

H1 2023 RESULTS*

Sibelco delivers another strong performance as markets slow down

Sibelco today posted strong H1 2023 results with revenue and EBITDA up substantially compared to H1 2022, despite increasingly challenging conditions across most of the company's markets. The results demonstrate a marked improvement in resilience and agility created by the implementation and ongoing refinement of the company's Sibelco 2025 vision and strategy, which maps out a transformational path to improve operational, commercial and financial performance, with a clear commitment to sustainability.

(€ million)	H1 2021	H1 2022	H1 2023	Var '23 vs '22
Revenue	819	973	1056	8.6%
EBITDA	147	180	219	21.9%
FOCF	25	6	23	290.0%
ROCE	8.8%	8.8%	9.2%	4.3%

(unaudited)

Highlights

- Sibelco's safety performance improved slightly in the first half of 2023. RIR (number of recordable injuries per million hours worked) was 2.0 compared to 2.1 for the full year 2022.
- Sibelco increased revenue by 9% to € 1,056 million, as price increases and a mix improvement due to growth in high purity quartz (HPQ) at Spruce Pine more than compensated for a single digit percentage sales volume decline.
- EBITDA increased by 22% to € 219 million, benefitting from a strong increase at Spruce Pine. Profitability in Europe also increased despite the lacklustre market, helped by a solid performance in glass recycling.
- Free operating cash flow was € 23 million, up on last year.
- Sibelco announced an investment of US\$ 200 million to double production capacity in Spruce Pine (USA).
- Sibelco announced a lithium feldspar strategic investment in Avalon Advanced Materials (AVL), a Canadian company. As a result, Sibelco owns 19.9% of AVL. In addition, Sibelco and AVL will create a joint venture (Sibelco 60% share) for the production of lithium feldspar minerals for the technical glass and ceramics markets in which Sibelco has long-time expertise. The cumulative investment into AVL itself and the joint venture is expected to arrive at C\$ 63 million over time. Sibelco acquired the remaining 76% of shares of Act & Sorb, a start-up company with a technology to recycle MDF wood waste into activated carbon for water and air treatment while generating green energy.

Commenting on the results, Sibelco CEO Hilmar Rode said:

"Sibelco delivered a strong H1 2023 performance with substantially higher revenue and EBITDA despite increasingly tough market conditions. The results are testimony to the successful implementation and ongoing refinement of our Sibelco 2025 strategy which has created a more responsive and resilient business model. We announced two exciting new strategic investments: the investment to double production capacity in Spruce Pine (USA) will strengthen Sibelco's position as the world's leading provider of high purity quartz for solar PV and semiconductors while the lithium feldspar investment in Avalon Advanced Materials (Canada) will enable us to establish a position in the fast-growing lithium market. We expect that conditions in many of our markets will deteriorate further during H2. Nevertheless, given our strong H1 results and momentum going into H2, we anticipate an increase in full year 2023 EBITDA compared to 2022."

KEY FIGURES

IN MILLIONS OF EURO	H1 2022	H1 2023	Change %
Consolidated results			
Revenue	973	1,056	8.6%
EBITDA	180	219	21.9%
EBIT	113	149	31.6%
Net result (share of the Group)	86	107	24.3%
Cash flows			
Total equity	6	23	284.5%
Funding			
Net cash / (debt)	4	-19	
Shareholders' equity	1,195	1,232	
Return on capital employed			
ROCE (Reported Group EBIT last 12 months / Average capital employed last 12 months)	8.8%	9.2%	
Average capital employed last 12 months	1,682	2,062	

Capital employed = total assets – current liabilities

(unaudited)

FINANCIAL ITEMS

Group results

Revenue was up by 8.6% to € 1,056 million despite a volume decrease in Europe/APAC, thanks to favourable pricing and product mix effect. Asia saw substantial pressure on volumes and revenues. In the Americas, volumes were flat compared to last year. HPQ, however, showed a positive development (in particular the photovoltaic business) both in volume but even more so in average price.

EBITDA was up by 21.9% to € 219 million thanks to a solid transport and price management in Europe/APAC, the strong resilience of our glass recycling business and the above-mentioned impact of HPQ on the mix of products in the Americas.

Return on capital employed (ROCE) for the Group increased to 9.2%.

The net result (Group share) increased by 24.3% to € 107 million, compared to € 86 million in 2022.

Cost and price management

Whilst still present, inflationary pressures have softened. Corresponding price increases were executed to maintain our profitability level.

Capital expenditures and acquisitions

Total capital expenditures were € 48 million (including € 10 million cash from IFRS 16 lease payments). The only major project which is currently under execution is the Spruce Pine expansion project (total US\$ 200 million). The funds needed for the expansion will be met from internal cash resources and pre-payments received from customers.

