16 March 2020

2019 FULL YEAR FINANCIAL RESULTS

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

Material solutions provider Sibelco today announced EBITDA for 2019 of EUR 554 million (17% on revenue), down 15% compared to 2018. This result reflected the evolution of the proppant market in North America, which more than offset an encouraging performance in most of the Group's industrial minerals activities. The energy market evolution led to a EUR 1.3 billion impairment at Covia and this was the main driver behind a reported full year net loss of EUR 672 million (Group share). From a cash flow perspective, the picture was robust with the Group generating a free cash flow before dividends of EUR 653 million, of which EUR 333 million was recurring free operating cash flow.

- 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 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 has decreased. 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.
- The Board of Directors proposes a gross dividend of EUR 162.86 per share at the Annual General Meeting on 22 April. This proposed dividend is unchanged from that of 2018.
- Several events and accounting changes need to be considered to allow a like for like comparison between 2019 and 2018 reported figures. The major impacts are explained in more detail on page 3.

Commenting on the results, Sibelco CEO Jean-Luc Deleersnyder said: *"Given the unsupportive macroeconomic environment and the highly challenging situation in the US energy sector, we can be positive about Sibelco's strong operating cash generation in 2019. The sale of the lime and limestone activities and the recent sale of the magnesia operations mark the completion of a strategic refocusing of Sibelco's portfolio. The proceeds from these sales, coupled with continued robust cashflows, place us in a good position to invest in growth. At Covia, management has put in place measures to reduce costs, safeguard competitiveness of its energy-related operations, while growing its Industrial business through targeted growth capex."*

CONSOLIDATED RESULTS (KEUR)	2019 reported	2018 reported	Change % B/(W)
Consolidated results			
Revenue	3,295,130	3,521,130	(6%)
Sibelco excl. Covia	1,878,556	1,964,976	(4%)
Covia	1,425,738	1,566,468	(9%)
Other and intercompany	(9,164)	(10,314)	11%
EBITDA	554,463	651,687	(15%)
Sibelco excl. Covia	328,025	334,467	(2%)
Covia	226,470	316,878	(29%)
Other and intercompany	(32)	342	(109%)
Recurring EBIT	127,148	328,878	(61%)
EBIT	(1,269,599)	(67,522)	(1,780%)
Net Result (share of the Group)	(671,754)	(126,079)	(433%)
Recurring net result	9,824	173,456	(94%)
Cash flows			
Free Operating Cash Flow	238,143	134,225	77%
Recurring Free Operating Cash Flow	333,162	436,607	(24%)
Free cash flow before dividend	653,505	(111,139)	688%
Funding (at year end)			
Net debt	1,341,773	1,390,721	4%
Net debt excluding leases	983,384	1,390,721	29%
Net debt/ adj. EBITDA ratio[1] [3]	2.54	1.84	(38%)
Net debt/ adj. EBITDA ratio excluding leases[2] [3]	2.42	1.84	(32%)
Data/share			
Dividend (gross) per share (EUR)	162.86	162.86	
Total Gross dividend	76,570,543	76,570,542	

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.

FINANCIAL ITEMS

Group results

Revenues at Sibelco (excluding Covia) were largely stable between 2018 and 2019 while EBITDA was down 2% to EUR 328 million. This reflected the more challenging economic environment, particularly in Europe, and also the impact of the US-China trade dispute on the sales of high purity quartz.

At Covia, reported revenues were down by 9% and EBITDA down 29% to EUR 226 million. The entirety of this shortfall was linked to the Energy segment at Covia (see p.7). The Industrial segment produced a resilient performance with revenues and profitability largely stable compared with 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 relating to the accounting treatment of lease assets and liabilities. This 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.

Non-recurring items

Total non-recurring expenses at EBIT level amounted to EUR 1,397 million. The majority of this amount (EUR 1,337 million) was the result of impairments to assets, restructuring and optimisation expenses at Covia. The significant impairment charge was 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 and the fact that leased railcars are accounted for on balance sheet for the first time in 2019.

The remaining non-recurring items (EUR 60 million) occurred at Sibelco level and were related primarily to restructuring costs, transaction costs associated to the divested businesses and an increase in provisions.

The net impact of non-recurring items for the Group was EUR 1,111 million, of which EUR 738 million share of the group.

Taxation

The Group recorded a total non-cash 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.

Capital expenditures & acquisitions

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.

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 EUR 422 million of lease liabilities on the balance sheet. 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.

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) increased to 2.42.

Dividend

The Board of Directors proposes a stable gross annual dividend of EUR 162.86 per share at the Annual General Meeting on 22 April 2020. Taking into account the interim dividend of EUR 62.86 per share paid out on October 15, 2019 and subject to shareholder approval, a gross amount of EUR 100.00 per share will be paid out as from 29 April, 2020.

Other items

SG&A expenditures for the Group decreased as a result of corporate cost controls at Covia and the continued implementation of a streamlined global business model at Sibelco.

Sibelco will construct a new Technology & Innovation centre in Maastricht, Netherlands. Construction is scheduled to begin in Q2 of 2020 with completion currently scheduled for 2021. The creation of this innovation centre will complement the existing technical centres in other Sibelco sites.

At 31 December the total number of people employed by the Group was 8,181. This is lower than at the end of 2018 and mainly reflects the sale of assets by Sibelco and the idling or closure of operations by Covia.

BUSINESS GROUP REVIEW

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 due to expropriation 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 additional 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 supressed 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 tonne 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 programme to deliver a lower cost structure, support improved Industrial profitability, strengthen the balance sheet and create a more resilient and profitable Energy business. This programme included the idling of 15 million tonnes of capacity, the closure or idling of 16 terminals, the reduction of the railcar fleet and the commissioning of in-basin capacity.

Covia's US GAAP disclosures and other financial reporting can be accessed via www.ir.coviacorp.com

Outlook

The challenging conditions in several end-markets have not shown any signs of abatement and the impact of the Covid-19 virus and the lower oil price on the global economy is likely to be severe. 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.

CEO succession

Jean-Luc Deleersnyder has informed the Sibelco Board of Directors of his intention to step down as CEO in the course of 2020. The Board respects this intention and will start working immediately, in close cooperation with Jean-Luc, on the best possible transition for Sibelco.

Forward-looking statements and non-IFRS metrics

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 FINANCIAL STATEMENTS

SIMPLIFIED STATEMENT OF PROFIT OR LOSS	2019	2018
In thousands of euro		
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	2019	2018
In thousands of euro		
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 interests)	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	2019	2018
In thousands of euro		
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**

MEDIA ENQUIRIES
Tim Weekes
Tel: +32 473 984914
tim.weekes@sibelco.com

SHAREHOLDER ENQUIRIES
shareholder@sibelco.com

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