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## **ELKEM INTENDS TO LAUNCH INITIAL PUBLIC OFFERING AND LISTING ON OSLO BØRS**

*Oslo, 26 February 2018:* Elkem ASA<sup>1</sup> ("**Elkem**" or the "**Company**") today announces its intention to launch an initial public offering of its shares and to apply for a listing on Oslo Børs (the "**IPO**").

### **Elkem highlights**

- Elkem is a global leader in silicon-based advanced materials, with a history of more than 110 years of technology-driven growth.
- Elkem is a fully integrated supplier with operations throughout the silicon value chain from quartz to downstream silicone specialties, as well as speciality ferrosilicon alloys and carbon materials.
- Over the last years Elkem has developed significantly, becoming more specialised and transitioning into a predominantly specialty chemicals company with the majority of its revenues from the silicones value chain.
- Elkem's global footprint, with operations and sales offices in 28 countries worldwide, ensures sustainable competitive strengths such as economies of scale, production flexibility, cost optimisation and proximity to customers in important markets.
- In connection with the planned IPO, Elkem will acquire 100% of the shares in Jiangxi Bluestar Xinghuo Organic Silicone Co. Ltd. ("Xinghuo Silicones") and 100% of the shares in Bluestar Silicon Material Co. Ltd. ("Yongdeng Silicon Materials") (together the "new Chinese business").
- Following this acquisition, Elkem will become a true global player with a more diversified revenue base and significant growth platform in the fast-growing Chinese market.
- Elkem and the new Chinese business has approximately 6100 employees worldwide and had a combined, total operating income of NOK 21.4 billion, while Operating EBITDA amounted to NOK 3.2 billion for the year ended 31 December 2017.
- Elkem is headquartered in Oslo, Norway and is currently owned by China National Bluestar.

*"Over the last few years we have built on our position as one of the world leaders in environmentally responsible production of silicon-based advanced materials. We see an increasing demand for our solutions and are well positioned for further profitable growth. A listing of Elkem on Oslo Børs will enhance access to a diverse capital base and support our growth strategy",* says Mr Helge Aasen, CEO of Elkem.

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<sup>1</sup> The Company, which is currently a Norwegian private limited company named "Elkem AS", will be converted into a Norwegian public limited company and renamed "Elkem ASA" prior to the IPO.

Bluestar intends to remain a long-term majority shareholder in Elkem following the IPO.

*"Elkem has proven the ability to deliver steady, profitable growth and has a strong financial position. A public listing is considered a natural step in our ownership strategy. Bluestar plans to remain a long-term industrial owner in Elkem, and looks forward to taking part in and supporting Elkem's future growth and value creation", says Mr Michael Koenig, CEO of China National Bluestar and chairman of the board of Elkem.*

Elkem has a growth strategy, targeting further expansion and development of its fully integrated silicone-based value chain.

*"Xinghuo Silicones and Yongdeng Silicon Materials will complement Elkem's existing silicones business, enabling further specialisation into high value-added segments. Further, by acquiring Xinghuo Silicones and Yongdeng Silicon Materials, Elkem will gain significant upstream capacity in the fast-growing Chinese markets and thus improved supply of its full product range to specialty customers in China," says Aasen.*

Elkem has a clear ambition to develop its position within silicones through the integration of Xinghuo Silicones, which is the largest silicones plant in China in terms of capacity, targeting to become one of the largest players worldwide.

As of 31 December 2017, Elkem's Silicones and Silicon Materials divisions accounted for approximately 75% of Elkem's revenues on a combined basis (i.e., including the new Chinese business). As a result of the acquisition of the new Chinese business, Elkem will gain access to a significant and well invested capacity reservoir which will ensure an attractive growth option. On a combined basis, Elkem's total revenues increased by 26% from 2016 to 2017. In the medium term, Elkem is targeting revenues to reach approximately double GDP growth and for 2018, the target is double digit revenue growth<sup>2</sup>.

### Financial highlights

	<b>2015A<sup>3</sup></b> (audited)	<b>2016A<sup>4</sup></b> (audited)	<b>2017A<sup>5</sup></b> (audited)
<b>Total operating income</b>	14 541	16 921	21 368
<b>Gross operating profit (loss)/Operating EBITDA</b>	2 207	1 536	3 154
<b>Operating profit (loss)</b>	1 310	299	1 936
<b>Profit (loss) for the year</b>	835	(268)	1 249

Elkem had total assets of NOK 25.5 billion as of 31 December 2017.

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<sup>2</sup> These revenue targets are based on the present macro-economic environment, current visibility and current exchange rates for Elkem's key currencies. Further, these targets constitute forward-looking statements. Forward-looking statements are not guarantees of future financial performance, and Elkem's actual results could differ materially from those expressed or implied by these forward-looking statements as a result of many factors. See "Important notice" below. Investors are urged not to place undue reliance on any of the statements set forth above.

<sup>3</sup> On a consolidated basis, excluding Xinghuo Silicones and Yongdeng Silicon Materials

<sup>4</sup> On a Combined basis, including Xinghuo Silicones and Yongdeng Silicon Materials

<sup>5</sup> On a Combined basis, including Xinghuo Silicones and Yongdeng Silicon Materials

## **IPO highlights**

The IPO will support Elkem's strategy and growth plans, and is expected to secure a strong, diversified shareholder base. Furthermore, the IPO is expected to enhance Elkem's profile with customers and business partners.

The IPO will comprise a public offering to institutional and retail investors in Norway and a private placement to certain institutional investors internationally, in which the Company intends to issue new shares raising gross proceeds of approximately NOK 5 billion and the current sole shareholder in the Company, Bluestar Elkem International Co. Ltd. S.A., a subsidiary of China National Bluestar (Group) Co. Ltd. ("**Bluestar**"), intends to reduce its ownership in the Company.

