29 August 2024

2024 HALF YEAR RESULTS

Sibelco delivers another strong performance despite challenging conditions across many European markets

Sibelco today posted a robust set of half year results despite tough conditions prevailing in many of the company's European construction-related markets. Declining sales in Europe were offset by continued growth in demand in the USA (High Purity Quartz), Asia and South America. Revenue and EBITDA both rose against last year, up 2% and 26.5%, respectively. Sibelco continues to deliver on its 2025 vision and strategy, which maps out a transformational path to improve operational, commercial and financial performance, with a clear commitment to sustainability.

(EUR Million)	H1 2022	H1 2023	H1 2024	Var '24 vc '23
Revenue	973	1056	1078	2.0%
EBITDA	180	219	277	26.5%
Net Result*	86	107	147	36.7%
FOCF	6	23	-8	-133.5%
ROCE	8.8%	9.2%	14.4%	57.2%

** share of the Group*

SMI figures for June not included as non-significant

Highlights

- Sibelco's RIR figure (number of recordable injuries per million hours worked) was 2.50 at the mid-year point, compared to 2.00 for the same period last year. The company has taken initiatives to address this negative trend as the company remains firmly committed to its global health and safety strategy
- Revenue was EUR 1,078 million, up 2.0% against last year
- EBITDA was up 26.5% to EUR 277 million. Volumes declined in Europe compared to a still upbeat first half of 2023. Asia, South America and North America are all on a solid growth trajectory
- Net Result was up 36.7% against 2023, at EUR 147 million
- FOCF down mainly due to an increase in CAPEX (Spruce Pine expansion), the higher unwinding of prepayments and anticipated tax payments on HPQ prepayments
- ROCE up substantially against last year, due to increased profitability and the impact of the share buy back in the capital employed
- In June Sibelco completed the acquisition of Strategic Minerals Inc, North America's largest glass recycler with 42 sites across the US, Canada and Mexico. The acquisition positions Sibelco as a key global player in glass recycling, having already established a leading position in Europe
- Sibelco continued to progress well with its USD 200 million project to double installed capacity at its HPQ operation in Spruce Pine (USA)
- Following a conditional voluntary public offering in February, Sibelco bought back 88.989 own shares, bringing total treasury shares to 26.44% of the total number of shares issued. The buyback enabled the company to stabilise its longer-term shareholding whilst focusing on the ongoing delivery of its Sibelco 2025 strategy
- On July 17th, Sibelco successfully issued a benchmark EUR 500 million six-year Eurobond

Commenting on the results, Sibelco CEO Hilmar Rode said:

“Sibelco delivered a strong performance over the first half of 2024, particularly in North America where our High Purity Quartz business continues to grow. The acquisition of Strategic Minerals Inc. significantly strengthens and expands our footprint in this region as we build a resilient key mineral platform at scale and establish a global leadership position in glass recycling. Whilst we delivered a solid performance in Europe, conditions across the region remain very challenging. We expect H1 trends to continue into H2, with no significant improvement in European markets. HPQ development is expected to slow down as PV segment overcapacity absorbed. The 2024 EBITDA is now expected to be below the previous EUR 630 million guidance but still substantially above the 2023 level (EUR 414 million).”

KEY FIGURES (EUR million)	H1 2023	H1 2024	Change %
Consolidated results			
Revenue	1,056	1,078	2.0%
EBITDA	219	277	26.5%
EBIT	149	198	33.5%
Net Resul (share of Group)	107	147	36.7%
Cash Flow			
Free Operating Cash Flow	23	-8	-133.5%
Funding			
Net cash / (debt)	-19	-688	
Shareholders' equity	1,232	795	
Return on capital employed			
ROCE (Reported Group EBIT last 12 months / Average capital employed last 12 months)	9.2%	14.4%	
Average capital employed last 12 months	2,062	2,025	

Capital employed = total assets – current liabilities

FINANCIAL ITEMS

Group results

Revenues were up by 2.0% to EUR 1,078 million. This was the combination of growth in three of Sibelco's regions (primarily North America but also South America and Asia) and a decline of volumes in Europe where the construction and container glass segments remained subdued. The growth of the HPQ segment, whilst still significant, is slowing down as the PV markets are absorbing overcapacity.

EBITDA was up by 26.5% to EUR 277 million, thanks, amongst others, to the above mentioned HPQ contribution to the mix of products.

Return on capital employed (ROCE) increased to 14.4% as profitability increased with a stable capital employed.

The net result (Group share) increased by 36.7% to EUR 147 million, compared to EUR 107 million in 2023.

