

**2021 HALF YEAR RESULTS (unaudited)**

## Sibelco generates improved financial performance driven by economic recovery in most sectors

Sibelco today announced half year results that reflect a recovery in most of the sectors served by the company. Revenues and EBITDA were back above the levels of the equivalent period in 2019 and the company also generated positive cash flow and an improved return on capital employed. Sibelco continued to deploy its Sibelco 2025 vision and strategy during recent months. This maps out a transformational path to further improvements in operational, commercial and financial performance and a clear commitment to sustainability. As part of this transformation Sibelco today published an ambitious strategy to reduce CO<sub>2</sub> emissions. This strategy aims to improve Sibelco's scope 1 & 2 emissions efficiency by 5% a year between 2021 and 2030. You can read more about this in a separate release [here](#).

| 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%        |

### Highlights

- Sibelco's continuing operations (i.e. excluding the effect of divestments and closures) generated an increase in revenue of 17% (from EUR 700 million to EUR 816 million). This increase was driven primarily by higher sales volumes resulting from the recovery in most of Sibelco's end-markets.
- For Sibelco's continuing operations the improvement in EBITDA was 56% (from EUR 94 million to EUR 147 million).
- Sibelco generated positive cash flows during the first half of the year although the improving business environment and resulting higher sales led to an increase in net working capital. The Group's net cash position at 30 June was EUR 135 million compared to EUR 168 at 31 December 2020.
- 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.
- Sibelco's safety performance continued to improve with a recordable injury rate (RIR) of 2.2. This is below Sibelco's improvement target for 2021 and well below the total RIR for 2020 of 4.0.

### Commenting on the results, Sibelco CEO Hilmar Rode said:

*"Sibelco can be pleased with the rebound shown in the first half of 2021 in most of the markets that use our materials. We should temper this with some caution. Most industries – particularly in Europe – are far from a return to long term structural growth and competitive pressure and cost inflation remains intense. Through our Sibelco 2025 strategy we will continue to seek ways to better serve our customers and to generate sustainable levels of profitability. I would like to recognise the efforts of our Sibelco colleagues around the world who have supported the recovery and achieved a much improved safety performance during a period of rapid change for the company."*

25 August 2021

| KEY FIGURES<br>(million EUR)   | H1 2020 | H1 2021 | Change % |
|--|---------|---------|----------|
| <b>Consolidated results</b>  |         |         |          |
| Revenue  | 1,258   | 819     | -35%     |
| Sibelco excl. Covia  | 772     | 819     | +6%      |
| Covia  | 492     |         |          |
| EBITDA   | 171     | 147     | -14%     |
| Sibelco excl. Covia  | 122     | 147     | +21%     |
| Covia  | 50      |         |          |
| EBIT   | 37      | 79      | +116%    |
| Sibelco excl. Covia  | 70      | 79      | +13%     |
| Covia  | (34)    |         |          |
| Adjusted EBIT  | 41      | 84      | +104%    |
| Sibelco excl. Covia  | 59      | 84      | +42%     |
| Covia  | (18)    |         |          |
| Net result (share of the Group)  | 55      | 55      | -        |
| Sibelco excl. Covia  | 102     | 55      | -47%     |
| Covia  | (48)    |         |          |
| <b>Cash flows</b>  |         |         |          |
| Free operating cash flow   | 44      | 36      | -19%     |
| Sibelco excl. Covia  | 18      | 36      | +105%    |
| Covia  | 27      |         |          |
| <b>Funding</b>   |         |         |          |
| Net cash / (debt)  | 104     | 135     | +30%     |
| Shareholders' equity   | 1,068   | 1,071   |          |
| <b>Return on capital employed</b>  |         |         |          |
| ROCE (Reported Group EBIT last 12 months /<br>Average capital employed last 12 months) | (33.9)% | 8.8%    |          |
| Average capital employed last 12 months  | 3,908   | 1,534   |          |

The Group figures for 2020 also include intercompany eliminations between Covia and Sibelco excluding Covia.

Capital employed = total assets – current liabilities

## FINANCIAL ITEMS

## Group results

*For the purpose of the discussion of Sibelco's results below we are focusing on pro-forma data on key metrics for the continuing operations (i.e. not including Covia in the H1 2020 comparisons) as this is the most relevant baseline for 2021 and beyond.*

Revenues were up by 6% to EUR 819 million. Excluding the impact of divestments & closures the increase in revenue was 17% (from EUR 700 million to EUR 816 million). This increase was driven primarily by higher sales volumes resulting from the recovery in most of Sibelco's end-markets. This recovery gathered pace through the course of the period and came in almost all industrial sectors and regions served by Sibelco.

EBITDA was up by 21% to EUR 147 million. For Sibelco's continuing operations, the improvement in EBITDA was 56% (from EUR 94 million to EUR 147 million which represents a recovery to above the levels of the corresponding period in 2019).

Return on capital employed (ROCE) for the continuing activities was 7.9%. This compares to 3.2% for the same period and the same scope of activities in 2020 and 7.6% for the same period in 2019. The total effective tax rate for the group was 29%.

The net result (Group share) was EUR 54.7 million compared to EUR 54.6 million in 2020.

## Cost and price management

Sibelco implemented limited price increases in during the first half of 2021. The company will be forced to push for more substantial increases in the second half in order to address cost inflation – particularly in logistics and transport – and the resulting unsustainable pressure on margins.

## Capital expenditures & acquisitions

Total capital expenditures were EUR 43 million with the main growth investments being continuation of projects initiated in previous periods such as the increased clay production in the UK, new glass recycling production in

Italy, investments in feldspar and cristobalite operations and the construction of the Act&Sorb facility in Belgium.

