

# 2021 Half Year Results

## Shareholder Webcast

25<sup>th</sup> August 2021



# DISCLAIMER



Sibelco's half year financial statements are unaudited.

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.

## PURPOSE:

### Material solutions **advancing life**

## VISION:

WE WILL BECOME:

- THE GLOBAL LEADER IN THE MINING, PROCESSING & SELLING OF SILICA SAND
- A REGIONAL LEADER IN CLAYS, FELDSPATHIC MINERALS, OLIVINE AND GLASS RECYCLING

SUSTAINABILITY, INCLUDING A RELENTLESS FOCUS ON SAFETY & CO<sub>2</sub> EMISSIONS REDUCTION, IS A FUNDAMENTAL PART OF OUR VISION

## VALUES:



**INTEGRITY**



**RESPECT**



**OWNERSHIP**



**EXCELLENCE**



**TEAMWORK**

## 2023 TARGETS:

Our vision sets out specific targets:



**REDUCE RECORDABLE INCIDENT RATE (RIR) TO 2.5**



**IMPROVE FREE OPERATING CASH FLOW (FOCF) TO €120m PER YEAR**



**IMPROVE RETURN ON CAPITAL EMPLOYED (ROCE) TO 11%**



**REDUCE CO<sub>2</sub> EMISSIONS**  
Reduce emissions intensity by 5% a year between 2021 and 2030)

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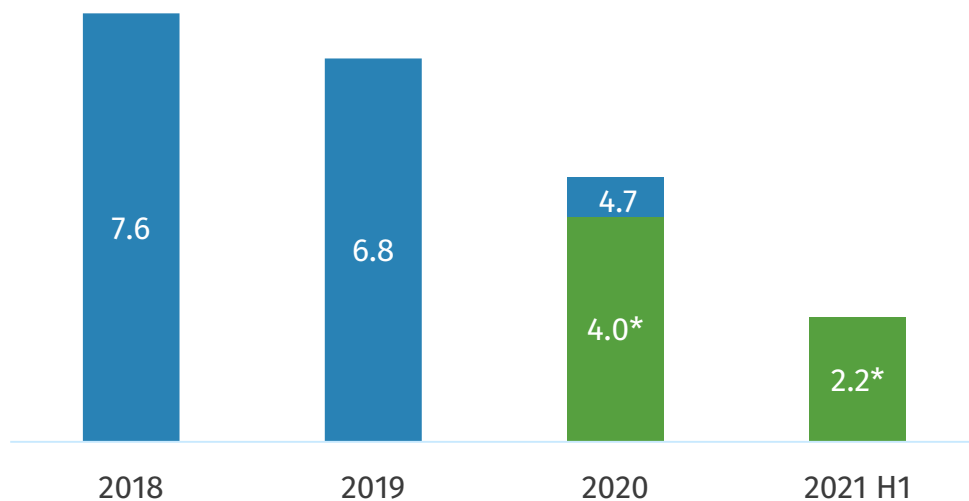
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# SAFETY PERFORMANCE



- **Zero** fatalities
- 45% improvement in RIR vs 2020 total

## Reportable Incident Rate



\* Calculated in line with the International Council on Mining & Metals (ICMM) definition, the standard which Sibelco has adopted as from 2021 to enable direct comparison with industry peers

# H1 2021 FINANCIALS IN SUMMARY



- Strong recovery in most of the industries using Sibelco minerals. This led to a rebound in the top and bottom line in Sibelco's continuing activities (i.e. excluding those activities that we exited or divested in previous periods)

EUR m	Sibelco reported				Sibelco continuing				
	H1 2019	H1 2020	H1 2021		H1 2019	H1 2020	H1 2021	Δ '21 vs '19	Δ '21 vs '20
Revenue	1,779	1,258	819		797	700	816	+2%	+17%
EBITDA	321	171	147		133	94	147	+11%	+56%
FOCF	65	44	36		-22	-1	34	n/m	n/m
ROCE*	-2.3%	-33.9%	8.8%		7.6%	3.2%	7.9%	+4%	+147%

