RESULTS RELEASE

24 August 2020

2020 HALF YEAR FINANCIAL RESULTS

Resilience and positive cash flows in face of impacts of COVID-19

Material solutions provider Sibelco today announced adjusted EBITDA for the first half of 2020 of EUR 169 million (13% on revenue), down 47% compared to 2019. This reflected a strong start to the year, followed by a second quarter in which the economic impacts of the COVID-19 pandemic were felt in most of Sibelco's customer segments and particularly at Covia, where year-on-year adjusted EBITDA was 65% lower. Sibelco initiated a range of measures to secure the health of its workforce and to ensure business continuity and cash preservation during the pandemic. These measures underpinned the positive operating cash flow in the first half with Sibelco generating free cash flow before dividend of EUR 32 million.

In June 2020, Covia filed for Chapter 11 protection in the United States. Given this development and the likelihood that Sibelco's ownership will be significantly or completely diluted following Covia's financial restructuring, Covia has been deconsolidated from Sibelco's financial reporting as from 30 June. A net gain of EUR 35 million was booked in P&L as a result. A fuller explanation of this impact can be found on page 4. For this reason, most of the commentary in this financial update relates to Sibelco excluding Covia.

- Revenues excluding Covia decreased by 24% to EUR 772 million. This was partly due to the impact of COVID-19 on the markets served by Sibelco's activities and to a lesser degree to the absence of revenues from those assets that were sold or discontinued in the past 18 months, notably lime and limestone, magnesia and mineral sands. At constant scope (i.e. excluding the impact of divestments) the reduction in revenue was 12%.
- Adjusted EBITDA excluding Covia decreased by 34% to EUR 122 million. The drop in adjusted EBITDA was mitigated by cost reductions and other measures to safeguard profitability and cash generation. At constant scope (i.e. excluding the impact of divestments) the reduction in adjusted EBITDA was 29% and primarily related to COVID-19.
- Free cash flow before dividends excluding Covia was EUR 61 million, while free operating cash flow excluding Covia was EUR 56 million. The combination of positive operating cash flows, aggressive management of working capital and capex and the inflow of proceeds from sales of assets further reinforced Sibelco's finances. The Group's net cash position at 30 June was EUR 104 million
- Despite the challenging economic environment, Sibelco continued to invest in selective organic growth projects and completed three smaller acquisitions in the areas of glass recycling and high-quality clays.
- Sibelco completed the sale of its magnesia operations to Refratechnik in March thereby completing the process of divestment from non-core activities that was started in 2018.
- Given the continuing market uncertainty, and in order to maximise Sibelco's financial flexibility, the Board of Directors maintains its earlier advice as communicated at the shareholder meeting in April, not to pay an interim dividend for 2020.

Commenting on the results, Sibelco CEO Jean-Luc Deleersnyder said: *"The COVID-19 pandemic has caused significant disruption to demand patterns in almost all of Sibelco's customer segments. Given this highly challenging backdrop, our performance in the first half reflects the resilience of Sibelco and the diversity of our operations. While the developments at Covia have been a significant disappointment, our core activities have a very strong financial base from which to weather the crisis and enhance Sibelco's competitive position. Although the pick-up in demand during June was followed by a relatively strong performance in July, we remain cautious about the outlook for the remainder of the year. Sibelco's focus will remain on ensuring the health of its people and safeguarding cash generation in the coming months."*

CONSOLIDATED & UNAUDITED RESULTS (KEUR)	2020 H1	2019 H1	Change % B/(W) vs H1 2019
Consolidated results			
Revenue	1,257,888	1,778,752	(29%)
Sibelco excl. Covia	771,779	1,010,769	(24%)
Covia	492,086	773,142	(36%)
Other and intercompany	(5,997))	(5,187))	16%
Adjusted EBITDA	168,791	320,751	(47%)
Sibelco excl. Covia	121,810	185,534	(34%)
Covia	47,022	135,590	(65%)
Other and intercompany	(41)	(374)	(89%)
EBIT	29,003	91,982	(68%)
Net Result (share of the Group)	52,573	27,042	94%
Cash flows			
Free Operating Cash Flow	78,947	77,425	2%
Free cash flow before dividend	32,440	39,290	(17%)
Net financial position (at period end)			
Net cash / (debt)	103,878	(1,861,723)	-
Net cash / (debt) excluding leases	164,631	(1,487,107)	-

