

Strong first quarter for Elkem

Elkem reports a strong first quarter with solid growth in revenue and profit, benefitting from good market conditions in all segments. The improved result is in particular driven by favourable market conditions in China, but the development is strong also in the other regions.

Elkem successfully completed its initial public offering (IPO) and returned as a listed company on Oslo Stock Exchange on 22 March 2018. In connection with the IPO, Elkem completed the acquisition of two Chinese plants, Xinghuo Silicones and Yongdeng Silicon Materials from its principal shareholder Bluestar.

Elkem reports a strong first quarter with significant growth in revenue and EBITDA driven by favourable market conditions and capacity ramp-up, particularly in China. Total operating income for the first quarter of 2018 amounts to NOK 6,447 million, which is 41% higher than the first quarter of 2017. EBITDA for first quarter 2018 amounts to NOK 1,450 million, up from NOK 441 million in the corresponding quarter last year. Earnings per share amounts to NOK 1.24 in 1Q-2018 on an adjusted, fully diluted basis.

- *We are very satisfied with this solid start of 2018, with revenue growth in all divisions and improved profitability in the three largest divisions. The strong market fundamentals combined with a number of interesting specialisation initiatives bode well for further improvements going forward, says Helge Aasen in a comment.*

The strong result is mainly driven by higher sales prices and higher sales volumes supported by strong market fundamentals. In addition, increased sales of specialty products have contributed positively to the margin improvements. A weaker Norwegian krone versus Euro has also impacted the result for the Norwegian plants positively.

Elkem signed a new loan facilities agreement in February 2018 totalling EUR 1,150 million, to refinance the outstanding debt for the group. The refinancing of Xinghuo Silicones and Yongdeng Silicon Materials is expected to be completed in the second quarter of 2018, upon required approval from relevant Chinese regulatory authorities.

The market sentiment is still strong for all divisions, particularly Silicones. The result for the second quarter is therefore expected to be in line with the first quarter. Market prices for silicones, silicon and ferrosilicon are expected to soften going forward, as supply will likely increase, particularly in China. Based on this, management's outlook for the second half of 2018 is more cautious.

Elkem ASA

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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 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 and extensive network of sales offices and agents around the world ensure proximity to customers and access to attractive end markets. Elkem's over 6,000 skilled employees and significant R&D activities provide a solid basis for further technology-driven growth and optimisation.