- Both revenue and EBITDA back above the levels of 2019
- ROCE improved although it remains well below the 2023 ambition of 11%
- Positive cash flow generation despite increased working capital requirements
- Sibelco will pursue substantial sales price increases to compensate for cost increases, particularly in logistics
- While the Board of Directors acknowledges the good first half results, Sibelco is still undergoing transformation and the economic picture remains volatile (e.g. logistics, cost inflation, shortages of certain products and materials). The Board of Directors will therefore only propose a dividend over the full year of 2021 in April 2022.

# MARKET EVOLUTION



## Construction

- Sales to the **sanitaryware** market remained buoyant
- Recovery in the **ceramic tile & engineered stone** sectors continued as manufacturers replenished stocks
- Recovery in **structural ceramics**



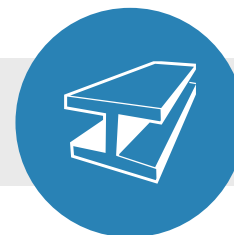
## Glass & Electronics

- Recovery in **float glass**. Overall capacity in Europe has been reduced because of furnace closures
- Sales **to container glass** increased as beverage sector bounced back. Increased production in Europe's automotive sector drove a strong performance in **fibreglass**
- High demand from both the **semi-conductor** and **solar PV** markets
- Sales to **display glass** and **PCB** sectors returned to 2019 levels



## Industrial & Consumer

- Strong sales in industrial and domestic **coatings**. Sales in **polymers** were also up as a result of increased activity in the construction and automotive sector
- Conditions in the **tableware** sector also started to improve



## Steel & Foundry

- No upturn in demand for olivine in the global **steel** industry
- Sales for the **refractory** sector were high and Europe's **foundry** industry continued to recover during the first half of the year