FINANCIAL ITEMS

Group results

Reported revenues (including Covia) were down by 29% in the first half. This was driven by the combination of lower revenues at Covia (-36%) due to the drop in demand from the energy market and a less pronounced drop in revenues at Sibelco's other activities. Revenues in these activities (i.e. excluding Covia) decreased by 24% to EUR 772 million. This was due to the impact of COVID-19 on the markets served by Sibelco's activities and also the reduced levels of revenues from those assets that were sold or being discontinued in the past 18 months, notably lime and limestone, magnesia and mineral sands. At constant scope (i.e. excluding the impact of these divestments) the reduction was 12%.

Reported adjusted EBITDA including Covia amounted to EUR 169 million compared to EUR 321 million in 2019 (-47%). Adjusted EBITDA excluding Covia decreased by 34% to EUR 122 million. The reduction in adjusted EBITDA was mitigated through cost reductions and other measures to safeguard profitability and cash generation. At constant scope (i.e. excluding the impact of divestments) the reduction in adjusted EBITDA was 29% for Sibelco excluding Covia.

The total net result Group share was EUR 52.6 million and was boosted by a net result from financial assets of EUR 35 million arising from the valuation impact of the derecognition of Covia assets.

Cost management

During the second quarter, Sibelco stepped up its on-going cost management efforts in light of the new challenges linked to the COVID-19 pandemic. Overall fixed costs were managed down and SG&A expenditure in the first half was reduced by some EUR 10 million compared to 2019 at constant scope.

Capital expenditures & acquisitions

Capex at Sibelco's operations excluding Covia was EUR 41 million vs EUR 53 million in 2019. This decrease was due to a selective reduction in certain capex projects. Investments continued in Sibelco's main growth and operational excellence projects with the main expansion projects being the clay operations in the UK and feldspar activities in Turkey.

During the first half of 2020, Sibelco further expanded its presence in the market for glass recycling in Europe. In February, Sibelco acquired two glass recycling activities, Emiliana Rottami and Emill, through bankruptcy auction in the Bologna region of Italy. These acquisitions complement Sibelco's existing plants in Musile, near Venice, and the recently-acquired Macoglass recycling plant near Bergamo. Sibelco is also conducting a detailed engineering study for the development of a 250kt brownfield plant with the intention of starting construction by the third quarter of this year.

In April, Sibelco created a joint venture with waste collection & logistics group Mineris Environnement for the collection and recycling of flat glass in France known as Recyverre. Recyverre, in turn acquired GIREV, one of France's leading recyclers of flat glass. The combined entity will employ around 70 people.

In May, Sibelco formally completed the acquisition of Ukrainian clay producers Euromineral LLC and Kurdyumovsky Plant PrJSC, located in the Donetsk region. Sibelco had reached an agreement to buy these activities at the end of 2019. This acquisition will augment Sibelco's sustainability profile, reserves and mining life in Ukrainian clay, an important raw material for worldwide production of porcelain tiles.

Sibelco's strategic partnership with Act&Sorb in materials for water filtration based on recycled medium-density fibre board (MDF) took another step forward as construction started on the production facility in Genk, Belgium. Act&Sorb also received a EUR 2 million grant from the Flemish authorities for its further development and growth.

Cash flow and funding

Free cash flow before dividends excluding Covia was EUR 61 million, while free operating cash flow excluding Covia was EUR 56 million.

While working capital requirements were higher at the end of June compared to the end of December 2019, this was primarily due to the typical negative working capital movement in the first half of each year. The overall trend in recent months has been of working capital reductions in line with the reduced business activity and due to close management of inventories and payables / receivables.

The net result of the positive operating cash flows, coupled with the influx of cash from the divestment of the magnesia operations, has been a further improvement in Sibelco's balance sheet. By the end of the period, Sibelco was in a net cash position of EUR 104 million.

Covia

The merger of Unimin and Fairmount Santrol and the creation of Covia was intended to give Sibelco greater strategic flexibility in the inherently volatile US energy market. Structural changes to the proppant segment accelerated in the second half of 2018 with a surge of new capacity coming on stream and an industry-wide shift from Northern White sand to lower quality in-basin supplies. This has been compounded recently by the twin economic shocks brought about by the COVID-19 pandemic and the collapse in the oil price as well as the burden of the onerous contracts related to railcar leases. In the first half of 2020, Covia's contribution to Sibelco's revenues and adjusted EBITDA fell by 36 % and 65 % respectively.