Cash flow and funding

Sibelco generated positive free operating cash flow during the first half of the year, although the higher revenue and the partial unwind of the Spruce Pine prepayment led to an increase in operating working

capital. As a percentage of revenue, the year-to-date average operating working capital reduced by almost one percentage point.

Free operating cash flow reached € 23 million. Taking into consideration the cash impact from acquisitions and interest payments, the free cash flow before dividends amounted to € (3) million. Net free cash flow after dividends was € (54) million which, after adjustments for foreign exchange impacts, resulted in a net debt position at 30 June of € (19) million compared to a net cash position of € 4 million at 30 June 2022.

The Board of Directors will propose a dividend over the full year of 2023 in April 2024.

BUSINESS REVIEW

Construction

Many of Sibelco's construction-related markets slowed down during the first half of the year.

Sales to **ceramic tiles** have been lower than last year. The drop in our customers demand coupled with the lack of Ukrainian ball clays, where production in our sites remains at very low levels as a result of the ongoing conflict with Russia, and whose volumes have been largely replaced by Turkish and Indian clays.

Sales of UK ball clays to the **sanitaryware** sector were also down on the previous year, driven by lower demand and high stock.

The **engineered stone** market showed a steep decrease in the countertop demand, determining lower sales of cristobalite across all geographies, although partially compensated by increased sales of alternative materials.

Sales of sand for **concrete** and **cement** softened in most regions as construction activity slowed down.

Glass & Electronics

Sales to **container glass** remained strong, despite a marked decrease in the glass production rate, thanks to stable volumes of premium silica grades and increased volumes of recycled glass.

The **float glass** market continued to soften driven by both architectural and automotive glass with an estimated average production decrease of around 20%, with several production lines stopped and a negative outlook for the remainder of the year. In Europe, these negative market dynamics were partially offset through additional sales of low iron silica against non-European sources.

Demand for Sibelco IOTA® high-purity quartz (HPQ) dipped slightly in the **semi-conductor** market but remained strong in **solar PV** with China predicted to increase solar capacity by as much as 30% in 2023. As announced in April, the US\$ 200 million investment to double high purity quartz (HPQ) installed capacity at Sibelco's Spruce Pine HPQ facility in North Carolina, USA, will help to meet further anticipated growth in both markets.

Challenging conditions in Asia's **display glass** and **printed circuit board** sectors persisted as demand for personal electronic devices remained lower post-pandemic. Sales to Asia's **fiberglass** sector fell significantly in the first half of the year as a result of furnace closures, particularly in Taiwan.

Industrial & Consumer

The slowdown in construction activity across many of Europe saw a downturn in sales to the **coatings** sector with reduced demand for both decorative paints and protective coatings. The picture was more positive in South America where we managed to increase market share despite the softening market conditions.

Our sales to the sport & recreation market experienced a slow start of the year that continued throughout the semester. The risk of economic downturn coupled with unfavourable weather conditions, causing project delays.

While the revenues to the **flame retardant** market in Europe kept on growing robustly, the sales to **oral care** decreased slightly in South America's and the sales to the **medical gloves** market in Asia's remained flat following the peak demand during the pandemic.

Metallurgy

Slowing global demand continued to adversely affect **steel** production throughout the first half of the year, impacting our sales of high-purity olivine from Åheim, Norway. The outlook for the remainder of the year remains challenging

Sales of silica sand to the **foundry** industry also softened, in both Europe and South America, as customers continued to report a downturn in activity.

Recycling

Sibelco's glass recycling business continued to perform well as glass industry demand for glass cullet generally remained high. The recent investments in recycling facilities and the increased efforts to secure and diversify the sourcing of raw glass, led to higher quality and stable production inputs, despite the sourcing of raw glass remaining a key challenge in many parts of Europe.

UKRAINE & RUSSIA

All **Sibelco employees** in Ukraine are safe. **Limited mining and quarry activity** is ongoing. Transportation remains one of the main challenges facing our business.

Amidst the uncertain situation, **Sibelco's business in Russia** continues to operate as a stand-alone business supported by an advisory committee. Since the start of the war in Ukraine, all funding to and from Russia has been stopped. Sibelco continues to operate in full compliance with western sanctions against Russia. Sibelco is investigating all its options regarding the future of its Russian operations.

OUTLOOK

Overall, Sibelco experienced a single digit percentage volume decline in H1 2023 compared to H1 2022. We expect this trend to intensify in H2 given the challenging economic environment. The semi-conductor and solar panel PV markets for high purity quartz did not follow the above trend, driving the growth in Sibelco's North American business. We expect these trends to continue.

