

Elkem ASA initiates new productivity improvement programme

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Elkem has decided to implement a new global productivity improvement programme to improve the company's cost position and streamline the organisation as a basis for future growth and specialisation.

Elkem's profitability is currently below the company's financial targets. In addition, the market outlook is uncertain.

"Corrective actions are expected and needed. Our aim is to improve Elkem's profitability to fund future growth and specialisation in line with our long-term strategy. With these measures, I am very confident that Elkem will continue to deliver on our ambitions and grasp the opportunities that lie ahead," says Michael Koenig, Elkem's CEO.

Elkem has identified a potential of more than NOK 350 million in annual improvements from the programme. The company expects positive EBITDA contributions from early 2021 and the full potential to be realised from the end of 2021.

Restructuring costs are expected to be around NOK 200 million, which will be taken as a provision in Other items in Q1 2020.

The productivity improvements will be achieved mainly through planned reductions of personnel cost. It is too early to estimate how many full-time equivalents will be affected. The programme is being implemented in close dialogue with employee representatives and in compliance with local labour laws.

Elkem will prioritise reducing external contractors and using normal attrition. The company is addressing all divisions, as well as the corporate functions, across all 29 global locations. The programme will be finalised by the end of 2021.

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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 (ticker code: ELK) and is headquartered in Oslo. The company has more than 6,300 employees with 29 production sites and an extensive network of sales offices worldwide. In 2018 Elkem had revenues of NOK 25.9 billion. To learn more, please visit www.elkem.com