



Third quarter results 2021

Agenda

Business update

By CEO Helge Aasen

Financial performance

By CFO Morten Viga

Outlook

By CEO Helge Aasen



Record results in extraordinary markets

- Helge Aasen will continue as permanent CEO of Elkem, after serving as interim CEO since June 2021
- Elkem is delivering its best quarterly result ever, benefitting from a strong business model and attractive market positions
- Strong market demand while supply has been hampered by capacity constraints and power curtailments. Elkem has kept normal production in the quarter
- Elkem has launched a new ambitious climate strategy supporting the Paris agreement, leading the green transition in the industry
- Elkem announces a major investment of NOK 350 million in France strengthening Elkem's specialty business in EMEA & Americas
- Supply-demand balance for Elkem's products expected to remain tight until the global energy situation eases



Total operating income
MNOK 8,796

EBITDA
MNOK 2,131

EBITDA margin
24 %



ESG – a key priority

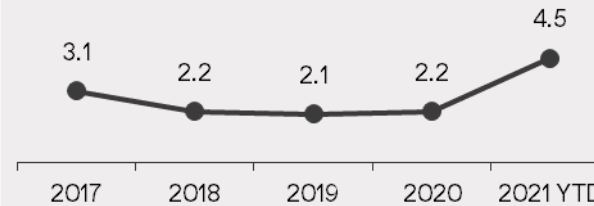


A clear focus on ESG

- Elkem received an A rating from CDP in 2020, ranking Elkem in the world's top 5% on climate
- Elkem received Gold sustainability rating from EcoVadis in 2020
- Elkem has launched a new ambitious climate strategy leading the green transition in the industry

Safety

Ambition: Zero injuries



Environment

- Elkem provides advanced materials essential to the green transition
- 83% of electrical consumption from renewable energy

Social

- A truly diverse work force built on respect and an inclusive work culture
- Key focus on Human Rights Impact Assessment and human rights in supply chain

Governance

- TCFD framework for climate risk management implemented in 2021
- Advanced level of anti-bribery training. Code of Conduct signed by 98% of employees

Elkem is committed to ambitious climate targets in line with the Paris agreement

We aim to contribute through three key levers:



Reducing our emissions

Achieving fully climate neutral production throughout our value chain

- **By 2031:** Reducing absolute emissions* by **28%** from 2020-2031 while growing the business, delivering a **39%** improvement in product footprint**
- **By 2050:** Achieving fully carbon neutral production (zero fossil emissions) globally



Supplying to the transition

Providing the advanced material solutions required to enable the green transition

- **Grow supplies of advanced materials to green markets** such as better buildings, electric vehicles and renewable energy
- **Build new business in green markets** such as battery materials, biomass and energy recovery



Enabling circular economies

Enabling more circular activities in our operations, products and markets

- **Increasing recycling** in our own operations
- **Increasing recycling** with our customers
- **Develop the eco-design of innovative products**

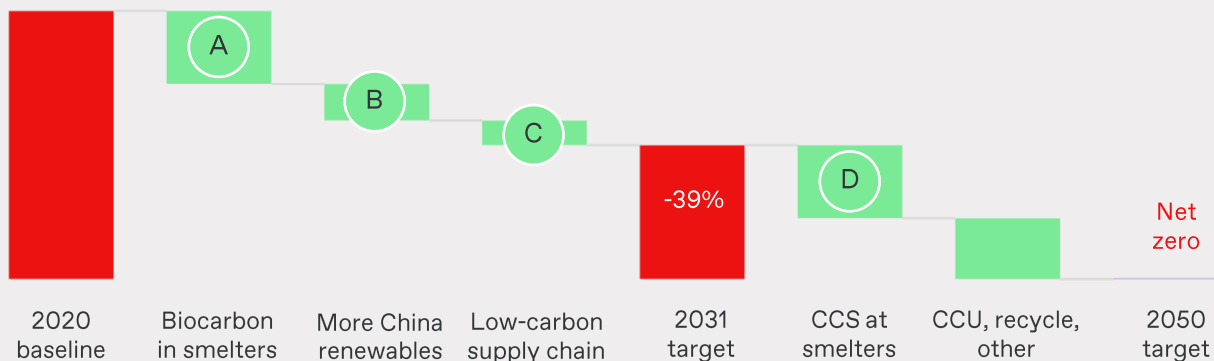
Our climate actions

Reducing the carbon footprint 39% by 2031

- New ambitious climate strategy approved by the board
- **By 2031:**
 - Reduce absolute emissions* by 28% from 2020-2031
 - Delivering 39% improvement in product footprint**
- **By 2050**
 - Achieving fully carbon neutral production globally

Our roadmap: Getting to zero

Elkem's carbon footprint (illustrative)

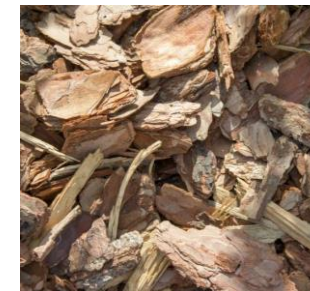


* Total fossil CO₂ emissions, scope 1 and 2

** Main products average fossil CO₂ emissions, scope 1-3

A. Changing to biomass in production

- Production of silicon and ferrosilicon require a carbon source as reduction material (to reduce oxygen from the quartz)
- Elkem's strategy is to reduce scope 1 emissions through replacing fossil coal with renewable bio-based materials



B. Renewable power & energy recovery

- Silicon and ferrosilicon production require significant use of energy. While most of Elkem's production is based on renewable power the situation in China is different
- Elkem's strategy is to reduce scope 2 emissions through improved energy mix and possible energy recovery



C. Low-carbon supply chain

- Purchased goods and services constitute part of a product's carbon footprint
- Elkem's strategy is to reduce scope 3 emissions by sourcing of renewable-based silicon metal as well as emission-free logistics



D. Carbon capture at smelters

- To reach the goal of carbon neutral production (zero fossil emissions) by 2050 Elkem will explore both Carbon Capture & Utilisation (CCU) and Carbon Capture & Storage (CCS) at our smelters

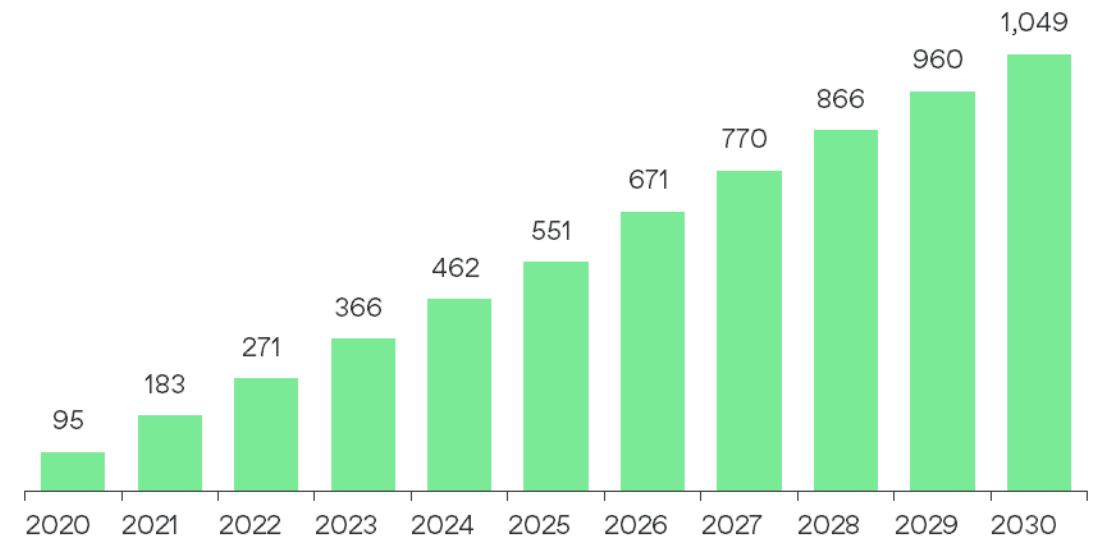


Vianode – enabling efficient, sustainable energy storage for a cleaner world

- Vianode developing as a newly established company and brand for production of sustainable anode materials
 - Environmentally friendly and cost competitive process/location reducing total emissions by ~94%
- Industrial pilot in operation from April 2021
 - Advanced dialogues with battery value chain participants
 - Signed 3 MOUs with customers, several ongoing dialogues
- Vianode's plant at Herøya to be financed in two stages, with the process towards potential partners ongoing
 - First stage to be fully funded with equity and Elkem targeting majority ownership (>50%) post completion
 - Investment decision for the first stage expected in 2021



