

Sibelco 2021 Results

Shareholder webcast

15 March 2022



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.

Today's presenters



Hilmar Rode
Chief Executive Officer



Frédéric Deslypere
Chief Financial Officer

Agenda



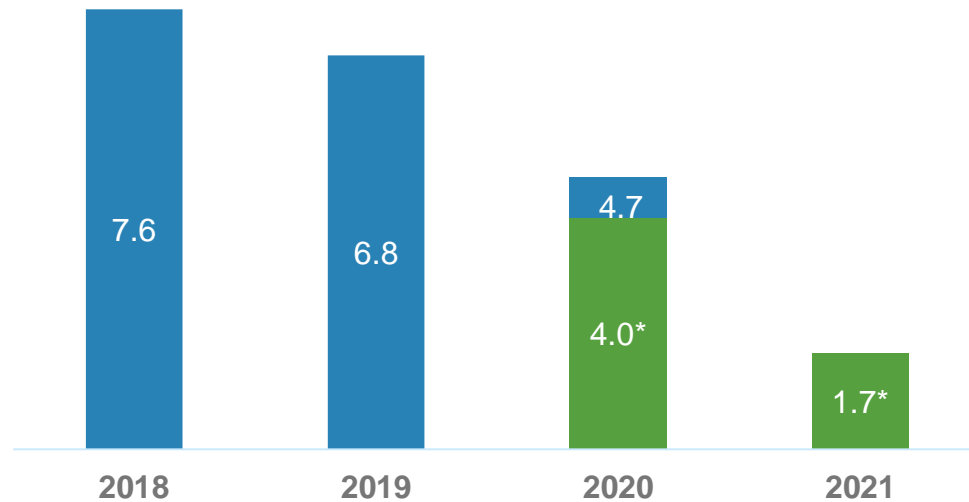
1	Overview	5-8
2	Financial results	10-15
3	Non-financial results	17-18
4	Outlook	20-22
5	Appendix	25-27

Safety Performance



- **Zero** fatalities in 2021
- 58% 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

2021 in Summary



- Strong recovery in most of the industries using Sibelco minerals, leading to a rebound in the top and bottom line

EUR M	Sibelco reported			Sibelco continuing				
	2019	2020	2021	2019	2020	2021	Δ '21 vs '19	Δ '21 vs '20
Revenue	3,295	1,976	1,680	1,538	1,393	1,674	+9%	+20%
EBITDA	554	294	271	242	204	270	+12%	+32%
FOCF	114	49	77	(9)	28	81	n/a	+289%
ROCE	(32.2)%	3.8%	7.4%	5.8%	5.7%	7.3%	+26%	+28%

- Both revenue and EBITDA back well above 2019 levels
- Positive cash flow generation despite increased working capital requirements and capex
- Sibelco continues to pursue substantial sales price increases to compensate for cost increases, particularly in logistics and energy
- Implementation of the Sibelco 2025 vision and strategy is on track, including the re-organization to improve performance that was launched in November 2021. An associated non-recurring restructuring cost has been booked in the 2021 accounts
- The Board of Directors will propose a dividend of EUR 117.2 per share for the full year of 2021 for approval by shareholders at the Annual Shareholders' Meeting in April 2022. This represents an 11% increase vs 2020

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**



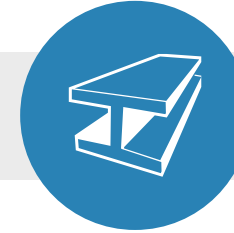
Glass & Electronics

- 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 improved



Steel & Foundry

- Sales of high-purity olivine for **steel** and dried olivine for **refractory** were up against the previous year
- The **foundry** industry saw a strong recovery throughout the year



Recycling

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

Ukraine and Russia



Ukraine

- Sibelco has four operations in Ukraine – three clay quarrying operations in the Donbas region (Mertsalovo cluster) and a joint venture in the north near Kharkiv (Novogok). We employ 250 people in our Mertsalovo cluster and Kiev office. A further 150 people are employed at the joint venture
- An Emergency Action Plan was activated on 24 February. All operations were stopped and **employees successfully evacuated home**
- Sibelco has set up a **special Support Committee** in Poland in order to coordinate evacuation efforts and to support refugees and Ukrainian colleagues remaining in Ukraine. Sibelco has made a donation of EUR 150,000 to 12-12 campaign and introduced donation matching for employee donations
- Business in Ukraine is currently impossible. Sibelco in Ukraine is being managed as a stand-alone business supported by an advisory committee

