

Elkem completes Polysil acquisition

Oslo, 14 April 2020: Elkem ASA has now closed the previously announced acquisition of Polysil, a leading Chinese silicone elastomer and resins material manufacturer.

Polysil has strong positions in baby care and food grade silicones, as well as silicone products for the electronics and medical markets. Polysil and Elkem's complementary product and market positions provide a solid platform for further specialisation and growth in China and globally.

"We continue to develop Elkem's competitive positions, at the same time as we work to safeguard our business in light of the coronavirus situation. The financial closing of the Polysil acquisition represents an important milestone, strengthening our position in specialised silicones segments in China, in line with our growth and specialisation strategy. Today's macro environment highlights the value of being a global specialty player across regions," says Michael Koenig, CEO of Elkem ASA.

Approximately 90 per cent of Polysil's revenues are generated in China, primarily in South China. Elkem's capabilities and positions in other parts of China and internationally provide a solid platform for Polysil's products and further growth. Elkem's production in China is back around normal capacity levels, after experiencing delayed start-up after Chinese New Year due to the coronavirus situation.

"Polysil's products and market positions in food, baby care, electronics and medical markets are complementary to Elkem. There is significant potential in utilising Polysil's high-end liquid silicones rubber and pressure sensitive adhesives specialty positions and in further developing both products and markets. Polysil's strong research and development capabilities will be very important for development of products for both the Chinese market and globally. This continues also in the current macro environment," says Frederic Jacquin, Senior Vice President for Elkem's Silicones division.

Polysil has more than 350 employees located in Zhongshan in Guangdong, China. The company has leading technology positions in production and development of Heat Cured Rubber (HCR), Liquid Silicone Rubber (LSR) and specialty resin and Pressure Sensitive Adhesives (PSA). Polysil has two production facilities and a research and development centre with more than 50 scientists.

"Polysil is excited to join the Elkem family. The management team of Polysil is very pleased to stay with the company in the next stage. We are confident to further develop and integrate our business with Elkem's worldwide platform, bring more value to our customers, and create a brighter future together," says Hanyong Ma, the current and future general manager of Polysil.

The transaction was announced 30 December 2019. In 2019, Polysil delivered a total operating revenue of RMB 624 million with earnings after tax of RMB 95 million. The companies have agreed an enterprise value for Polysil of up to RMB 941 million, including potential earn-out dependent on pre-agreed parameters.

All regulatory approvals for the acquisition have been concluded and the settlement of the transaction took place 1 April 2020. Polysil will be consolidated into Elkem's financial statement with effect from 1 April 2020.

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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. Elkem is a publicly listed company on the Oslo Stock Exchange (ticker code: ELK) and is headquartered in Oslo. The company has more than 6,370 employees with 29 production sites and an extensive network of sales offices worldwide. In 2019 Elkem had revenues of NOK 22.7 billion. To learn more, please visit www.elkem.com