

A strong quarter despite weaker market conditions

Oslo, October 24, 2018: **Elkem's result for the third quarter was strong, despite being affected by maintenance stops and weaker market prices for its main products. The result was significantly stronger than the corresponding quarter last year, but weaker than the second quarter this year. All divisions reported stronger results compared to third quarter 2017.**

The total operating income for the third quarter 2018 was NOK 6,050 million, which was 14% higher than third quarter 2017. EBITDA for the quarter amounted to NOK 1,394 million, up from NOK 858 million in the corresponding quarter last year. Earnings per share (EPS) was NOK 1.57 in third quarter, giving accumulated EPS of NOK 5.10 year-to-date.

"Despite being impacted by lower sales prices and maintenance stops, we have had yet another strong quarter. Results are weaker than the previous quarter which was very strong, but all divisions report stronger results compared to the corresponding quarter 2017", says Helge Aasen, CEO of Elkem ASA.

Higher operating income and EBITDA compared to the corresponding quarter last year, were primarily explained by higher sales prices. Elkem's growth in operating income and EBITDA were mainly driven by Silicones and Foundry Products.

Despite significant improvements compared to last year, Elkem's result for the third quarter 2018 has been impacted by maintenance stops at Xinghuo Silicones and Yongdeng Silicon Materials in China and by lower sales prices.

Xinghuo Silicones stopped production from mid-July to mid-August to undertake regular maintenance, required for this type of chemical industry facilities. The maintenance stop reduced the group's production and sales in the quarter. In addition, Yongdeng Silicon Materials stopped production at two of its furnaces from end of July for technical upgrades. This project will be finalised early December 2018.

The silicones market in China has been negatively affected by the new US trade tariffs. Direct export of intermediary silicone products from China to the US has been reduced. In addition, the export of other goods containing silicones has also been reduced. This has resulted in weaker demand in China and negatively impacted sales prices for intermediary silicone products.

Elkem's financial position is strong. The group's equity as at 30 September 2018 amounted to NOK 12,983 million, giving a ratio of equity to total assets of 48%. Net interest-bearing debt at quarter-end was NOK 3,788 million, which gave a ratio of net debt to EBITDA of 0.6 times.

The fundamental market demand is expected to be good in the coming quarters. However, inventories for silicones in China have increased recently, and prices for silicones commodities have declined significantly during October. The effect of US trade tariffs imposed on imports from China has been more significant than expected and further impact is unclear. Particularly for silicones, prices are expected to be lower in the fourth quarter. On this basis, the fourth quarter result is expected to be clearly weaker than the third quarter result.

Elkem ASA will host its Capital Markets Day on November 20 at Felix Conference centre in Oslo. Registration will be made available closer.

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About Elkem ASA

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. Elkem is a publicly listed company on the Oslo Stock Exchange, and is headquartered in Oslo. The company has 6000 employees with 27 production sites and sales offices in a total of 28 countries worldwide. In 2017 Elkem had revenues of 21.4 billion NOK. To learn more, please visit www.elkem.com