



Strong quarterly result and good market conditions

In the second quarter of 2021, Elkem delivered all-time high operating income for the third consecutive quarter and another strong quarterly result. Market conditions are good in all of Elkem's main markets with strong demand and high prices. The group's financial position is strong and the capital increase in April provides an excellent platform for further growth.

Elkem's total operating income for the second quarter 2021 was NOK 7,332 million, which was all-time high for the third consecutive quarter and up 25% from the corresponding quarter last year. Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to NOK 1,371 million in the quarter, which was more than doubled compared to second quarter 2020. Earnings per share (EPS) was NOK 0.98 in the quarter, and NOK 2.15 YTD-2021.

"Elkem is in a very strong position. In the second quarter, we delivered record sales and more than doubled our earnings compared to the same period last year. I want to give credit to our entire global team for this achievement. We see a positive market outlook and continue our work to position Elkem for the future," says Helge Aasen, Elkem's interim CEO.

Market conditions are strong across all Elkem's three divisions. The Silicones division has seen good demand and high prices during the second quarter 2021. The result has improved significantly against second quarter last year, despite higher raw material costs and scheduled maintenance stops both in China and France. Silicon Products also see good demand from steel and automotive. That combined with low supply has resulted in a tight market balance and increased market prices for silicon and ferrosilicon. The market for carbon products was good. Demand is still high but also here raw material costs are up.

CEO Michael Koenig handed in his resignation and left Elkem with effect from 30 June 2021. The board has initiated the process to find Elkem's new CEO. Helge Aasen will act as the interim CEO.

"Elkem's strategy remains firm. In the interim period the board and management will focus on implementation of the ongoing strategic projects, including silicones expansions and the battery materials project," says Aasen.

The announced expansion of Silicones Xinghuo has started and the cornerstone for the project was laid in April 2021. The project is scheduled to be completed within three years and will strengthen Elkem's position in the fastest growing markets in Asia Pacific. The project is an integral part of Elkem's growth and specialisation strategy and will improve profitability and environmental performance.

The pilot plant for battery materials in Kristiansand has started operations and qualification processes with prospective customers have reached advanced levels. A fast-track option is being considered to address the strong demand from customers and shorten time to market. On that basis the exact timing of the financial investment decision is pending.

The group's equity as at 30 June 2021 amounted to NOK 16,045 million, which gave a ratio of equity to total assets of 46%. Net interest-bearing debt was NOK 5,630 million, which gave a ratio of net interest-bearing debt to EBITDA of 1.4 times. The net interest-bearing debt and leverage ratio has been significantly reduced due to the capital increase in April and the improvements in results. Elkem had cash and cash equivalents of NOK 5,998 million as at 30 June 2021 and undrawn credit lines of around NOK 3,900 million.

The market sentiment is strong across all divisions. The market momentum for silicones is strong and prices are at high levels in China and expected to increase in Europe and the US. However, the high price level in China are not seen as sustainable. Market prices for silicon- and ferrosilicon-based products are stable at a high level due to tight market conditions. However, slower demand is expected in the third quarter due to holiday effects. Carbon products continue to benefit from strong steel and ferroalloys markets, but raw material costs are increasing. General cost increases and constraints in global logistics and raw material supply are a concern going forward.

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About Elkem

Elkem is one of the world's leading providers of advanced material solutions shaping a better and more sustainable future. The company develops silicones, silicon products and carbon solutions by combining natural raw materials, renewable energy and human ingenuity. Elkem helps its customers create and improve essential innovations like electric mobility, digital communications, health and personal care as well as smarter and more sustainable cities. With a strong track record since 1904, its global team of more than 6,800 people has a joint commitment to stakeholders: Delivering your potential. In 2020, Elkem was rated among the world's top 5% on climate and achieved an operating income of NOK 24.7 billion. Elkem is listed on the Oslo Stock Exchange (ticker: ELK). www.elkem.com