## Recycling

- Growth in the **glass recycling** business continued

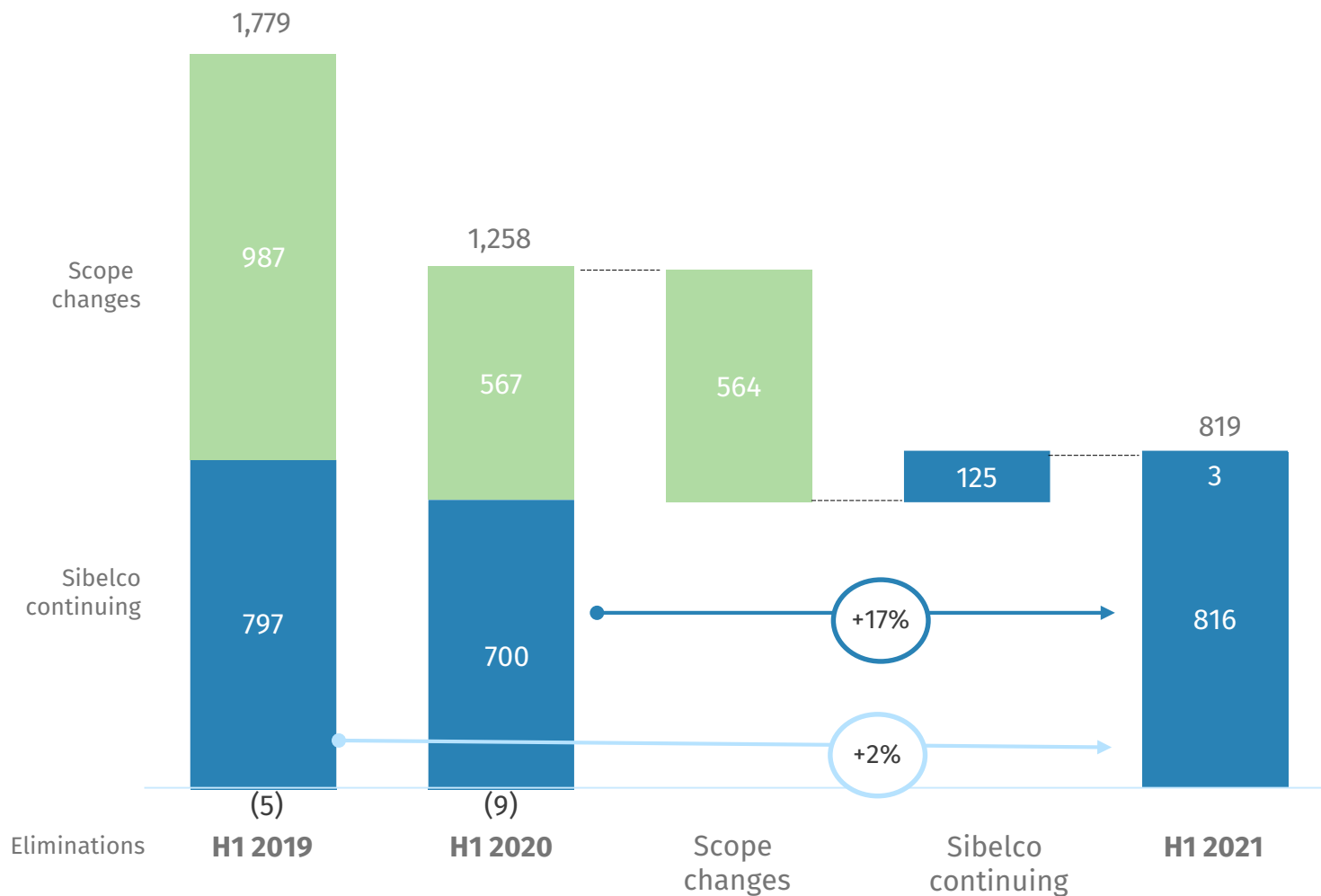


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# REVENUE



## Revenue EUR m

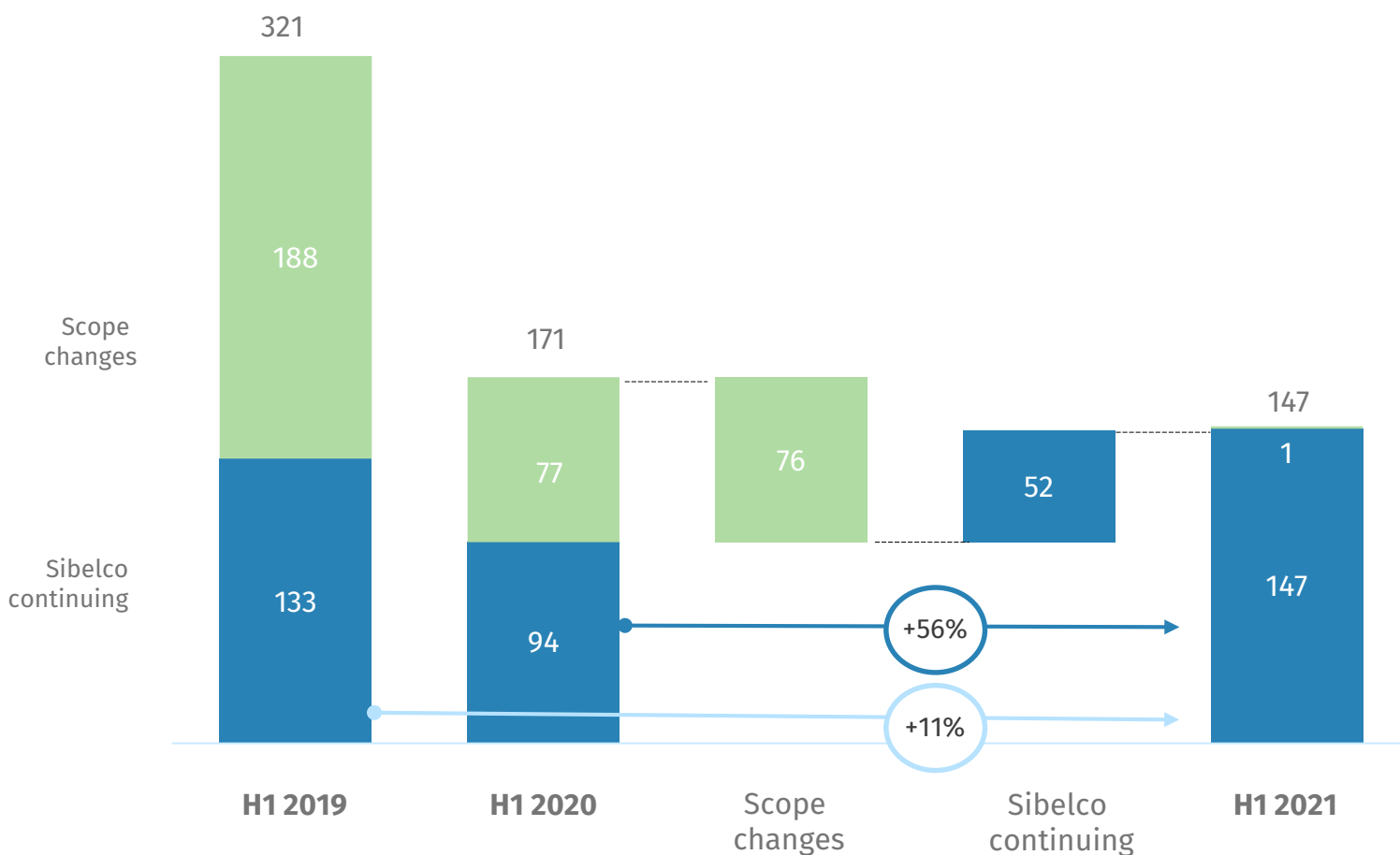


- Revenue increased gradually through H1 as recovery gathered pace in most customer segments
- Revenue for continuing Sibelco activities up 17% vs 2020 and also 2% above the level of 2019