Anode material demand in Europe and North America (tonnes)

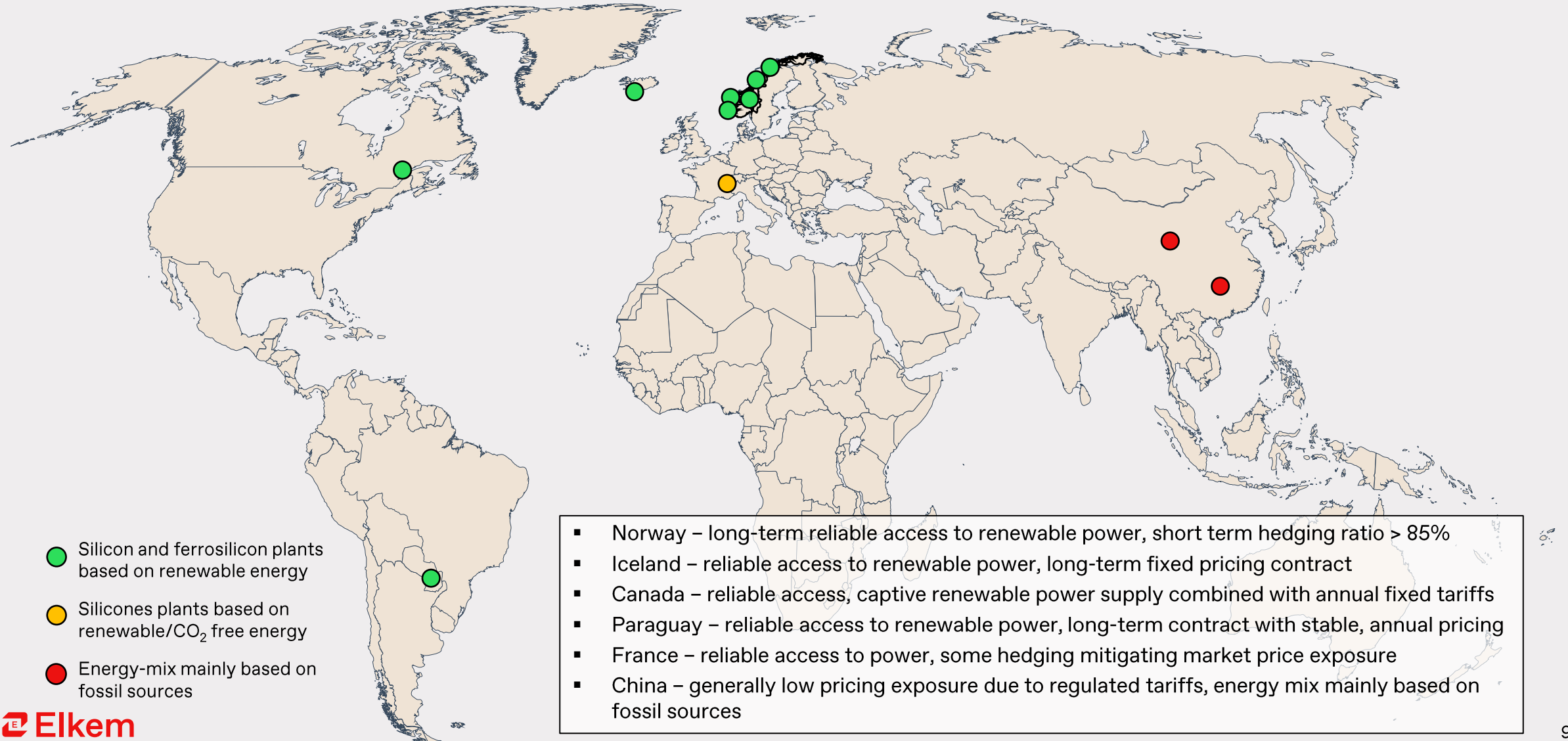


Renewable, stable energy, a key competitive advantage

- Current challenges in global energy markets and stricter climate policies to reduce CO₂ emissions demonstrate the importance of stable, renewable energy
- In Europe, power prices and CO₂ costs are already high. CO₂ regulations expected to tighten in US and Canada
- In China, stricter climate policies expected, and the country is currently experiencing energy shortages in several provinces
- Elkem is well positioned, mostly based on access to renewable energy in countries with high security of supply
- Power prices are hedged on favourable long-term contracts, providing predictable cost development and stable operations



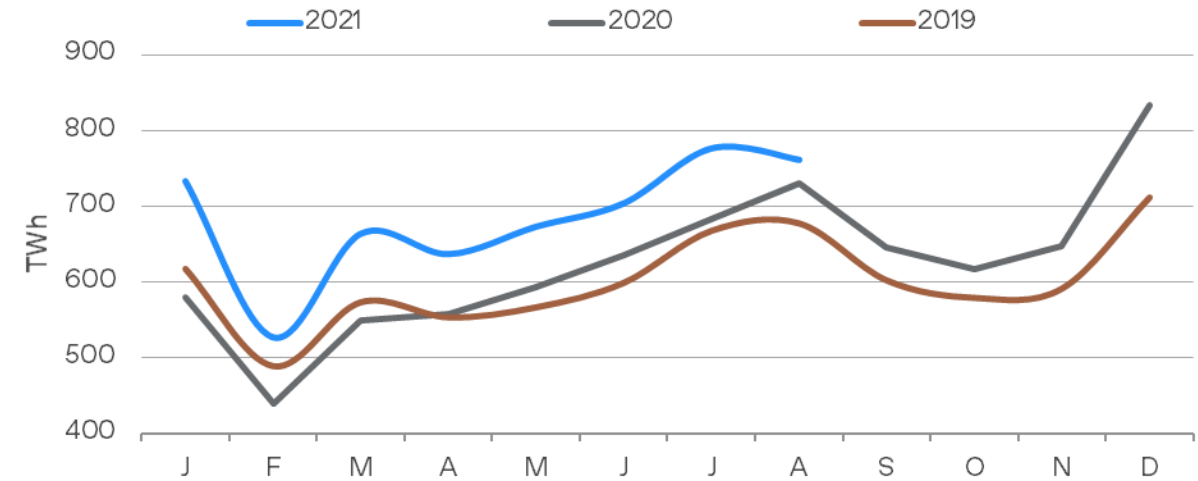
Well positioned with long-term renewable energy contracts