Russia

- Until further notice, Sibelco in Russia will be operated as a stand-alone business supported by an advisory committee. Funding and import and export of trade materials to and from Russia has been stopped

Financial impact

- **Together, Sibelco's operations in Ukraine and Russia accounted for approximately 8% of revenues and 10% of EBITDA in 2021**

Agenda

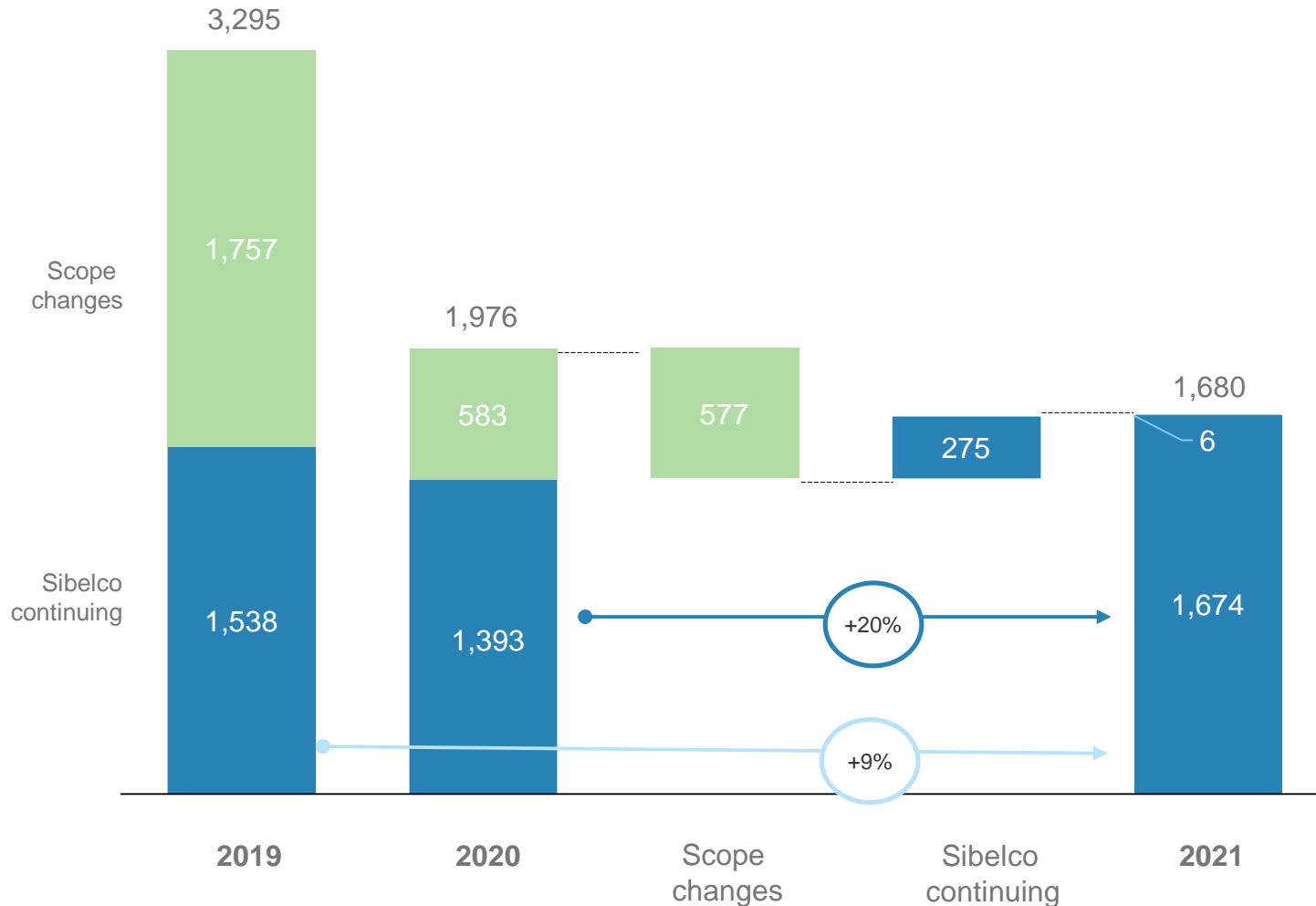


1	Overview	5-8
2	Financial results	10-15
3	Non-financial results	17-18
4	Outlook	20-22
5	Appendix	25-27

Revenue: Continuing vs Reported



Revenue EUR M