Despite the efforts of Covia's management to combat these effects, it became clear that more radical steps were necessary and the company elected to file for Chapter 11 protection in June. Chapter 11 allows Covia and its creditors the time to restructure in a process that typically takes several months.

Sibelco looked at various options as part of the lead-up to this process but decided to step away in the best interests of Sibelco and its shareholders.

As the Chapter 11 process will likely result in Sibelco's ownership being significantly or completely diluted following Covia's financial restructuring, Covia was deconsolidated from Sibelco's financial reporting as from 30 June in accordance with IFRS.

In terms of the simplified, unaudited financial statements in this press release, the main impacts are as follows:

Balance sheet: all equity and debt of Covia has been deconsolidated and there is no recourse to Sibelco regarding Covia's debt

Income statement: contains all P&L elements for Covia for H1 2020. Significant impairments on Covia had already been accounted for in 2019. The income statement therefore contains a net gain from financial assets of EUR 35 million arising from the valuation impact of the derecognition of Covia assets as the overall loss of assets was more than offset by relief from liabilities;

Cash flow statement: contains all cash elements relating to Covia for H1 2020.

Sibelco's consolidated equity at end of June 2020 was EUR 1.1 billion.

BUSINESS REVIEW

At the beginning of 2018 we implemented a new market focused business structure based on business units. In 2020 we simplified this structure further, with ten business lines now grouped in two business units.

Build Environment & Electronics

Revenue for Build Environment & Electronics was EUR 458 million, down 16% compared to the same period in 2019.

Revenue for **Business Line Tiles, Engobes & Engineered Stone** fell 18% on the previous year.

Sales of materials used in high-end tiles suffered as the mainly Italian-based manufacturers were forced to shut down in March and April and as export markets contracted with projects such as hotel construction being put on hold during the pandemic. Sales of materials used in the manufacture of DIY tiles for domestic markets were impacted to a lesser degree with volumes bouncing back late in the second quarter.

Despite challenging conditions in the engineered stone market in Europe, sales volumes were supported by higher levels of demand for Sibelco's Sibelite® product in the North American market where significant new engineered stone production capacity is being built.

The market for materials used in glazes and engobes experienced a contraction due to the lower levels of demand in the key export markets on North America and Asia.

Revenues for **Business Line Sanitaryware & Structural Ceramics** fell by 10%.

Sales of materials used in sanitaryware were significantly lower in Europe as producers slowed production in the second quarter. In Europe, the post-confinement pick-up in business was hampered by a high level of customer inventory and an uncertain construction outlook. The demand for materials from Sibelco's Asian clay operations was impacted somewhat less than in Europe.

The project to increase production of SanBlend® refined clays and other materials at our Kingsteignton site in Devon, UK, remains on track with commissioning planned for the end of August.

Demand for Sibelco's materials used in structural ceramics such as tiles was unchanged compared to 2019, driven by strong demand from customers in Belgium, Germany and the Netherlands.

Sales of materials used in tableware was significantly down year-on-year with hotel closures reducing the level of demand from one of the biggest tableware consumers.

Business Line Steel & Refractory revenues were down by 16%. Steel production in the main markets served by Sibelco – Europe and India – slowed significantly during the second quarter as demand from end-user industries such as automotive and construction contracted, and steel manufacturers idled blast furnaces.

Demand for materials used in refractory applications held up better as industrial users of refractory products benefitted from the slowdown to carry out maintenance. This effect is expected to be temporary, however.

Business Line Electronics, Fibre & Specialty Glass saw a 21% dip in revenue.

High Purity Glass suffered the most significant drop. Sales of IOTA® high purity quartz to the Chinese PV market were impacted as of the first quarter as Chinese customers were the first to implement COVID-19-related production shutdowns. This was in addition to the well documented issue of Chinese import tariffs on our IOTA® high purity quartz from the US rising from 1% to 16% over the course of 2019. Recovery is sluggish and hampered by internal logistical issues in China due to flooding and an uncertain demand outlook. Sales in the semiconductor segment were temporarily buoyed by restocking by Japanese customers while sales of materials used in the production of printed circuit boards experienced a sluggish recovery in Asia in the second quarter.