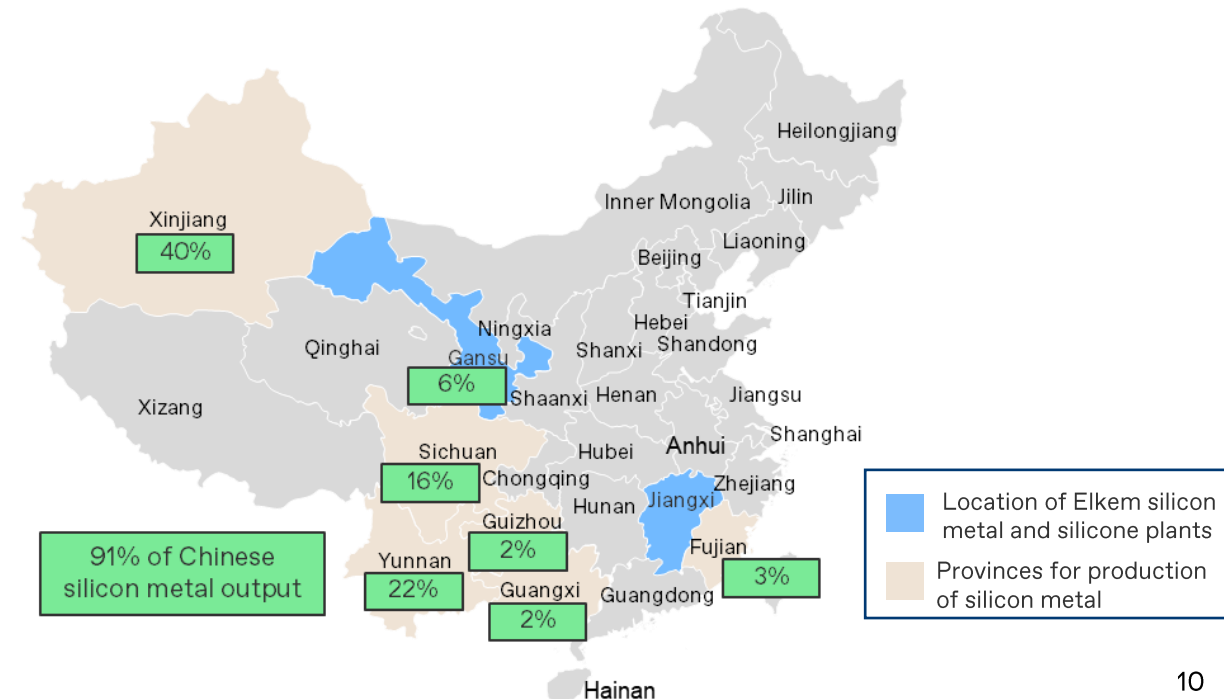
Challenging power situation

- The Chinese power market is challenging due to a combination of steadily increased consumption, instability of clean power and record high coal prices
- This has resulted in power curtailments in several provinces impacting industrial production
- Chinese authorities are taking measures, but the power situation could remain challenging until spring 2022 with potentially higher power prices
- The power situation could mark a structural shift with potential long-term impact on global silicon markets
- No major impact on Elkem's production of silicon metal and silicones in Gansu province and Jiangxi province

Electricity consumption in China increasing steadily



Silicon production concentrated in Xinjiang, Sichuan and Yunnan



Force majeure in silicones market

- Large parts of the silicones industry have experienced challenging raw material markets and issued force majeure letters related to availability of siloxane-based materials
- Elkem has maintained normal production and continues to see a strong demand and significant price increases in all markets
- Elkem is well positioned towards challenging raw material supply with a global business model and fully integrated silicon-silicones value chains both in Asia and Europe/Americas
- Due to significant uncertainty throughout the supply chain, Elkem has issued a force majeure letter and is working closely with customers that may be affected in case of supply problems



Expanding Elkem's specialty business in EMEA & Americas

- The board has approved an expansion of Elkem's silicones plant in Roussillon, France
- The investment amounts to MNOK 350 and will be finalised in 3Q-2023
- The project will further develop and expand Elkem's specialty business in EMEA & Americas
 - EMEA & Americas expected to grow by of 6.5% and 5.9% respectively for the period 2020-2025
- EMEA is in structural deficit of upstream siloxane and further capacity is required to meet increasing demand
- The project is well synchronised with Elkem's expansion of Xinghuo Silicones in terms of execution and market positioning



Designed to deliver higher capacity, improved cost position and better environmental performance

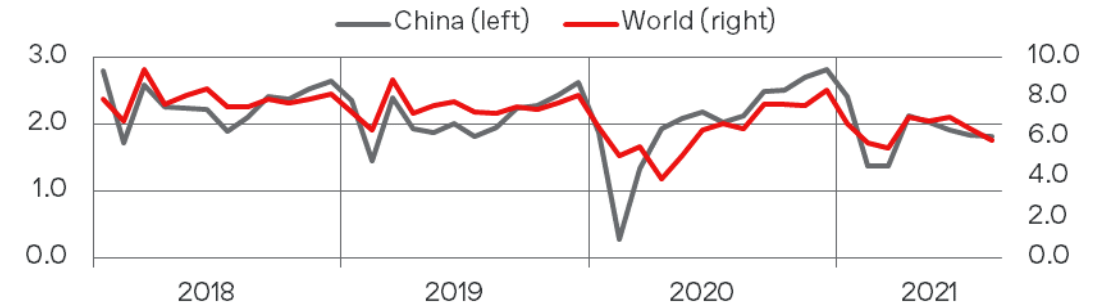
- Production capacity expanded by 20,000 tonnes to 100,000 tonnes
- Improved cost position through debottlenecking, more efficient processes and improved reliability
- Improved environmental performance through better energy efficiency and upgraded wastewater treatment

Semiconductors hampering automotive, EV sales up

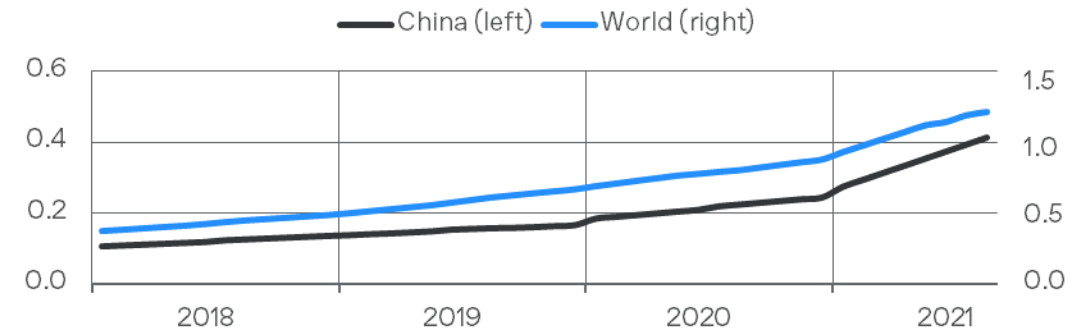
- Post-pandemic strong demand from construction sector in all major regions. Risk that activity may slowdown in China from next year
- Automotive markets impacted by lack of semiconductors, constrained transportation capacity and covid shutdowns in Asia
 - Good underlying demand but significant drop in sales in Europe, China and US for July and August compared to last year
- However, sales of EVs increasing compared to last year
 - Global sales for 2021 expected increase by 49% compared to 2020. EV sales in China expected to increase by 80%
 - The development is supporting Elkem's silicones sales as EVs contain approx. 4 times more silicones than regular cars



Automotive – units sold per month (million)



Electric vehicles (EV) – units per month (million - smoothed line)



Extraordinary conditions resulting in significant price spike

- Strong demand has led to a tight supply-demand balance in all regions
- Supply disruptions due to challenging power situation and low availability of silicon metal have further tightened the markets
- In China, prices have risen sharply, and DMC has reached new record levels around RMB 60,000 per tonne. EMEA & Americas are following the same trend but with a delay
- Significant price increases implemented worldwide for specialties, main impact from 2022
- Unclear when market situation will normalise as demand remains strong



DMC reference price China (CNY/mt)