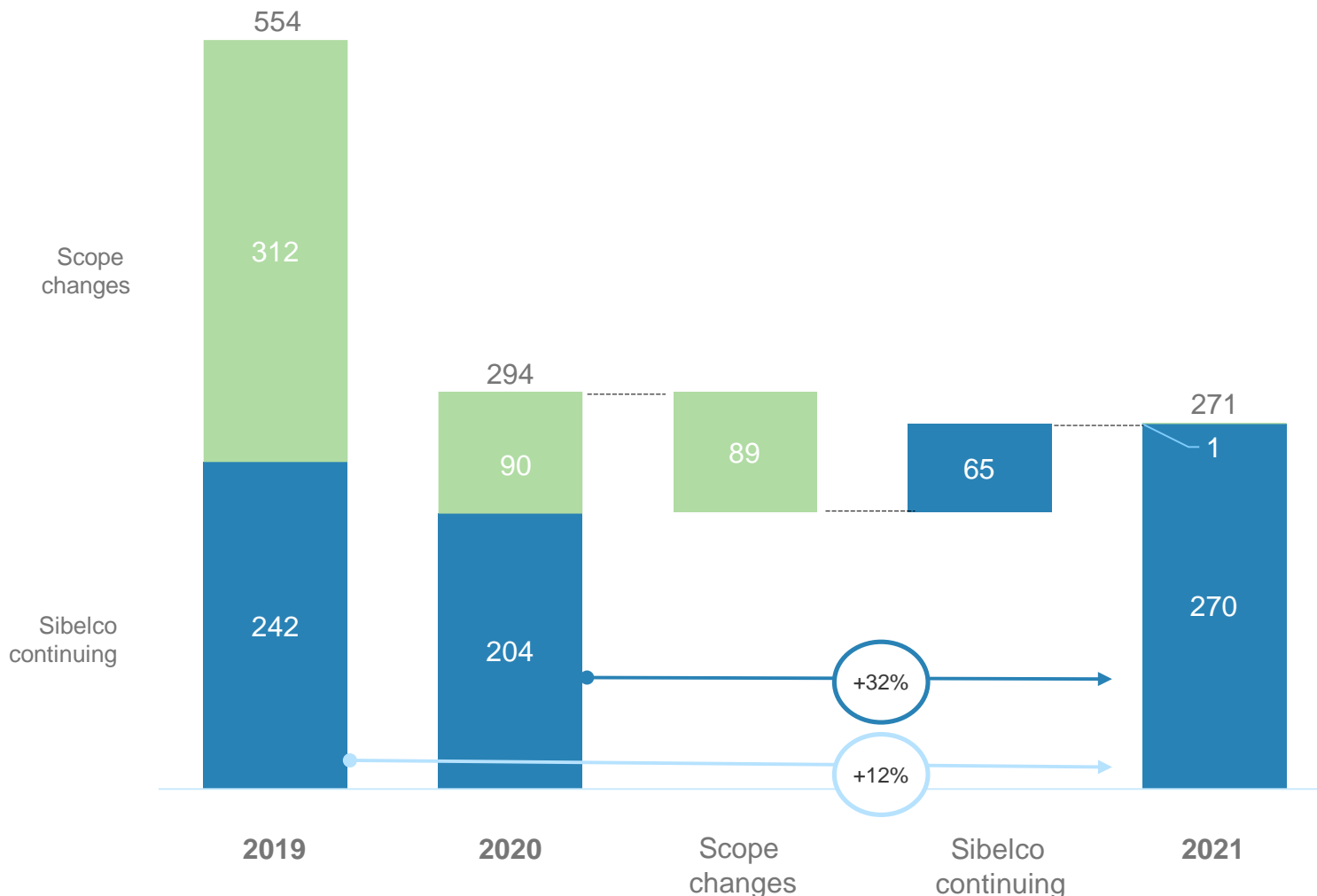


- Revenue for continuing Sibelco activities up 20% vs 2020 and also 9% above the level of 2019
- The majority of the increase was driven by volume effects

EBITDA: Continuing vs Reported



EBITDA EUR M

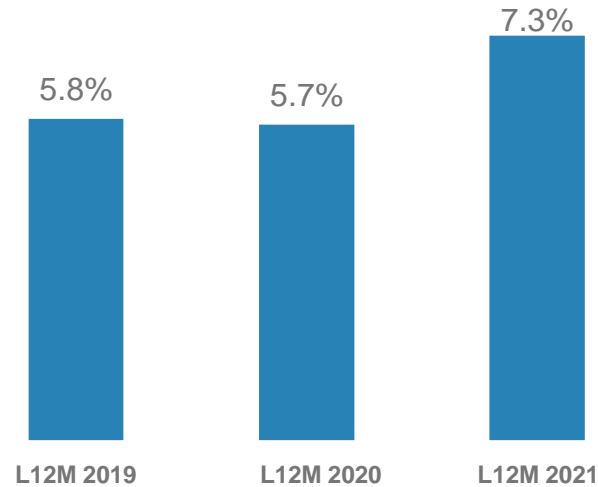


- EBITDA for Sibelco’s continuing activities increased by 32% compared to the same period in 2020 as economic recovery continued
- EBITDA back to 12% above the levels of 2019 for continuing activities
- Cost pressure remains a strong factor – particularly for energy and transport. Sibelco will continue to pursue price increases in order to compensate for this margin squeeze
- EBIT includes non-recurring charge of EUR 29 M, almost exclusively linked to the restructuring initiative announced in November 2021

ROCE & Capital Employed: Continuing

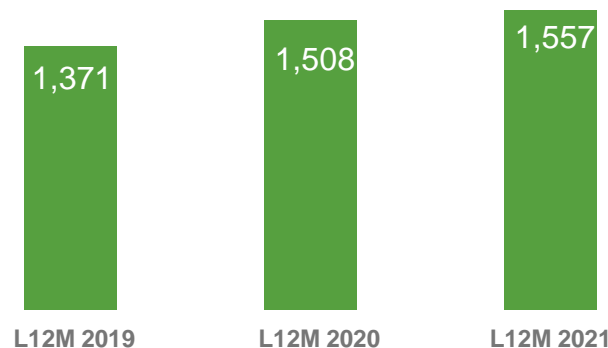


Return on Capital Employed*



- ROCE improved as a result of improved EBIT but remains well short of Sibelco's medium-term target of 11%
- ROCE excluding non-recurring items was 9.2%
- CAPEX of 114 EUR M including continuation of growth investments
- Slight working capital increase driven by business recovery