Given our strong H1 results and momentum going into H2, we anticipate an increase in EBITDA in 2023 compared to 2022 despite worsening market conditions.

EXECUTIVE COMMITTEE

The Board of Directors approved the appointment of Mr Achille Njike as EVP Operations Americas.

Mr Njike brings over twenty years' experience in minerals, metals and materials, with broad international experience working across multiple countries and markets.

Disclaimer

This document contains projections and other forward-looking statements. Investors should be aware that such projections and forward-looking statements are subject to various risks and uncertainties (many of which are difficult to predict and generally beyond the control of Sibelco) that could cause actual results and developments to differ materially from those expressed or implied.

Besides IFRS accounts, the Group also presents underlying, non-audited performance indicators. The objective is to generate a view that avoids distortion and facilitates the appreciation of performance and comparability of results over time.

Simplified and Unaudited Consolidated Income Statement of Profit or Loss

INCOME STATEMENT OF PROFIT OR LOSS

IN THOUSANDS OF €	H1 2022	H1 2023
Revenue	972,787	1,056,194
Cost of sales (-)	(673,828)	(698,206)
Gross profit	298,960	357,988
Other operating income	7,012	9,799
SG&A expenses (-)	(122,128)	(147,203)
Other operating expenses (-)	(6,469)	(9,314)
Depreciation, amortization and depletion	(64,059)	(62,586)
EBIT	113,315	148,684
Financial income	7,061	7,946
Financial expenses (-)	(10,866)	(17,740)
Share of profit of equity-accounted investees (net of tax)	2,670	3,585
Profit (loss) before income taxes	112,180	142,475
Income taxes	(25,932)	(35,051)
Profit (loss) for the period	86,248	107,424
Attributable to:		
Owners of the Company	86,457	105,618
Non-controlling interests	(209)	1,806
	86,248	107,424

Simplified and Unaudited Consolidated Statement of Financial Position

STATEMENT OF FINANCIAL POSITION

IN THOUSANDS OF €	30 Jun 2022	30 Jun 2023
Assets	2,527,275	2,609,663
Non-current assets	1,327,105	1,391,329
Current assets	1,200,169	1,218,333
Equity and liabilities	2,527,275	2,609,663
Total equity	1,201,206	1,239,816
Equity attributable to equity holders	1,194,387	1,231,778
Share capital	25,000	25,000
Share premium	12	12
Retained earnings and reserves	1,169,375	1,206,766
Non-controlling interests	6,819	8,038
Non-current liabilities	807,747	804,224
Current liabilities	518,322	565,622

Simplified and Unaudited Consolidated Statement of Cash Flows

STATEMENT OF CASH FLOWS

IN THOUSANDS OF EURO	H1 2022	H1 2023
EBIT	113,315	148,684
Non-recurring result and management fees	2,198	7,567
Depreciation, amortisation and depletion	64,059	62,586
EBITDA	179,572	218,837
Income taxes (paid)/received	(18,926)	(22,601)
Capex, including IFRS16 leases	(48,793)	(48,042)
Working capital changes	(89,792)	(128,754)
Use of provisions	(9,983)	(13,372)
Additional provisions	6,807	25,882
Cash contributions to defined benefit plans	(9,267)	(7,422)
Other non-cash items	(3,703)	(1,459)
Free operating cash flow	5,915	23,069
Interest (paid)/received	(2,797)	(8,814)
Proceeds from sale of PPE	1,890	(1,069)
Acquisitions of land and reserves	(4,896)	(1,745)
Acquisitions of subsidiaries/non-controlling interests	(114,643)	(2,870)
Disposal of subsidiaries/associates	10,005	
Dividends received	1,179	2,222
Dividends paid	(51,882)	(52,931)
Other items	(1,010)	(11,636)
NET DEBT DECREASE (INCREASE)	(156,239)	(53,774)
Opening net financial position	146,833	45,840
Change in net financial debt	(156,239)	(53,774)
Leases	1,305	301
Scope changes	(15,026)	136
Exchange rate fluctuations and other	27,583	(11,299)
CLOSING NET FINANCIAL POSITION AT 30 JUNE	4,457	(18,796)

MEDIA ENQUIRIES
 Olivier Van Horenbeeck
 VP Communications
Olivier.van.horenbeeck@sibelco.com

SHAREHOLDER ENQUIRIES
shareholder@sibelco.com

SCR-Sibelco N.V.
 Plantin en Moretuslei 1A
 B-2018 Antwerp
 Belgium