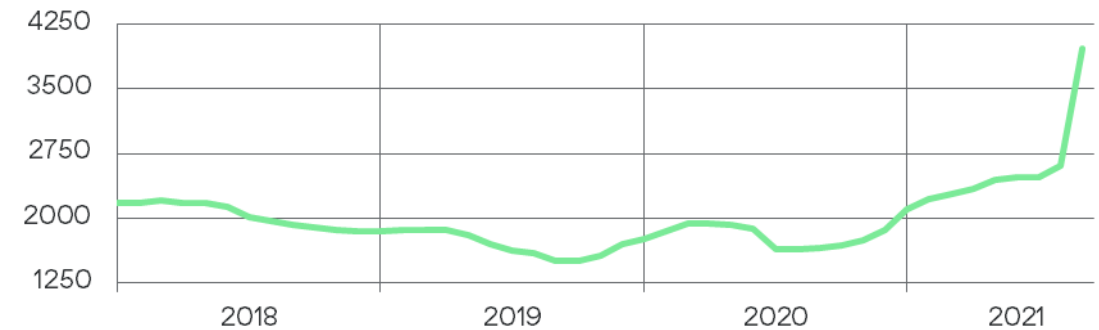
DMC reference prices are based on quotes incl. VAT and transportation. Quotes may not always reflect accurate sales prices.

Strong demand, prices reaching all-time high

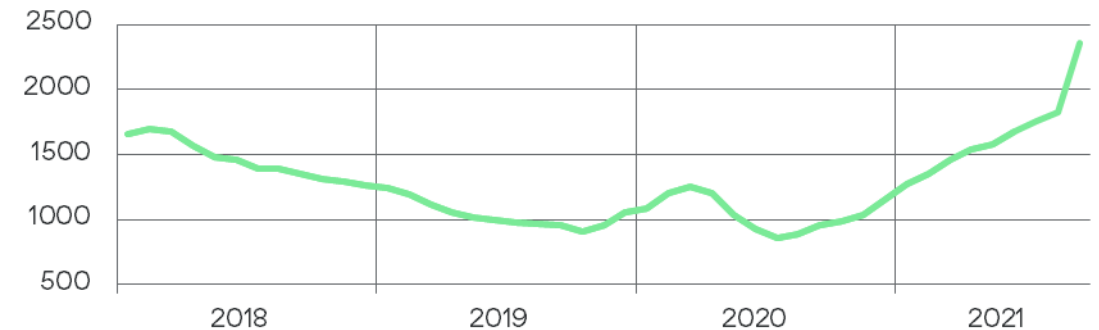
- Strong demand for silicon and ferrosilicon across several sectors, e.g. solar, chemicals, aluminium and steel
- Market prices have risen to new record levels in the third quarter both for silicon and ferrosilicon
- Supply problems in China, due to energy curtailments and raw material availability, have accelerated the price development
- Raw material availability and drought in Brazil could further limit production of silicon metal and ferroalloys to keep pricing momentum
- Elkem's competitive position further improved due to significant cost increases around the world



CRU silicon 99 price EU (EUR/mt)



CRU ferrosilicon 75 price EU (EUR/mt)

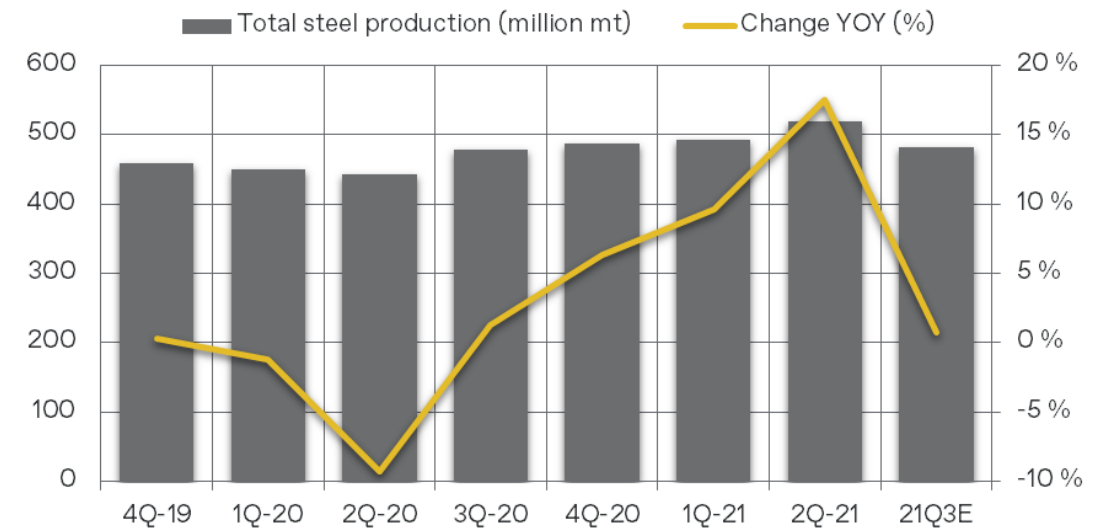


Strong demand, increasing raw material prices

- Steel markets and ferroalloys are key demand drivers for carbon products
- China is restricting steel production as a measure to reduce energy consumption and CO₂ emissions
 - Estimated production is down 11% in third quarter 2021 compared to third quarter 2020
- Demand for ferroalloys is strong in Western markets, driven by higher steel production outside China
- High demand and strong energy markets are continuing to drive increases in raw material prices



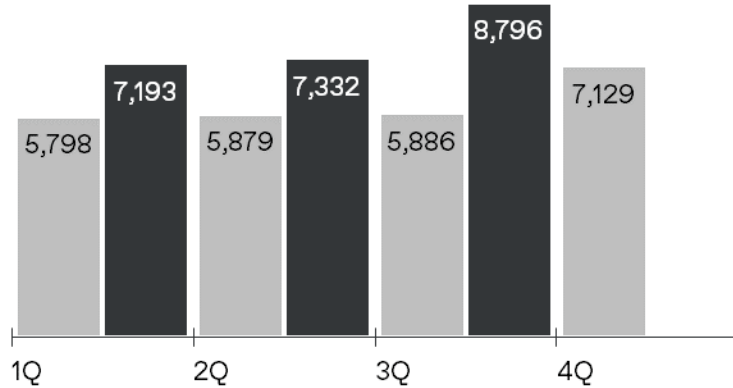
World steel production



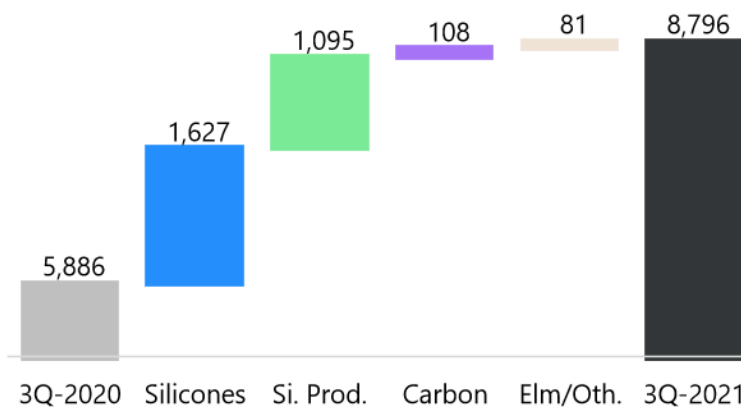
New record levels for operating income and EBITDA