Average Capital Employed EUR M

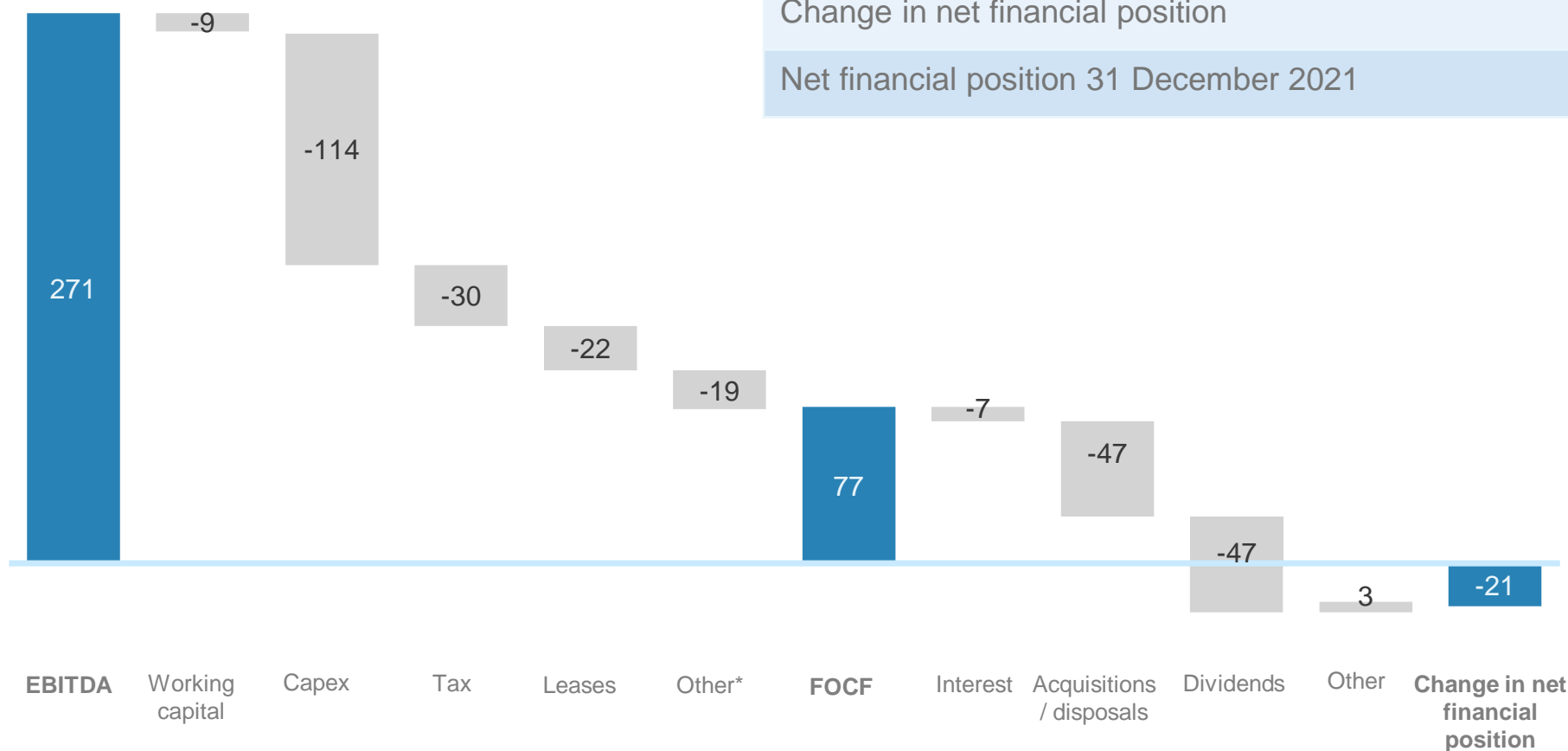


* ROCE = last 12 months' EBIT / last 12 months' average capital employed
Average CE = last 12 months' average total assets – current liabilities

Cash Flow & Net Financial Position: Reported



Cash flow Sibelco EUR M



Evolution of net financial position EUR m

Net financial position 31 December 2020	168
Change in net financial position	-21
Net financial position 31 December 2021	147

* includes contributions to pension plans and use of provisions

Growth Investments



M&A over 10 EUR M

- Active screening continues with a good pipeline of potential targets
- Two Glass Recycling acquisitions in France and UK in 2021



Sibelco completed the acquisition of three glass recycling facilities from Viridor in the UK in 2021

Capex over 10 EUR M



TURKEY

Cine: feldspar upgrade
Ramp-up underway



BELGIUM

Genk: MDF Recycling
Commissioning planned in H1 2022



ITALY

San Cesario brownfield glass recycling
Commissioning planned in H1 2022



Dividend Proposal



- The Board of Directors will propose a dividend of EUR 117.2 per share for the full year of 2021 for approval by shareholders at the Annual Shareholders' Meeting in April 2022. This represents an 11% increase vs 2020
- Subject to shareholder approval, the gross amount will be paid out as from 12 May 2021