Sales of silica flour in the fibre glass segment were down significantly as automotive producers shuttered production in all markets in the second quarter. Sales of materials in the specialty glass sector (eg petalite for cooking surfaces) were also lower as Sibelco's main customer in this application switched to a substitute product at a significantly lower price due to a slump in global lithium pricing.

In display glass, Sibelco benefited from its strong presence in the Taiwanese market where customers experienced lower levels of COVID-19-related shutdowns than many of Taiwan's Asian neighbours.

Business Line Optimised Materials revenues fell 13% against the previous year. In the leisure market, many sports and leisure related projects were postponed due to the cancellation of major events in Europe. While foundry remains subdued due to the automotive downturn, sales to the construction sector strengthened in June as projects restarted and the industry worked flat-out to tackle the backlog.

Glass & Performance Minerals

Glass & Performance Minerals revenues were EUR 238 million, down by 4% compared to the same period in 2019.

The revenues for **Business Line Container & Float Glass** were down by 8% and were most significantly impacted by the reduction in activity in Europe's float glass industry driven by the almost total shut-down of automotive production (windshields) and construction (windows). While some producers started to ramp up production again in June, the sector is experiencing structural closures at several glass furnaces. In contrast, the container glass segment was impacted to a far lower degree by the pandemic as demand drop in export bottles and premium container glass are partially off-set by strong demand in food packaging such as glass jars and bottles. While sales dropped early in the second quarter due to customer destocking, overall sales started to recover, also supported by a good performance in markets such as Turkey and Russia.

Business Line Coatings recorded a mixed performance in the first half with revenues down by 7%. Sales of materials used in powder coatings such as Portaryte™ and ATH were hit hardest but started to show a slow recovery towards the end of the period. European sales of materials for paints used in architectural and road marking applications fared better with sales volumes of materials such as cristobalite, nepheline syenite and huntite contributing positively. Strong demand coming from DIY shops in first months of the COVID-19 crisis has led to a slower recovery.

The business line was able to gain market share in feldspathic materials in Asia, while the Brazilian operations continued to improve sales of materials for decorative paints after a steep plunge in the months of April and May. Food and pharma (e.g. toothpaste) sectors in Brazil remained strong throughout H1.

Business Line Polymers revenues held up relatively well during the first half, down by only 4%.

Sales of materials for the surgical glove industry were significantly higher than those of the previous year with the demand for surgical gloves increasing as a result of the COVID-19 pandemic. The extension of Sibelco's ESD (engineered silicates dispersion) plant in Malaysia is on track and the plant started hot commissioning towards the end of July. This investment will enable Sibelco to further increase its presence in the surgical glove market.

Sales of flame retardants materials in Europe evolved positively, largely as a result of higher demand for Sibelco's materials in carpet backing and flooring. Sales of nepheline syenite and cristobalite for use as a blocking agent in plastic food packaging was higher year-on-year.

Sales of materials used in applications such as tyres and brake pads in the automotive industry were significantly lower year-on-year due to impact of the automotive industry end-market.

Business Line Recycling generated higher revenues in the first half (+8%) driven by the combination of consistent demand and the integration of Sibelco's recent acquisitions in Italy and France. The collection and recycling of container glass has been largely unaffected by the COVID-19 restrictions and demand for the recycled cullet produced by Sibelco remains high. Flat glass recycling has shown stronger impact due to closure of collection points for waste during lock-downs.

In February, Sibelco acquired two glass recycling activities in Italy that will enable further growth in the Italian market. The acquisitions complement Sibelco's existing plants in Musile, near Venice, and the recently-acquired Macoglass recycling plant near Bergamo. Sibelco's Board has approved the construction of a brownfield plant on one of the two new acquired glass recycling properties.

In March Sibelco announced a joint venture with waste collection & logistics group Mineris Environnement for the collection and recycling of flat glass in France known as Recyverre. Recyverre, in turn, acquired GIREV, one of France's leading recyclers of flat glass. The combined entity will employ around 70 people and increases Sibelco's reach in the flat glass recycling market. The joint venture came into effect on 1 July.

Sales of materials for abrasives applications were well down on the same period in 2019 driven by lack of demand following stops of on-site blasting activities in multiple countries.

