN SHARES

At the end of December 2019, the total number of own shares held by the company, either directly or through 100 % subsidiaries of the Sibelco Group incorporated in Belgium and in Luxemburg, amounted to 35 314 shares or 7.51 % of the outstanding share capital.

PAYMENTS TO GOVERNMENTS

A report on Payments to Governments has been established in accordance with legal provisions and was approved and signed by the members of the Board.

CONVENING GENERAL MEETINGS

Article 25 of the company's by-laws stipulates that the Ordinary Annual Meeting of Shareholders will be held on the penultimate Wednesday of April, at 14.00h. For the financial year 2019, the Annual Meetings of Shareholders, comprising an extraordinary and an ordinary part, will as a consequence take place on Wednesday 22 April 2020.

The Board of Directors of SCR-Sibelco NV invites the shareholders for the General Meetings of Shareholders to be held on 22 April 2020 at 14.00h in 't Kristallijn, Blauwe Keidreef 3, 2400 Mol-Rauw.

AGENDA

Extraordinary Part

1. Renewal authorization purchase own shares
2. Renewal authorization alienation own shares
3. Renewal authorization purchase and alienation own shares through direct subsidiaries
4. Amendment of the company by-laws
5. Restatement of the company by-laws

Ordinary Part

6. Report of the Board of Directors and the company auditor to the shareholders – Questions of shareholders
7. Approval of the audited financial statements of the year 2019, statutory and presentation of the consolidated results
8. Attribution of the profit and declaration of the dividend
9. Discharge to the directors
10. Discharge to the auditors
11. Nomination of directors

For the conditions of admission to the general meetings of 22 April 2020, we refer to page 111 of the published Financial Report.

ATTRIBUTION OF THE PROFIT OF SCR-SIBELCO N.V.

The shareholders will be asked to vote for the attribution of the profit of SCR-Sibelco NV, along with the following proposal:

		2019	2018
Reserves available for distribution	EUR	178 552 459	574 558 077
Gross dividend	EUR	76 570 542	76 570 542
Directors share of profit	EUR	759 000	584 000
Net income for the financial year	EUR	**255 882 001**	**651 712 619**

The proposed gross dividend amount of EUR 76 570 542 corresponds to a total dividend per share of EUR 162.86[4] which is equal to the dividend paid in 2019 for the 2018 financial year.

On 15 October 2019, an interim dividend of EUR 62.86[4] gross per share was payable. Once approved at the shareholders meeting, the balance of the dividend of EUR 100.00 gross per share will be paid out as of 29 April 2020. The record date has been set on 28 April 2019. The System Paying Agent designated for the payment of the 2019 final dividend is ING Bank, Marnixlaan 24, 1000 Brussels with Bank Degroof Petercam, Nijverheidsstraat 44, 1000 Brussels as co-agent.

[4] Visually rounded to EUR 62.86. The unrounded gross dividend per share is EUR 62.85714286 and this was used to calculate the total gross dividend amount.

DISCHARGE IN FAVOR OF BOARD MEMBERS AND AUDITORS

After approval of the annual accounts, shareholders will be asked to pronounce themselves by means of a special vote on the discharge to be granted individually to the members of the Board of Directors and to the auditor.

NOMINATIONS OF DIRECTORS

The mandates of the Pascal Emsens, Hans-Josef Grehl, Christoph Grosspeter, Evrard van Zuylen and Michel Verhaeghe will expire at this Annual General Meeting.

The mandates of Mr. Pascal Emsens, Mr. Evrard van Zuylen and Mr. Michel Verhaeghe will not be renewed and come to an end at this Annual General Meeting.

The following Board members will present themselves to be re-elected as a Board member for a mandate of 4 years: Mr. Hans-Josef Grehl and Mr. Christoph Grosspeter. Their renewed mandates will expire at the General Meeting of 2024.

It is proposed to elect Argali Capital BV, perm. repr. Mr. Pascal Emsens, as a new Board member for a mandate of 4 years which will expire at the General Meeting of 2024.

It is proposed to elect Zuyfin SRL, perm. repr. Mr. Evrard van Zuylen, as a new Board member for a mandate of 4 years which will expire at the General Meeting of 2024.

It is proposed to elect Soverin SA, perm. repr. Mr. Michel Verhaeghe, as a new Board member for a mandate of 4 years which will expire at the General Meeting of 2024.

The Members of the Board wish to thank all SCR-Sibelco staff and employees all over the world for their dedicated efforts in achieving our goals.

Antwerp, 11 March 2020
Signed by the Members of the Board

CONDITIONS FOR ADMISSION TO THE GENERAL MEETINGS OF SHAREHOLDERS OF 22 APRIL 2020

Pursuant to Articles 7:133 and 7:134 of the Belgian Companies Code and to Article 28 of the articles of association, the board of directors has decided that the shareholders will be admitted to, and can vote at, the general meetings of 22 April 2020 if the company can determine, on the basis of the evidence submitted in accordance with the procedure described below, that they were holding on Wednesday 15 April 2020, before the close of business (Belgian time) (the "Record Date"), the shares of which they intend to exercise the voting rights at the general meetings.

In order to establish towards Sibelco that they hold their shares on the Record Date, the shareholders must proceed as follows:

For holders of registered shares:

A confirmation of the number of shares for which they want their shareholding to be established on the Record Date, must reach SCR-Sibelco NV at the latest on Wednesday 15 April 2020 at close of business (Belgian time) by ordinary letter.

The holding of the shares on the Record Date will be assessed by SCR-Sibelco NV on the basis of the entries in the register of registered shares.

For holders of dematerialized shares:

Holders of dematerialized shares will have to notify one of the banks listed below of the number of shares for which they want their shareholding to be established on the Record Date, at the latest on Wednesday 15 April 2020 at close of business (Belgian time). The holding of the dematerialized shares on the Record Date will be established on the basis of a confirmation sent to SCR-Sibelco NV by the below banks.

ING BANK
BANK DEGROOF PETERCAM