# EBITDA



## EBITDA EUR m

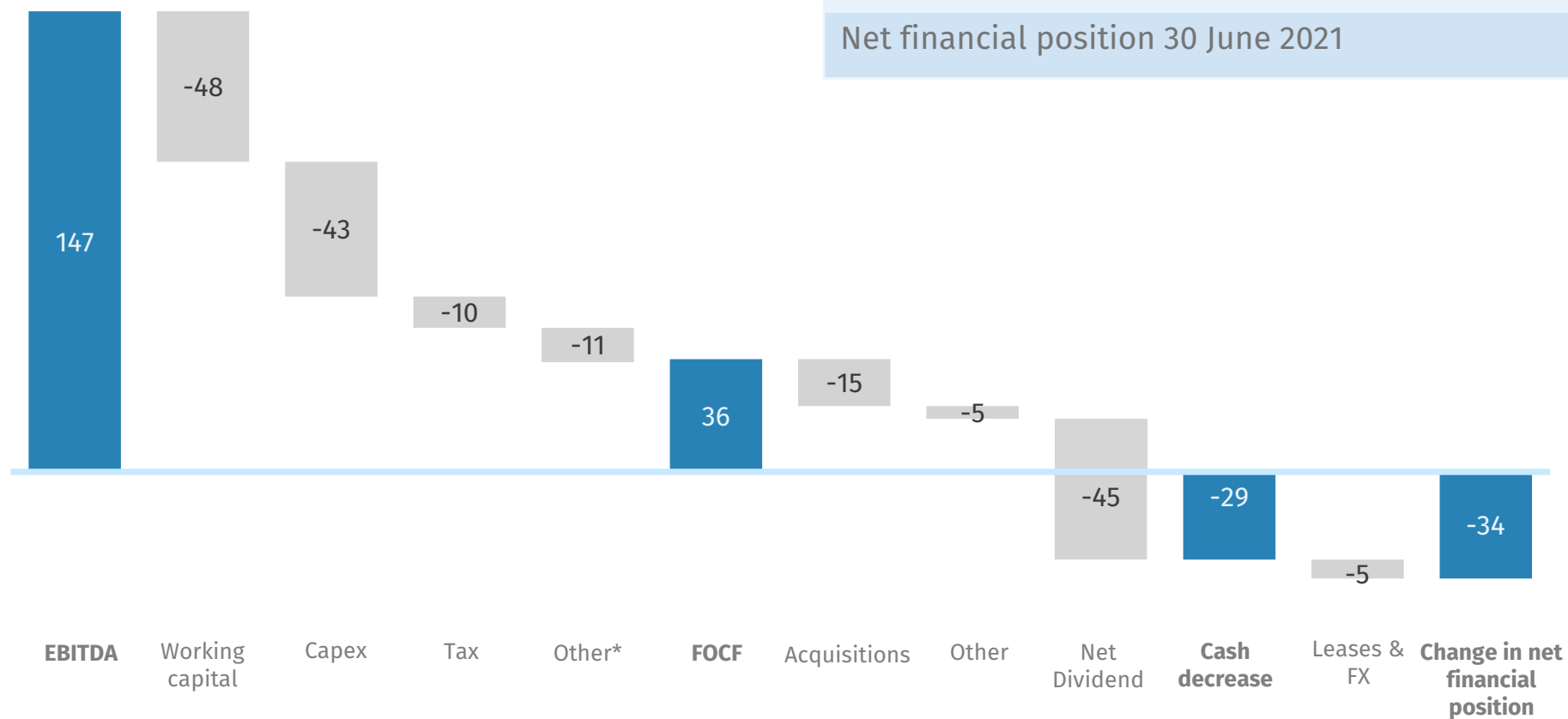


- EBITDA for Sibelco's continuing activities increased by 56% compared to the same period in 2020 as economic recovery continued
- EBITDA now back to 11% above the levels of 2019 for continuing activities
- Cost pressure remains a strong factor – particularly for logistics – and Sibelco will pursue material price increases in H2 in order to compensate for this margin squeeze
- The relevant 2020 EBITDA baseline for comparison in 2021, is EUR 205 m, which was the EBITDA of the continuing activities of Sibelco

# CASH FLOW & NET FINANCIAL POSITION



Cash flow Sibelco EUR m



Evolution of net financial position EUR m

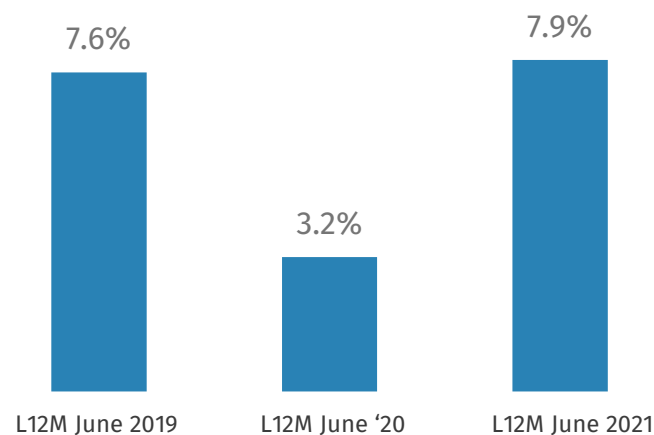
Net financial position 31 December 2020	168
Change in net financial position	-34
Net financial position 30 June 2021	135