The Company intends to use a portion of the net proceeds from the Offering to finance the abovementioned acquisition of Xinghuo Silicones and Yongdeng Silicon Materials.

Subject to receiving the relevant approvals from Oslo Børs as well as the prevailing equity capital market conditions, the IPO is expected to price during the first quarter of 2018.

ABG Sundal Collier and Morgan Stanley & Co. International plc are acting as joint global coordinators and joint bookrunners and Carnegie AS, Citigroup Global Markets Limited and Nordea Bank AB (publ), (Norwegian branch), are acting as joint bookrunners, in connection with the IPO (collectively, the "**Managers**").

Advokatfirmaet Thommessen AS and Linklaters LLP are acting as legal counsels to Elkem and Bluestar. Advokatfirmaet Schjødt AS and Shearman & Sterling (London) LLP are acting as legal counsel to the Managers.

Further announcements relating to the IPO will be made in due course.

## **Management and board**

- Elkem has an experienced and proven management team. Elkem's international senior management team has, on average, approximately 18 years of experience working for Elkem. The management team is led by CEO, Helge Aasen, who has been with Elkem since 1990 and accordingly has more than 27 years of experience in the international materials and metals industry.
- The board of directors of Elkem is chaired by Michael König since September 2016. Mr. König is currently the chief executive officer of China National Bluestar (Group) Co., Ltd., a position he has held since January 2016. He also serves as a member of the board of directors of China National Bluestar (group) Co. Ltd., Adisseo and Quenos. Mr. König has extensive professional experience from the Bayer group in which he has held different positions, including chief executive officer of Bayer Group Greater China and Head of Polycarbonates Business Unit of Bayer MaterialScience.

In addition to Michael König the board of directors will comprise the following persons from first day of listing on Oslo Børs:

- Olivier de Clermont Tonnerre is currently Chief Strategic and Corporate Development Officer and a board member at China National Bluestar. He has been a board member of Elkem since 2011.

- Guihua Pei is currently head of supervision department in China National Bluestar
  - Dag Opedal is currently independent advisor and board member of Byggimpuls, Viking, PM Retail, Bertel O Steen, Odin Forvaltning, Cosmetic Group, Kavli, FSN Capital and Nammo. He has held several senior executive positions in Orkla, Norgesgruppen and Ferd.
  - Anja-Isabel Dotzenrath is currently Chief Executive Officer E.ON Climate & Renewables GmbH and board member of Windeurope. She has held several positions in E.ON and been consultant in Booz & Company, Bain & Company and A.T.Kearney
  - Caroline Gregoire has held several senior executive positions in the building industry, including President and CEO of Frans Bonhomme. She is currently on the board of Groupama, Flsmidth and Wienerberger
- In addition, the board of directors will consist of two employee representatives.

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## **ABOUT ELKEM**

Founded in 1904, Elkem is one of the world's leading suppliers of silicon-based advanced materials with operations throughout the entire value chain from quartz to specialty silicones, as well as attractive market positions in specialty ferrosilicon alloys and carbon materials. Headquartered in Oslo, the company's 27 production sites (including a plant under construction) and extensive network of sales offices and agents around the world ensure proximity to customers and access to attractive end markets. Elkem's over 6000 skilled employees and significant R&D activities provide a solid basis for further technology-driven growth and optimization. Helge Aasen has been the CEO since 2009.

## **ABOUT BLUESTAR**

Bluestar is a leading company in the new chemical materials, basic chemical engineering, animal nutrition and environmental science sectors. It is a subsidiary of China National Chemical Corporation, a state-owned company that is one of China's leading chemical companies.

## **Important notice**

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This announcement does not constitute a prospectus and nothing herein contains an offering of securities. No one should purchase or subscribe for any securities in the Company, except on the basis of information in any prospectus published by the Company in connection with the potential offering and admission of such securities to trading and official listing on Oslo Børs. Copies of any such offering memorandum will, following publication, be available from the Company's registered office.

The Managers and their affiliates are acting exclusively for the Company and no-one else in connection with the intended offering. They will not regard any other person as their respective clients in relation to the intended offering and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients, nor for providing advice in relation to the intended offering, the contents of this announcement or any transaction, arrangement or other matter referred to herein.

In connection with the contemplated offering, the Managers and any of their affiliates, acting as investors for their own accounts, may subscribe for or purchase shares and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such shares and other securities of the Company or related investments in connection with the contemplated offering or otherwise. Accordingly, references in the prospectus, if published, to the shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, placing or dealing by, such Managers and any of their affiliates acting as investors for their own accounts. The Managers do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("MiFID II"); (b) Articles 9 and 10 of

Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the “MiFID II Product Governance Requirements”), and disclaiming all and any liability, which any “manufacturer” (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that they each are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II (“the Positive Target Market”); and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the “Appropriate Channels for Distribution”). Distributors should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. Conversely, an investment in the Shares is not compatible with investors looking for full capital protection or full repayment of the amount invested or having no risk tolerance, or investors requiring a fully guaranteed income or fully predictable return profile (the “Negative Target Market” and, together with the Positive Target Market, the “Target Market Assessment”).

The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares.

Each distributor is responsible for undertaking its own Target Market Assessment in respect of the Shares and determining appropriate distribution channels.

Matters discussed in this release may constitute forward-looking statements. Forward-looking statements are statements that are not historical facts and that can be identified by words such as “believe”, “expect”, “anticipate”, “intends”, “estimate”, “will”, “may”, “continue”, “should”, and similar expressions. The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and are beyond its control. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements.

The information, opinions and forward-looking statements contained in this announcement speak only as at its date, and are subject to change without notice.