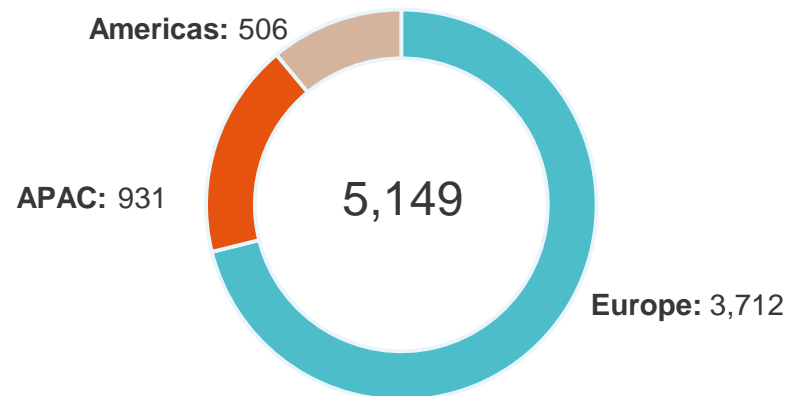
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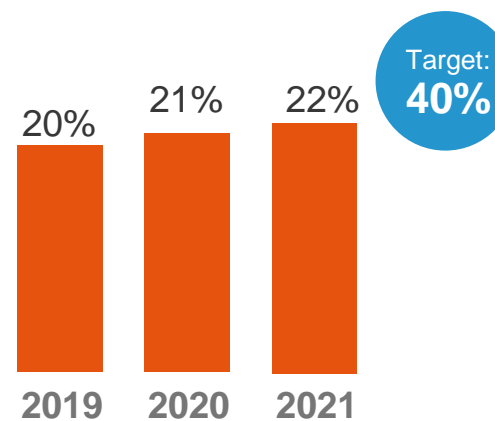
1	Overview	5-8
2	Financial results	10-15
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- Positive evolution in **gender diversity**
- **Action plans** related to the 2019 Employee Survey are being implemented. Next survey in 2022

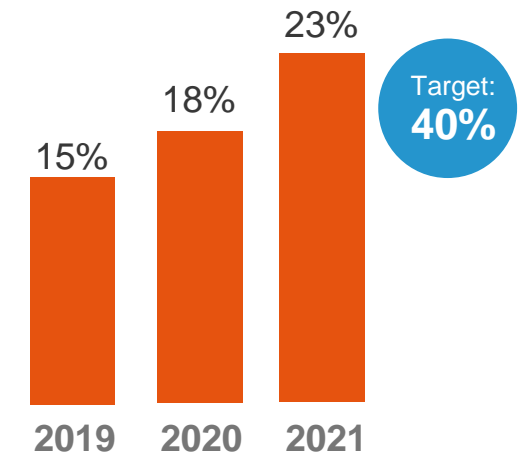
Employees by Region:



Gender Balance
all employees:



Gender Balance
senior leadership:

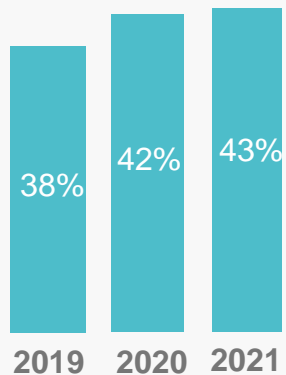


Environment & Community



Water Management

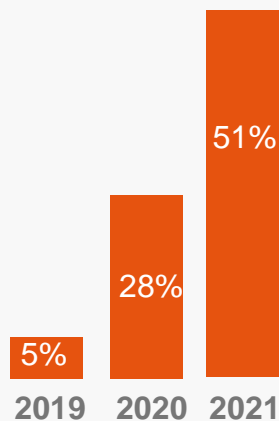
Percentage of sites applying BATNEEC principles