Cost and price management

Sibelco successfully implemented both cost containment measures and, where possible, price increases in order to compensate input cost increases.

Capital expenditures and acquisitions

Total capital expenditures were EUR 97 million (including EUR 14 million cash from IFRS 16 lease payments). The only major project which is currently under execution is the Spruce Pine expansion project.

Cash flow and funding

Sibelco's free operating cash flow during the first half of the year was slightly negative at EUR -8 million, driven mainly by significant CAPEX in North America and the HPQ expansion. The unwinding of prepayments generates revenue with partially no cash flow to show for. Other factors were the unwinding of the prepayments and the anticipatory tax payments on HPQ prepayments.

BUSINESS REVIEW

Glass & Electronics

Demand for high purity quartz (HPQ) from our Spruce Pine (USA) operation remained high as rapid growth in **solar PV** manufacturing across the Asia-Pacific region continued. Last year, solar PV accounted for three quarters of renewable capacity additions worldwide, and its growth rate remains on target with the level envisaged from 2023 to 2030 in the Net Zero Emissions by 2050 Scenario[1]. However, growth rates for HPQ are slowing down as the PV market battles with overcapacity.

Sales of Spruce Pine HPQ to the **semiconductor** market were also strong, driven by global demand for smaller, faster and more efficient technological solutions. Meanwhile work on our project to double installed capacity at Spruce Pine is progressing.

Despite a slowdown in construction creating challenging conditions in Europe's **flat glass** market, we increased sales by 7% against 2023. This was due to several new customer acquisitions, whilst we also gained market share in areas where our products successfully competed against materials imported from North Africa.

With high manufacturing costs and increased competition continuing to affect European **container glass** manufacturers, the destocking we saw in 2023 continued during the first half of the year. However, many of the key players in the food and beverage sector are predicting a recovery in the second half of the year and we are well-placed to capitalise on this.

Conditions in our **fiberglass** markets remained difficult, particularly in Taiwan as customers faced strong competition from China and a weak automotive market.

[1] International Energy Agency

Construction

Tough conditions prevailed across most of Sibelco's construction markets as high interest rates and rising building costs saw a continued lull in activity across the commercial and residential sectors. This meant flat demand in our **tile**, **engineered stone** and **sanitaryware** markets, although the latter began to show signs of recovery towards the middle of the year.

Sales of materials for **concrete**, **cement** and **bricks** were particularly hard hit by the construction slowdown, especially in Europe where brick production in Belgium fell to its lowest level for ten years. Our ceramics markets in Asia were impacted by supply chain issues caused by the decline in shipping through the Suez Canal following last year's attacks, whilst ball clays from our Ukrainian operations were largely absent from the tile market for a third consecutive year as a result of the ongoing conflict with Russia.

The integration of two construction sand specialists acquired in 2022 – Kremer Zand en Grind (Netherlands) and Bassanetti Group (Italy) – is yielding positive results with both acquisitions performing in line with forecasts. Our strategy leaves us well-placed for a recovery in construction, with major economies such as the UK forecasting an upturn in activity in the second half of the year.

Recycling

Our **glass recycling** business in Europe produced a resilient performance as customers continued to increase their use of high-quality cullet as an effective means of reducing energy costs and cutting carbon emissions in the manufacturing process.

In June we completed the purchase of Strategic Minerals Inc., North America's largest glass recycler. The acquisition positions Sibelco as a key global player in glass recycling, having already established a leading position in Europe. SMI operates 42 sites across North America, processing more than 2 million tonnes of waste glass per year. This capacity adds to the 3 million tonnes of waste glass we process annually at our 24 recycling plants in Belgium, Estonia, France, Italy, Poland, and the UK.

Industrial & Consumer

We saw continued growth in the **flame retardants** sector with sales of aluminium trihydrate (ATH) up 10% against 2023 and an exciting range of new products and projects in the pipeline. Our revenues from ATH were approximately double pre-covid levels, making Sibelco the clear market leader in non-precipitated grades.

Demand for construction-related **polymer** products (such as pipes and membranes) were impacted by the slowdown in building activity, which also affected demand for Sibelco materials in Europe's **coatings** market. Sales to the coatings sector in Asia, however, held up well thanks to a rise in exports from our Sopprab (Thailand) site, whilst we managed to increase market share in South America.

Adverse weather conditions across Northern Europe saw a slower than anticipated start to the year in the **sports & leisure** sector, however sales held up well in most countries. We maintained a strong position in the South American **oral care** market.