Total operating income

- All-time high operating income

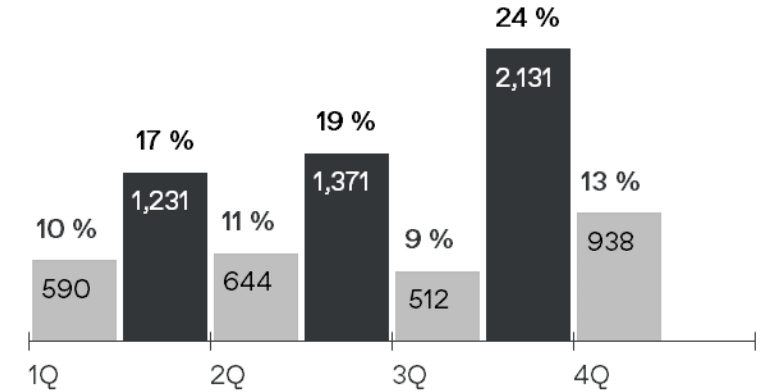


- ... driven by record prices for silicones, silicon and ferrosilicon

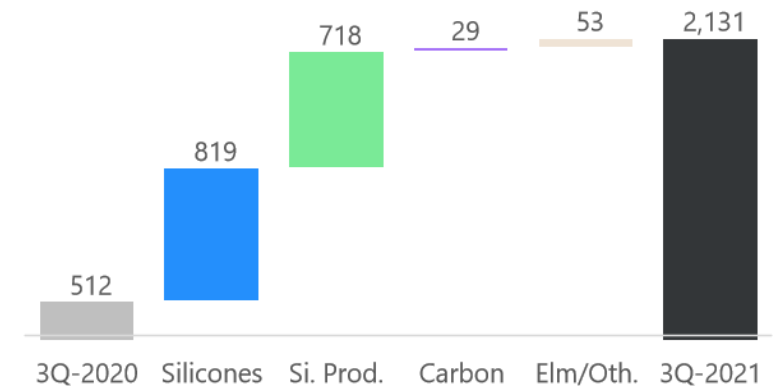


EBITDA

- All-time high group EBITDA



- ... driven by strong improvements in all divisions



Good EBITDA and strong financial ratios

- EBITDA MNOK 2,131
 - Segment Other included realised currency hedging gains of MNOK 10
- The Productivity Improvement Programme continues according to plan
 - By end of 3Q-2021 the annualised run-rate was MNOK 304 versus target of MNOK 350 by end of 2021
- Other items MNOK 16
 - Mainly consisting of currency gains of MNOK 39 from working capital items, partly offset by negative effects from commodity contracts and embedded derivatives in power contracts of MNOK -22 and other net expenses of MNOK -1
- Net financial items MNOK -10
 - Consist of net interest expenses MNOK -59, other financial expenses of MNOK -2 and currency gains amounting to MNOK 52
- Tax MNOK -295
 - Giving a tax rate of 18% for the third quarter

Consolidated key figures

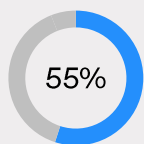
<i>(NOK million, except where specified)</i>	3Q 2021	3Q 2020	YTD 2021	YTD 2020	FY 2020
Total operating income	8,796	5,886	23,321	17,563	24,691
EBITDA	2,131	512	4,733	1,746	2,684
EBIT	1,666	99	3,313	508	957
Other items	16	-18	-29	4	-130
Net financial items	-10	-153	-23	-179	-229
Profit (loss) before income tax	1,675	-74	3,289	306	584
Tax	-295	-23	-599	-141	-306
Profit (loss) for the period ⁽¹⁾	1,371	-105	2,664	133	239
Key ratios					
EPS (NOK per share)	2.16	-0.18	4.34	0.23	0.41
Equity ratio (%)	46 %	40 %	46 %	40 %	41 %
Net interest bearing debt (NIBD) ⁽²⁾	5,421	8,571	5,421	8,571	8,058
Leverage ratio	1.0	3.8	1.0	3.8	3.0
Reinvestments % of D&A	83 %	65 %	73 %	67 %	81 %
ROCE (annualised) (%)	34 %	2 %	23 %	4 %	5 %

⁽¹⁾ Owners of the parent's share of profit (loss)

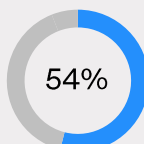
⁽²⁾ Excluding receivables from related parties, loans to external parties, accrued interest income and non-current other restricted deposits

Strong result in extraordinary markets

- Total operating income of MNOK 4,849, up 50% from the third quarter 2020
 - The increase in operating income was largely explained by higher sales prices, but also higher sales volumes
- EBITDA of MNOK 1,168, up 235% from the third quarter last year
 - Improved EBITDA mainly explained by higher sales prices and higher sales volumes
 - Higher raw material costs, mainly for silicon and methanol, partly offsetting the higher sales prices
- Strong sales volumes based on strong demand with stable and good production



Share of operating income



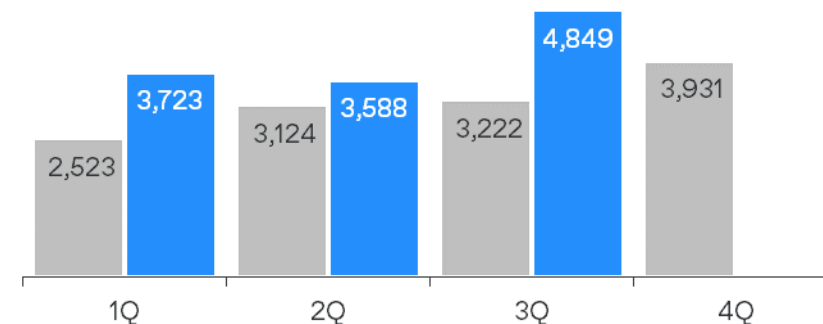
Share of EBITDA

Share of operating income from external customers ex. Other

Share of EBITDA ex. Other and Eliminations

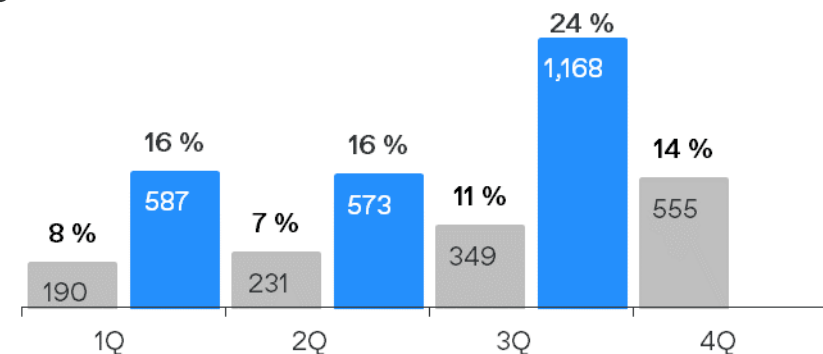
Total operating income

NOK million



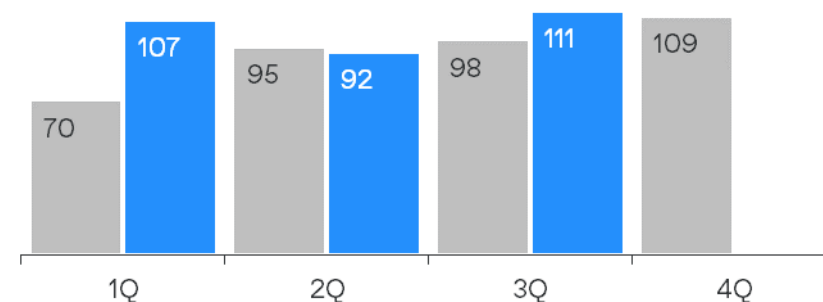
EBITDA and margin

NOK million and %



Sales volume

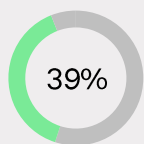
In 1,000 mt



■ 2020
■ 2021

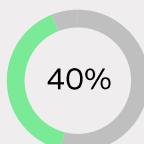
Benefitting from excellent market positions