Target: 50%

Community Engagement

Percentage of sites with formal community engagement plan



Target: 100%

Closure Planning & Rehabilitation

100% of our sites now have formal closure plans in place



Target: 100%

TARGET REACHED

Carbon Emissions

Reduce emissions intensity by 5% per year between 2021 and 2030



Target: -5%

TARGET SET IN 2021

Agenda



1	Overview	5-8
2	Financial results	10-15
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A consistent purpose and focused vision underpinned by universal values and translated into specific targets

PURPOSE

Material solutions advancing life

VISION

WE AIM TO BECOME

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

SUSTAINABILITY, INCLUDING A RELENTLESS FOCUS ON SAFETY & CO₂ 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 EUR 120M PER YEAR



IMPROVE RETURN ON CAPITAL EMPLOYED (ROCE) TO 11%



REDUCE CO₂ EMISSIONS
Reduce emissions intensity by 5% a year between 2021 and 2030

- Demand for Sibelco's products has been robust during the first two months of the year
- Cost inflation remains prevalent, notably for energy and transportation, and management is continuing to take steps to mitigate the impact of these higher costs
- Although overall trends point to a continued improvement in profitability in 2022, the conflict in Ukraine has the potential to undermine the global economic recovery and is already impacting Sibelco's business in both Ukraine and Russia, which together accounted for some 8% of Sibelco's revenues and some 10% of Sibelco's EBITDA in 2021

150 Years of Industrial Expertise



Sibelco will kick off a year of celebrations on 4th April – the company's birthday
A special shareholder event will be held in Dessel on 19th May



1872

2025+

Questions

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Income statement



In thousands EUR	2020	2021
Revenue	1,975,529	1,679,923
Cost of sales	(1,620,952)	(1,301,410)
Gross profit	354,577	378,514
Other operating income	62,338	16,046
SG&A expenses	(265,861)	(237,077)
Other operating expenses	(59,032)	(42,634)
EBIT	92,022	114,849
Financial income	50,108	3,881
Financial expenses	(81,033)	(20,107)
Share of profit of equity-accounted investees (net of tax)	3,869	4,825
Profit (loss) before income taxes	64,965	103,448
Income taxes	(13,118)	(26,846)
Profit (loss) for the period	51,847	76,603
Attributable to:		
Owners of the Company	78,262	74,868
Non-controlling interests	(26,414)	1,735

Balance sheet



In thousands EUR	31 Dec 2020	31 Dec 2021
Assets	1,913,419	2,047,719
Non-current assets	1,076,474	1,171,575
Current assets	836,945	876,144
Equity and liabilities	1,913,419	2,047,719
Total equity	1,052,713	1,121,933
Equity attributable to equity holders	1,047,112	1,114,954
Share capital	25,000	25,000
Share premium	12	12
Retained earnings and reserves	1,022,100	1,089,942
Non-controlling interests	5,601	6,979
Non-current liabilities	477,865	442,798
Current liabilities	382,840	482,988

Cash flow statement



In thousands EUR	2020	2021
Adjusted EBIT	104,777	144,998
Depreciation, amortisation and depletion	189,536	126,147
EBITDA	294,313	271,145
Income taxes (paid)/received	(13,438)	(29,527)
Capex	(118,961)	(114,445)
Leases	(57,291)	(22,036)
Working capital changes	18,300	(8,714)
Use of provisions	(45,424)	(19,987)
Additional provisions	3,449	15,912
Cash contributions to defined benefit plans	(18,481)	(19,814)
Other non-cash items	(13,960)	4,958
Free operating cash flow	48,508	77,492
Interest (paid)/received	(51,113)	(7,142)
Proceeds from sale of PPE	63,929	3,943
Acquisitions of land and reserves	(7,411)	(10,861)
Acquisitions of subsidiaries/non-controlling interests	(23,671)	(42,663)
Disposal of subsidiaries/associates	36,511	2,978
Dividends received	3,936	1,214
Dividends paid	(35,442)	(47,839)
Other items	(1,120)	1,717
Net debt decrease (increase)	34,127	(21,160)
Opening net financial position	(1,341,773)	168.163
Change in net financial debt	34,127	(21,160)
Leases	20,485	28
Scope changes	1,453,182	(6,920)
Exchange rate fluctuations and other	2,142	6,724
Closing net financial position at 31 December	168,163	146,833