Metallurgy

Sales of olivine to the **steelmaking** industry slowed in line with lower demand across Asia, Europe and North America. This resulted from a downturn in construction activity, as well as the steel industry's ongoing shift away from traditional blast furnaces, which utilise olivine for smelting, towards greener manufacturing processes that may not require olivine.

Conditions in the **foundry** market remained steady across all regions, with a particularly strong performance in the South America thanks to a series of new customer wins. Sales to the **refractory** sector also held up well over the first half of the year in line with forecasts.

EXECUTIVE COMMITTEE

The Board of Directors approved the appointment of Laura Elisabeth Janse as Chief Human Resources Officer. Mrs Janse brings over twenty five years' experience in Human Resources management roles in global companies and she will become a member of the Executive Committee.

OUTLOOK

Sibelco expects the trends of H1 to mirror into H2 with no significant improvement for the European markets.

The development of HPQ is expected to become more subdued in H2 as overcapacity in the PV segment is slowly being absorbed.

Accordingly, Sibelco's 2024 EBITDA is now anticipated to be below the guidance given previously (EUR 630 million) but substantially above the level of 2023 (EUR 414 million).

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 Statement of Profit or Loss

IN THOUSANDS OF EUR	H1 2023	H1 2024
Revenue	**1,056,194**	**1,077,603**
Cost of sales	**(698,206)**	**(667,764)**
Gross Profit (-)	**357,988**	**409,838**
Other Operating Income	9,799	9,473
SG&A expenses (-)	(147,203)	(138,656)
Other Operating Expenses	(9,314)	(20,490)
Depreciation, amortization and depletion	**(62,586)**	**(61,681)**
EBIT	**148,684**	**198,484**
Financial income	7,946	7,058
Financial expenses (-)	(17,740)	(19,728)
Share of profit of equity-accounted investees	3,585	4,152
Profit (loss) before Income Taxes	**142,475**	**189,966**
Income taxes	(35,051)	(43,076)
Profit (loss) for the period	**107,424**	**146,889**
Attributable to:		
Share of the group in the net result	105,618	145,945
Non-controlling interests	1,806	945
	107,424	**146,889**

Simplified and Unaudited Consolidated Statement of Financial Position

In EUR thousands	30 Jun 2023	30 Jun 2024
Assets	**2,609,663**	**2,818,264**
Non-current assets	1,391,329	1,901,803
Current assets	1,218,333	916,461
Equity and liabilities	**2,609,663**	**2,818,264**
Total equity	1,239,816	833,515
Shareholders' equity	1,231,778	795,408
Share capital	25,000	25,000
Share Premium	12	12
Retained earnings and reserves	1,206,766	770,396
Non-controlling interests	8,038	38,107
Non-current liabilities	804,224	1,238,701
Current liabilities	565,622	746,047

Simplified and Unaudited Consolidated Statement of Cash Flows

IN THOUSANDS OF EUR	H1 2023	H1 2024
EBIT	**148,684**	**198,484**
Non-recurring result and management fees	7,567	16,752
Depreciation, amortization and depletion	62,586	61,681
EBITDA	**218,837**	**276,916**
Income taxes (paid)/received	(22,601)	(56,374)
CAPEX, including IFRS 16 leases	(48,042)	(110,878)
Working capital changes	(128,754)	(105,671)
Use of provisions	(13,372)	(18,994)
Provisions and allowances recognised in IS (+)	25,882	16,501
Cash contributions to defined benefits plans	(7,422)	(4,019)
Other non-cash items	(1,459)	(5,211)
Free operating cash flow	**23,069**	**(7,731)**
Interest (paid) / received	(8,814)	(12,302)
Proceeds from sale of assets	(1,069)	496
Land & Reserves acquisitions	(1,745)	(21,899)
(Acquisition) / disposal of subsidiaries and JV's	(2,870)	(370,304)
Disposals of subsidiaries/non-controlling interests		74
Dividends received	2,222	2,661
Dividends paid to shareholders	(52,931)	(51,397)
Other	(11,636)	(11,189)
Free cash flow	**(53,774)**	**(471,665)**
Own shares		(609,575)
Net (increase) / decrease in net debt	**(53,774)**	**(1,081,240)**
Opening net financial position	**45,840**	**380,995**
Change in net financial debt	(53,774)	(1,081,240)
Leases	301	(3,839)
Scope Changes	136	
Exchange rate fluctuations and other	(11,299)	16,524
CLOSING NET FINANCIAL POSITION AS 30 JUI	**(18,796)**	**(687,560)** *

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