\* includes contributions to pension plans and use of provisions

# ROCE & CAPITAL EMPLOYED

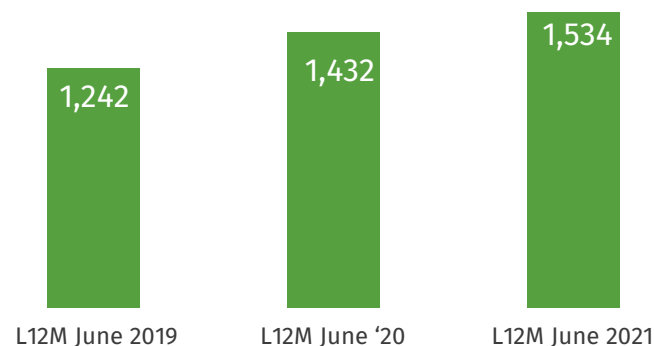


## Return on Capital Employed\*



- ROCE improved as a result of improved EBIT but remains well short of Sibelco's medium-term target of 11%
- CAPEX of EUR 43 million including continuation of growth investments (see following slide)
- Working capital increase driven by business recovery

## Average Capital Employed EURm



\* ROCE = last 12 months' EBIT / last 12 months' average capital employed  
Average CE = last 12 months' average total assets – current liabilities







## M&A over EUR 10 million

- Active screening continues with a good pipeline of potential targets
- Two smaller acquisitions completed in the UK in glass recycling and mineral processing



In June Sibelco completed the acquisition of two glass recycling facilities from Viridor in the UK

## Capex over EUR 10 million

	<b>TURKEY</b> Cine: feldspar upgrade Construction completed in H1 2021 and ramp-up underway	
	<b>BELGIUM</b> Genk: MDF Recycling Construction completion on track for H2 2021 despite some COVID-related delay	
	<b>ITALY</b> San Cesario brownfield glass recycling Construction completion on-track for H1 2022	

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- **Sibelco's end markets are continuing to recover from the effects of the COVID-19 pandemic**
- **The growth year-on-year is expected to taper in the second half of the year and comparisons will become less favourable given that the recovery started in H2 2020**
- **Price increases required to offset impact of higher costs – in particular logistics**
- **The Board of Directors will only propose a dividend over the full year of 2021 in April 2022**
- **Sibelco will continue to implement its Sibelco 2025 strategy and drive the required improvements in financial and sustainability performance**



# EXECUTIVE COMMITTEE APPOINTMENT



- The Board of Directors has approved the appointment of **Frédéric Deslypere** as **Sibelco's Chief Financial Officer**
- Mr. Deslypere has a distinguished leadership track-record in global materials businesses
- He joins from the insulation division of Knauf Group, where he has been CFO for the last four years. Prior to joining Knauf, he spent more than 20 years with Etex, where he held roles including legal and tax counsel, CFO, and managing director of the LATAM division in Chile
- Mr Deslypere will join Sibelco on 1<sup>st</sup> January 2022



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# SIBELCO'S DECARBONISATION STRATEGY



**5% annual  
reduction from  
2021 to 2030**

**37% reduction  
in 9 years**

Sibelco has committed to a reduction in Scope 1-2 emission intensity from 2021 to 2030 of **5% p.a. of kg CO<sub>2</sub>e / € revenue\***

- This ambitious decarbonization target places Sibelco in a **leadership position** in the industrial minerals sector
- Sibelco will **invest approximately €10 million per year** in new technologies and operational excellence initiatives over the next ten years to support its goal
- In accordance with Greenhouse Gas Protocol carbon accounting standards the emissions baseline will be revised in case of certain scope changes (e.g. mergers, acquisitions and divestments)
- The targets are aligned with the Science-based Targets initiative (SBTi) 'well-below 2°C' scenario and the targets of the EU Green Deal 2030
- Sibelco will further refine its approach on Scope 3 emissions, so as to be ready to announce targets in H1 2022

**Scope 1 emissions** are direct emissions that occur from sources that are controlled or owned by our organisation, such as from our own activities and vehicles.

**Scope 2 emissions** are indirect emissions associated with the purchase of electricity, steam, heat, or cooling. Although scope 2 emissions physically occur at the facility where they are generated, not in our organisation, they are part of our emissions inventory because they are a result of our energy use.