- Total operating income of MNOK 3,558 up 44% from the third quarter last year
 - Mainly explained by higher sales prices, with contribution from slightly higher sales volumes
- EBITDA of MNOK 858, up 513% compared to third quarter last year
 - Mainly explained by higher sales prices and slightly higher sales volumes
 - Raw material prices are increasing, particularly coal
- High and stable sales volumes reflecting good operations and strong demand in all main sectors



Share of operating income

Share of operating income from external customers ex. Other

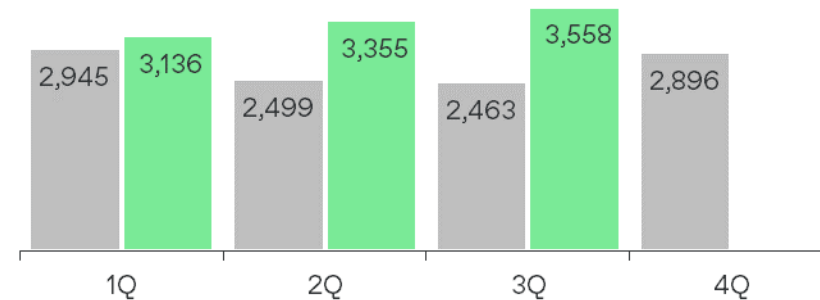


Share of EBITDA

Share of EBITDA ex. Other and Eliminations

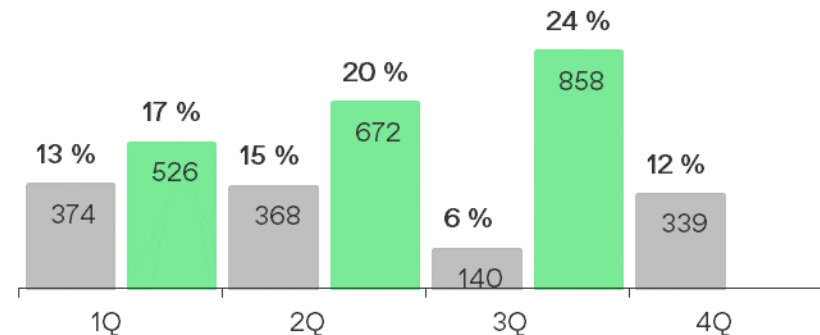
Total operating income

NOK million



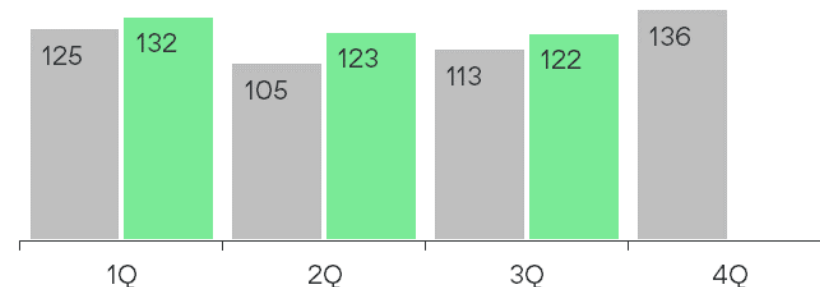
EBITDA and margin

NOK million and %



Sales volume

In 1,000 mt

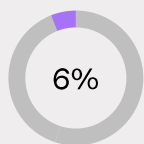


■ 2020

■ 2021

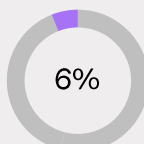
Record results and strong volumes

- Total operating income MNOK 560, up 24% from the third quarter last year
 - Higher operating income due to higher sales volumes and higher sales prices, partly offset by currency
- EBITDA of MNOK 140, up 26% from third quarter last year
 - Improved EBITDA mainly explained by higher sales volumes. Higher sales prices have been offset by higher raw material costs
- Strong sales volumes reflecting good underlying markets for steel and ferroalloys



Share of operating income

Share of operating income from external customers ex. Other

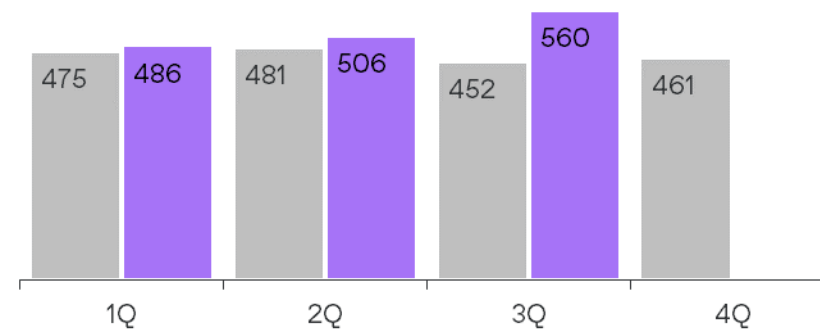


Share of EBITDA

Share of EBITDA ex. Other and Eliminations

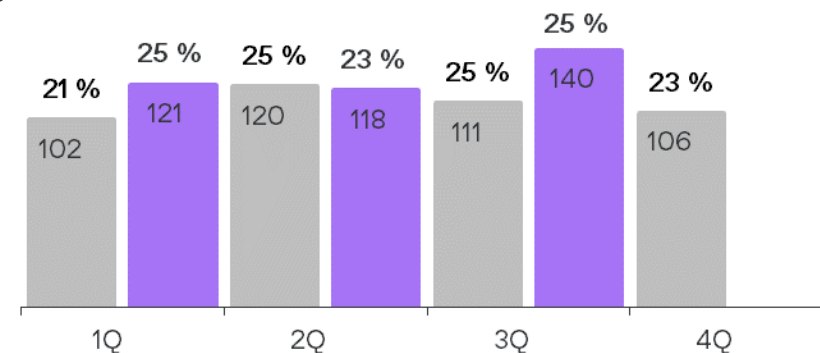
Total operating income

NOK million



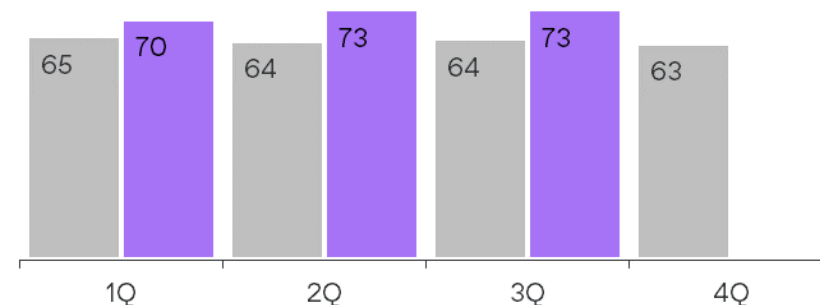
EBITDA and margin

NOK million and %



Sales volume

In 1,000 mt



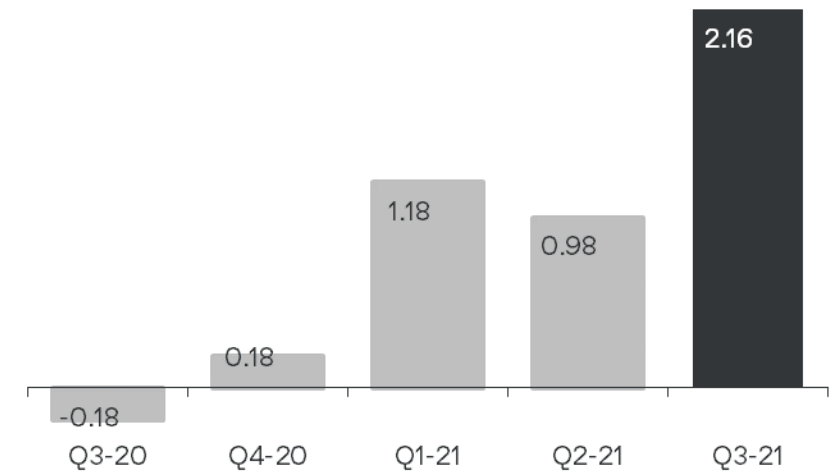
■ 2020
■ 2021

Excellent EPS and robust equity

- Earnings per share (EPS)
 - EPS amounted to NOK 2.16 in the third quarter and NOK 4.34 YTD-2021
 - EPS YTD-2021 clearly up from YTD-2020 due to strong improvement in results
- Total equity amounted to BNOK 17.5 as at 30 September 2021, up by BNOK 4.9 from year-end 2020
 - Increase in equity explained by capital increase of BNOK 1.9 in April 2021, profit YTD of BNOK 2.7 and effects through OCI
 - Equity ratio at 46%