Sibelco completed two acquisitions in the UK:

In June Sibelco completed the acquisition of two glass recycling plants from Viridor in the UK. The operations in Sheffield and Glasgow provide a platform for Sibelco to grow its recycling footprint and support the circular economy in the UK.

The minerals processing facility acquired in Talke, UK, processes silica sand into silica flour for specific customer applications such as fibre glass production.

## Cash flow and funding

Sibelco generated positive cash flows during the first half of the year although the improving business environment and resulting higher sales led to an increase in net working capital. Total free operating cash flow reached EUR 36 million. Taking into consideration the cash impact from acquisitions and interest payments, the free cash flow before dividends amounted to EUR 17 million. Net free cash flow after dividends was EUR (28) million which, after adjustments for foreign exchange impacts, resulted in a net cash position at 30 June of EUR 135 million compared to EUR 168 at 31 December 2020.

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.

## Note on Covia

Covia was deconsolidated from Sibelco at the end of June 2020 and Sibelco's exit from Covia was confirmed on 31 December 2020. Sibelco's financial statements therefore contain all P&L and cash flow elements for Covia only for the first half of 2020.

## Construction

A sharp recovery in global construction drove an improved Sibelco performance across all related sectors. Sales to the **sanitaryware** market remained buoyant with our new SANBLEND® ball clay plant in Devon (UK) on target for a record production year. We made further progress in expanding sales to the South American sanitaryware market with increased exports of ball clay to Mexico.

Recovery in the **ceramic tile** and **engineered stone** sectors continued in 2021. Demand for Sibelco materials in both sectors was higher than pre-pandemic levels as manufacturers continued replenishing stocks to meet growing consumer demand.

The resurgence in construction also saw growth in sales to the **concrete** and **cement** sectors, particularly in France. Recovery in the **structural ceramics** market (roof tiles and bricks) was slower than anticipated but gained momentum towards the middle of the year.

## Glass & Electronics

Recovery in the **float glass** market continued throughout the first half of the year, driven primarily by the boom in construction, but also by increased demand from the automotive sector. However, overall capacity in Europe's float glass industry has been reduced because of furnace closures.

Sales to **container glass**, which had remained reasonably stable throughout the pandemic, were boosted this year as the beverage sector bounced back with the reopening of hospitality venues. Increased production in Europe's automotive sector drove a strong performance in **fibreglass**.

High demand from both the **semi-conductor** and **solar PV** markets saw a rapid recovery in sales of high purity quartz, with our Spruce Pine (US) plant operating at full capacity to deliver materials to Japan and China.

Sales to the **display glass** sector returned to 2019 levels as the trend towards home working continued to drive high consumer demand for laptops, tablet devices and large-screen televisions. The first half of the year also saw strong sales in the **printed circuit board** market.

## Industrial & Consumer

Recovery in global construction also saw strong sales in industrial and domestic **coatings**. Sales in **polymers** were also up as a result of the increased activity in the construction sector, as well as increased demand from the automotive sector.

Sibelco retained a strong position in Brazil's **personal care** market with a strong performance in the toothpaste sector. Sales to the **medical gloves** market flattened this year after peak demand at the start of the pandemic.

Conditions in the **tableware** sector also started to improve, having previously been affected by the temporary closure of retail outlets during the pandemic.

## Steel, Refractory & Foundry

The ongoing trend towards the use of lower quality iron ore in the **steel** industry prevented any upturn in sales of olivine. The Indian steel industry continued to suffer the effects of the pandemic with labour shortages and restricted supplies of oxygen for manufacturing, however demand in western Europe was strong.

Sales of dried olivine for the **refractory** sector were high, whilst recovery in Europe's **foundry** industry continued during the first half of the year.

## Recycling

Growth in our **glass recycling** business continued. Container glass manufacturing in western Europe was generally less affected than other industries by the pandemic, enabling us to keep sales of cullet firmly on track. The beverage sector, which saw volumes dip between 5-10% last year, bounced back to 2019 levels with the reopening of hospitality venues and events.

Sibelco's acquisition of two glass recycling plants in the UK from Viridor was completed in June. Construction of our new plant in San Cesario (Italy) remains on track with construction scheduled for completion in H1 2022. Once operational, San Cesario will produce up to 250,000 tonnes of cullet per year to further enhance Sibelco's offering for customers.

## OUTLOOK

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 will be required to offset the impact of higher costs – particularly logistics.

Sibelco will continue to implement its Sibelco 2025 strategy and drive the required improvements in financial and sustainability performance.

As a reminder, in addition to the Covia exit, the 2020 financial performance for Sibelco included material contributions from assets that were divested or closed. These activities will make no contribution to the financial performance of 2021

The relevant 2020 EBITDA baseline for comparison in 2021 is EUR 205 m, which was the EBITDA of the continuing activities of Sibelco.

## 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 and joins Sibelco 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, a Belgian-based family owned building materials group, 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.

### **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

| 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 and Unaudited Consolidated Statement of Financial Position

| 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> |
| <b>Total equity</b>                   | <b>1,052,708</b> | <b>1,077,105</b> |
| 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            |
| <b>Non-current liabilities</b>        | <b>477,865</b>   | <b>470,045</b>   |
| <b>Current liabilities</b>            | <b>382,840</b>   | <b>420,868</b>   |

## Simplified and Unaudited Consolidated Statement of Cash Flows

| <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 debt                           | 5.103             | (28.362)        |
| Leases   | (12.127)          | (7.543)         |
| Scope changes  | 1453.077          | 0               |
| 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>  |

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