**Scope 3 emissions** are the result of activities from assets not owned or controlled by Sibelco, but that we indirectly impact in our value chain.

\* specifically, ex-works revenue

- **Improvement in safety performance**
- **Strong recovery in most of the industries using Sibelco minerals although growth year-on-year expected to taper in the second half**
- **Continuation of proactive cost management and margin protection**
- **Implementation of Sibelco 2025 continues, including new decarbonisation strategy**

# Questions

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25<sup>th</sup> August 2021



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# INCOME STATEMENT



In thousands of euro	1H 2020	1H 2021
<b>Revenue</b>	<b>1,257,888</b>	<b>819,226</b>
<b>Cost of sales</b>	<b>(1,056,760)</b>	<b>(626,920)</b>
<b>Gross profit</b>	<b>201,128</b>	<b>192,306</b>
Other operating income	28,117	5,732
SG&A expenses	(169,204)	(108,875)
Other operating expenses	(23,314)	(9,744)
<b>EBIT</b>	<b>36,727</b>	<b>79,422</b>
Financial income	45,536	1,771
Financial expenses	(62,977)	(7,284)
Share of profit of equity-accounted investees (net of tax)	2,421	2,931
<b>Profit (loss) before income taxes</b>	<b>21,707</b>	<b>76,840</b>
Income taxes	7,810	(21,725)
<b>Profit (loss) for the period</b>	<b>29,517</b>	<b>55,115</b>
Attributable to:		
Owners of the Company	54,633	54,706
Non-controlling interests	(25,117)	409

# SIMPLIFIED BALANCE SHEET



In thousands EUR

	31 Dec 2020	30 Jun 2021
<b>Assets</b>	<b>1,913,413</b>	<b>1,968,018</b>
Non-current assets	1,076,530	1,105,408
Current assets	836,883	862,610
<b>Equity and liabilities</b>	<b>1,913,413</b>	<b>1,968,018</b>
Total equity	1,052,708	1,077,105
Equity attributable to equity holders	1,047,107	1,071,428
Share capital	25,000	25,000
Share premium	12	12
Retained earnings and reserves	1,022,095	1,046,416
Non-controlling interests	5,601	5,677
Non-current liabilities	477,865	470,045
Current liabilities	382,840	420,868



# SIMPLIFIED CASH FLOW STATEMENT



<i>In million EUR</i>	1H 2020	1H 2021
<b>Adjusted EBIT</b>	<b>41.143</b>	<b>84.035</b>
Depreciation, amortisation and depletion	130.283	63.464
<b>EBITDA</b>	<b>171.426</b>	<b>147.499</b>
Income taxes (paid)/received	(5.457)	(9.906)
Capex	(57.406)	(43.169)
Working capital changes	(22.296)	(47.587)
Use of provisions	(31.088)	(7.768)
Additional provisions	6.688	5.947
Cash contributions to defined benefit plans	(8.655)	(7.297)
Other non-cash items	(8.772)	(1.775)
<b>Free operating cash flow</b>	<b>44.440</b>	<b>35.944</b>
Interest (paid)/received	(55.932)	(3.756)
Proceeds from sale of PPE	43.139	1.273
Acquisitions of land and reserves	(3.148)	(7.167)
Acquisitions of subsidiaries/non-controlling interests	(21.844)	(8.691)
Disposal of subsidiaries/associates	36.521	(0.086)
Dividends received	2.562	1.154
Dividends paid	(35.382)	(46.537)
Other items	(5.251)	(0.497)
<b>Net debt decrease (increase)</b>	<b>5.103</b>	<b>(28.362)</b>
<b>Opening net financial position</b>	<b>(1341.791)</b>	<b>168.151</b>
Change in net financial position	5.103	(28.362)
Leases	(12.127)	(7.543)
Scope changes	1453.077	0.000
Exchange rate fluctuations and other	(0.400)	2.400
<b>Closing net financial position at 30 June</b>	<b>103.862</b>	<b>134.646</b>