Revenues in **Business Line Filtration & Reactants** were down 6%. Demand for materials used in municipal and industrial water filtration in Europe was somewhat lower, while demand for materials for export-related projects remained stable. Demand for materials used in automotive filtration was significantly down year-on-year with the main impact being felt towards the end of the first half.

Sibelco's strategic partnership with Act&Sorb - a start-up business offering an innovative solution for water filtration based on recycled waste wood – has made good progress. The company has started construction of its production site near Genk and has secured a development grant of EUR 2 million from the Flemish Government. Construction works on site are progressing according to plan.

Discontinued operations

Discontinued operations includes all those activities that we sold or discontinued during the course of 2019 and early 2020 (Lime & Limestone, Mineral Sands, Magnesia) or which are currently held for sale (some assets in Australia and Indonesia). Revenue for these activities reached EUR 76 million and this was predominantly linked to the sale of final inventories at the Australian mineral sands operations and the three months of revenue generated by the magnesia activities prior to the completion of the sale to Refratechnik on 30 March. By way of comparison, the discontinued activities generated revenue of EUR 225 million in the first half of 2019.

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 & UNAUDITED FINANCIAL STATEMENTS

SIMPLIFIED & UNAUDITED STATEMENT OF PROFIT OR LOSS	2020 H1	2019 H1
In thousands of euro		
Revenue	**1,257,888**	**1,778,752**
Adjusted EBITDA	**168,791**	**320,751**
EBIT	**29,003**	**91,982**
Net financing costs	(65,254)	(75,251)
Income taxes	10,276	(16,707)
Share of profit of equity accounted investees (net of tax)	2,421	1,571
Result on disposal of subsidiaries	47,764	(20)
Minority interests	28,363	25,467
Profit (loss) for the period, Group share	**52,573**	**27,042**

SIMPLIFIED & UNAUDITED STATEMENT OF FINANCIAL POSITION	30 JUNE 2020	31 DEC 2019
In thousands of euro		
Net non-current assets (1)	929,436	2,432,554
Net current assets	531,232	987,009
Other assets	132,802	160,144
Cash (2)	397,489	580,692
Total assets	**1,990,960**	**4,160,400**
Net worth (including minority interests)	1,072,097	1,113,763
Provisions	346,007	528,641
Gross financial debt (2)	293,611	1,922,465
Other liabilities	279,244	595,531
Total liabilities and shareholders' equity	**1,990,960**	**4,160,400**
(1) Of which mining assets	186,210	800,918
(2) i.e. net financial position of (cash / (debt))	103,878	(1,341,773)

SIMPLIFIED & UNAUDITED CASH FLOW STATEMENT AND CHANGE IN NET FINANCIAL DEBT	2020 H1	2019 FY
In thousands of euro		
EBIT	**29,003**	**(1,269,599)**
Depreciation, amortisation, depletion & non-recurring	139,788	1,824,061
Adjusted EBITDA	**168,791**	**554,463**
Income taxes (paid)/received	(5,457)	(29,378)
Capex	(75,479)	(212,053)
Proceeds from sale of PPE	51,126	36,950
Working capital changes	(17,575)	(496)
Use of provisions	(31,088)	(67,226)
Additional provisions		589
Cash contributions to defined benefit plans	(13,294)	(25,048)
Add back pension expenses in EBITDA		7,535
Share-based payment expense	160	9,076
Other non-cash items	1,763	(36,269)
Free operating cash flow	**78,947**	**238,143**
Interest (paid)/received	(55,933)	(66,458)
Acquisitions of subsidiaries/non-controlling interests	(21,844)	(13,395)
Disposal of subsidiaries/associates	36,521	461,351
Purchase of treasury shares		(1,152)
Dividends received	2,562	2,222
Dividends paid	(35,382)	(72,432)
Other items	(5,254)	33,864
Net debt decrease (increase)	**(380)**	**582,143**
Opening net financial position at 1 January	**(1,341,773)**	**(1,390,721)**
Change in net financial debt	(380)	582,143
Changes in IFRS accounting policies (IFRS 16)	1	(422,412)
Leases	(13,156)	(57,394)
Scope changes	1,453,077	(3,016)
Exchange rate fluctuations and other	6,110	(50,373)
Closing net financial position at end of period	**103,878**	**(1,341,773)**

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