

Elkem ASA – Record results in extraordinary markets

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In the third quarter 2021, Elkem delivered its best quarterly result ever, with earnings more than four times higher than the same period last year (EBITDA). Market conditions have been extraordinary with all-time high prices across several products lines and regions. Due to its integrated business model and attractive market positions, Elkem has been well positioned to benefit from the strong market momentum. In addition, Elkem launched a new ambitious climate roadmap in the quarter, with an aim of delivering a 39 per cent reduction of its product carbon footprint by 2031.

Elkem's total operating income for the third quarter 2021 was NOK 8,796 million, which was all-time high and up 49% from the corresponding quarter last year. Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to NOK 2,131 million in the quarter, which was as much as 316% higher than third quarter 2020. Earnings per share (EPS) was NOK 2.16 in the quarter, and NOK 4.34 YTD-2021.

"Elkem is currently experiencing extraordinary markets and delivering strong results. So far this year, we have almost tripled our earnings compared to the same period last year, and we expect another strong result in the fourth quarter. Our focus now is to deliver for our customers and drive strong performance while also positioning Elkem for the future in line with our long-term strategy of growth driven by operational excellence and increased specialisation. We also continue our work to further step up our performance on Environment, Social and Governance (ESG) issues, digital transformation and battery materials," says Helge Aasen, Elkem's CEO.

As announced on 18 October, Elkem's board of directors and Helge Aasen have agreed that Aasen will continue as CEO of Elkem, after serving as interim CEO since June 2021. Helge Aasen has previously served as CEO of Elkem from 2009 to 2019. He has a broad industrial experience after working in most of the company's different functions for nearly 30 years.

Market conditions have been extraordinary in the third quarter, particularly for Elkem's two largest divisions; Silicones and Silicon Products. Elkem has seen strong demand in all regions and steady price increases for its main product categories. The group has kept normal production in the quarter, while many other producers have been hampered by low raw material availability, transportation constraints, high power prices and in some cases energy curtailments. The combination of strong demand and disruptions on the supply side have pushed market prices up to new record levels.

Elkem has a strong business model with an integrated value chain and a highly competent global workforce. The group is therefore in a good position to benefit from the current market situation. In addition, access to reliable and renewable electricity is a key competitive advantage and paramount to ensure stable production, predictable cost development and the lowest possible CO2 emissions. The recent market trends, which could mark a structural shift for global silicon markets, will further strengthen Elkem's long-term competitive position.

The focus on CO2 emissions is becoming more critical for all types of industry and Elkem's response has been to launch a new ambitious climate roadmap for the group. "Elkem aims to be part of the solution to combat climate change – and to be one of the winners in the green transition. From an already favourable position where 83% of our electricity consumption is based on renewable energy, we aim to reduce our fossil CO2 emissions by 28% from 2020-31 while growing our supplies to the green transition – thereby delivering a 39% improvement in the carbon footprint of our products in the same period. Elkem's long-term goal is net zero emissions by 2050," says Aasen.

The board has approved an investment in Elkem's silicones plant in Roussillon, France, amounting to NOK 350 million. This project will further develop and strengthen Elkem's specialty business in Europe, the Middle East and Africa (EMEA) and the Americas and will be finalised in 3Q-2023. There is a structural deficit of siloxane in EMEA and further capacity is required to meet increasing demand

from customers. The project will also improve Elkem's cost position and environmental performance through debottlenecking, better energy efficiency and upgraded wastewater treatment.

The group's equity as at 30 September 2021 amounted to NOK 17,512 million, which gave a ratio of equity to total assets of 46%. Net interest-bearing debt was NOK 5,421 million, which gave a ratio of net interest-bearing debt to EBITDA of 1.0 time. The net interest-bearing debt and leverage ratio have been significantly reduced due to the strong improvement in results and the capital increase in April. Elkem had cash and cash equivalents of NOK 7,176 million as at 30 September 2021 and undrawn credit lines of around NOK 3,200 million.

There is strong underlying demand for Elkem's products going into the fourth quarter and industry supply continues to be hampered by energy and raw material constraints. Elkem is well positioned to benefit from the current market conditions despite inflationary pressure, due to its integrated value chains in Asia and Europe/US. Silicones markets are 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 are 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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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