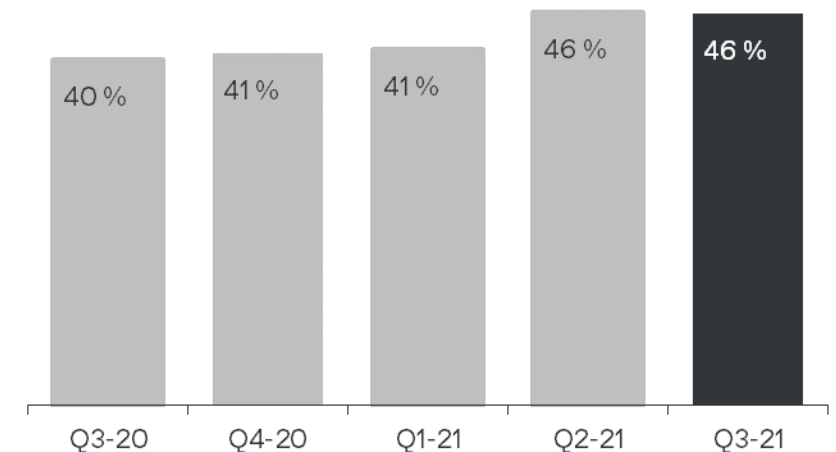
Earnings per share (EPS)

NOK per share



Equity ratio

In percent of total assets

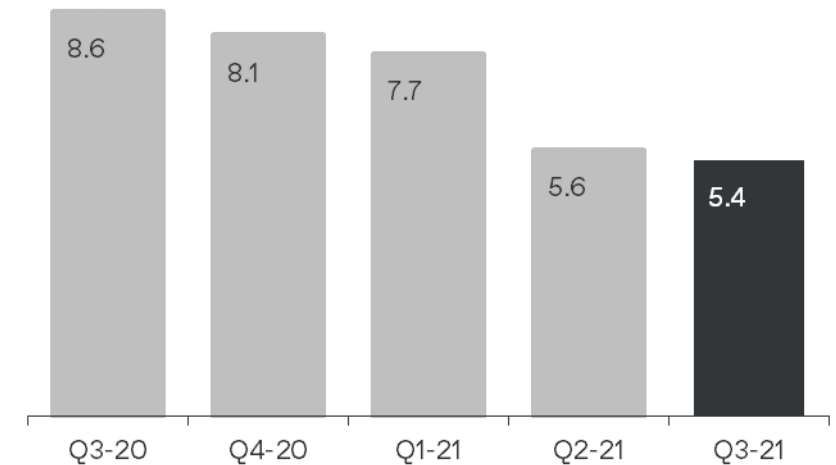


Financing position further improved

- Net interest-bearing debt (NIBD) of BNOK 5.4 as at 30 Sept. 2021
 - Leverage ratio of 1.0x based on LTM EBITDA of BNOK 5.7
 - Reduction in leverage ratio driven by improved LTM EBITDA and capital increase in April 2021
- Maturity profile further improved
 - Elkem successfully raised new bond loans in February and August 2021 totaling MNOK 2,500 for refinancing of debt maturities in 2021
 - The debt maturities in China mainly consist of local working capital financing, which are regularly rolled over

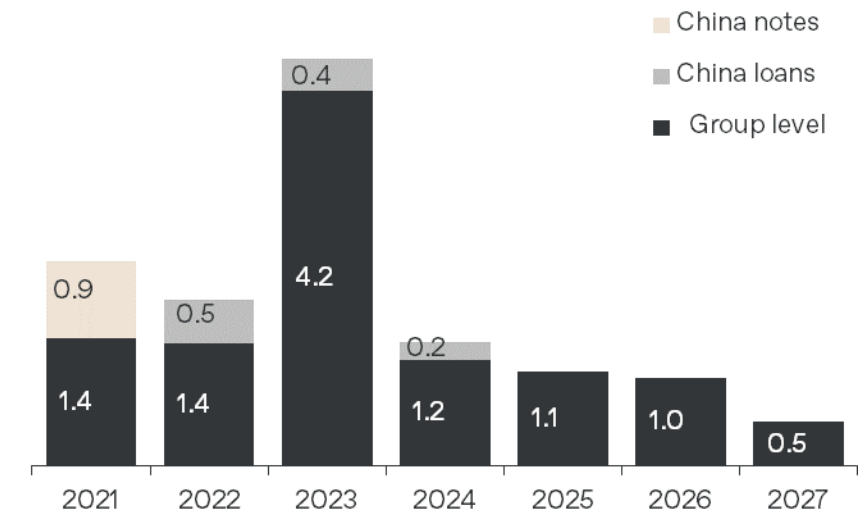
Net interest-bearing debt (NIBD)

NOK billion



Maturity profile

NOK billion



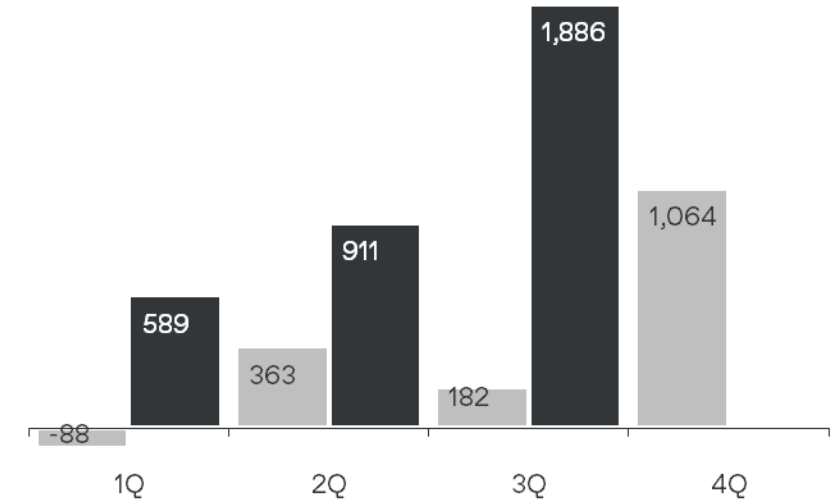
Strong cash flow – higher strategic investments

- Cash flow from operations⁽¹⁾ was MNOK 1,886 in the third quarter, up from MNOK 182 in the third quarter last year
 - The improvement was mainly driven by record high operating profit and improved working capital
- Investments ex. M&A amounted to MNOK 825 in the third quarter 2021, up from MNOK 454 in the third quarter 2020
 - Reinvestments was MNOK 385 in the quarter, amounting to 83% of D&A and in line with group target of 80-90%
 - Strategic investments of MNOK 440. Increased strategic investments mainly driven by Silicones Xinghuo expansion. Other strategic investments include silicones specialisation projects, silicon furnace upgrades and the battery materials project

⁽¹⁾ Cash flow from operations is according to Elkem management definition and includes reinvestments

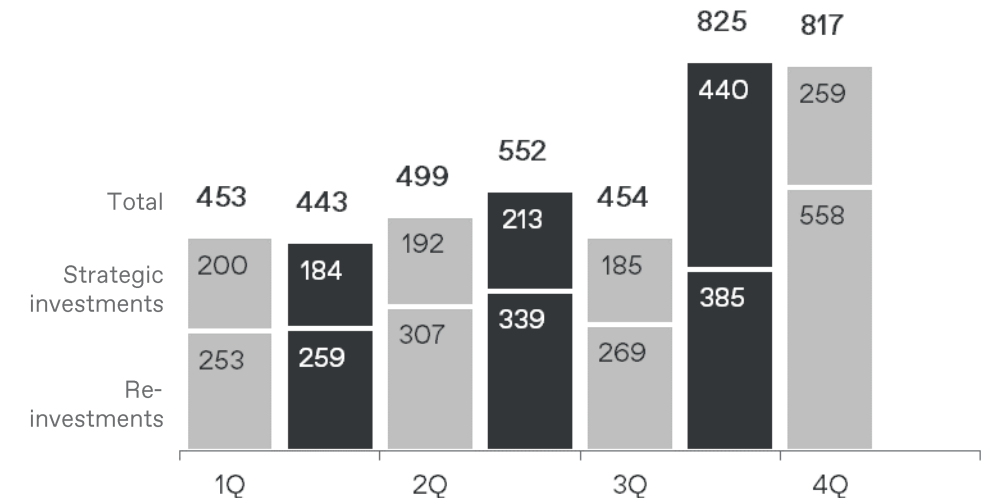
Cash flow from operations

NOK million



Investments ex. M&A

NOK million



■ 2020
■ 2021

Outlook for the fourth quarter 2021

- Strong underlying demand for Elkem's products going into the fourth quarter. Industry supply hampered by energy and raw material constraints
- Elkem well positioned to benefit from current market conditions despite inflationary pressure, due to its integrated value chains in Asia and Europe/US
- Silicones markets expected to remain tight in the fourth quarter. Due to time lag versus market prices, Elkem expects to realise higher sales prices in the quarter both for commodities and specialities
- Market prices for silicon- and ferrosilicon-based products at all-time high. Elkem is benefitting from attractive positions and expects to realise higher sales prices due to time-lag in sales contracts
- Carbon products continues to benefit from strong steel and ferroalloys markets



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Any statement, estimate or projection included in this presentation (or upon which any of the conclusions contained herein are based) with respect to anticipated future performance (including, without limitation, any statement, estimate or projection with respect to the condition (financial or otherwise), prospects, business strategy, plans or objectives of the company and/or any of its affiliates) may prove not to be correct.

No representation or warranty is given as to the completeness or accuracy of any forward-looking statement contained in this presentation or the accuracy of any of the underlying assumptions. Nothing contained herein shall constitute any representation or warranty as to the future performance of the company, any financial instrument, credit, currency rate or other market or economic measure.

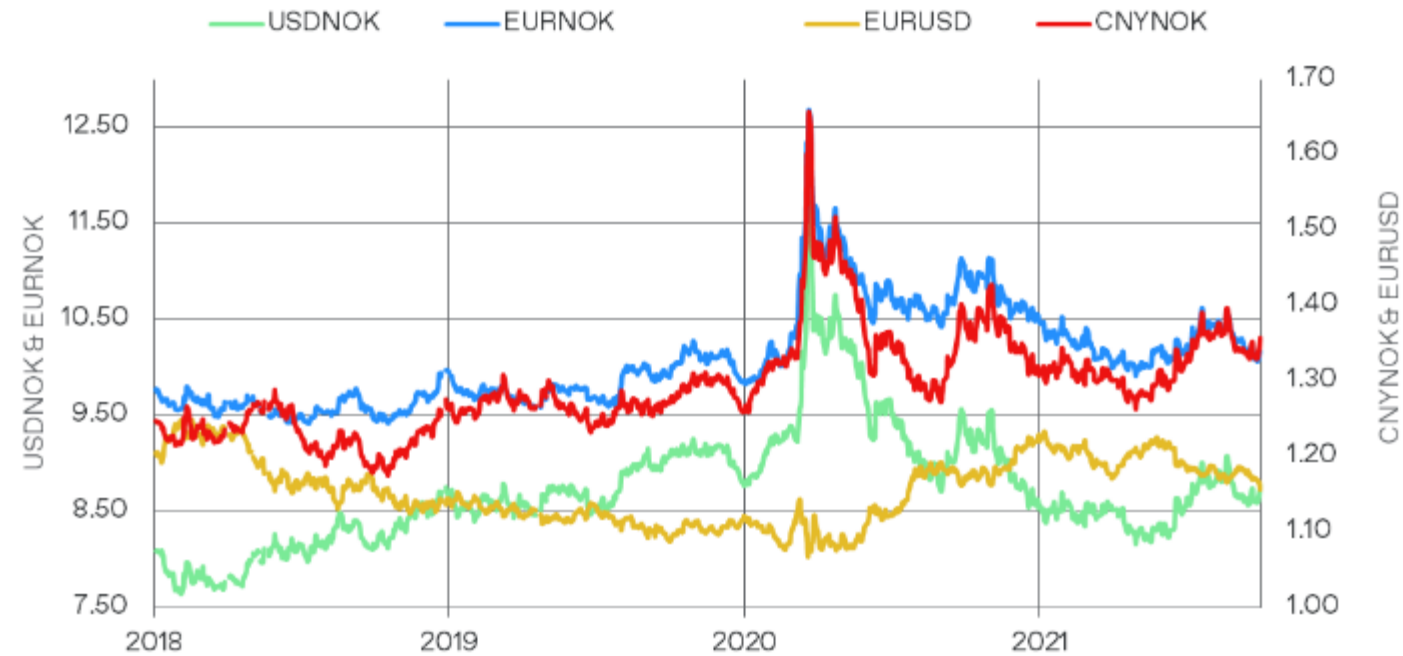
Information about past performance given in this presentation should not be relied upon as, and is not, an indication of future performance.



Appendix

Currency sensitivity

- The result and cash flow are exposed to currency fluctuations. The main currencies are EUR and USD
 - EUR - net exposure approx. MEUR 300
 - USD - net exposure approx. MUSD 150
- Current cash flow hedging programme
 - 90% hedging of net cash flows occurring within 0-3 months
 - 45% hedging of forecasted net cash flows within 4-12 months
- Before hedging activities, a 10% strengthening or weakening of NOK versus all other currencies would have an EBITDA effect of approx. MNOK 600 over the coming 12 months



Currency development

- As of 30 September 2021, the NOK closed unchanged against the EUR, 3% weaker against USD and 2% weaker against CNY compared to 30 June 2021
- In 3Q-2021, the NOK was on average 3% stronger against EUR and 4% stronger against USD compared to 3Q-2020. The NOK was on average 3% weaker against CNY

Other financial sensitivities

POWER

- Electric power is a key input factor in Elkem's production. Total consumption for the group was 6.4 TWh in 2020 of which 3.7 TWh is in Norway. Near term exposure to spot power prices is limited
 - Norway, hedging programme mainly consisting of long-term contracts covering 92% of the maximum power consumption for 4Q-2021 and approx. 80% for 2022. After 2022, Elkem has a high but gradually declining hedging ratio in line with its long-term hedging strategy
 - Outside Norway, power prices are mostly based on long term contracts or regulated power tariffs

SALES PRICES

- Changes in sales prices could significantly affect operating income and EBITDA
 - 10% price change on silicon metal is expected to affect result by approx. MNOK 80 per year⁽¹⁾
 - 10% price change on ferrosilicon is expected to affect result by approx. MNOK 250 per year⁽¹⁾

(1) Cost absorption effects of 25% are assumed for both silicon and ferrosilicon



Delivering your potential