



First quarter 2022: All-time high results

Oslo, 27 April 2022

In the first quarter 2022, Elkem's results again reached all-time high, especially driven by strong performance in the Silicon Products and Carbon Solutions divisions. Elkem has benefitted from high prices and good demand in key markets. Broader industry conditions also include challenges due to high energy costs, raw material constraints and transportation problems, but Elkem's strong integrated business model has provided a competitive advantage. Elkem sees a strong outlook for the second quarter 2022.

Elkem's total operating income for the first quarter 2022 was NOK 11,876 million, which was all-time high and up 65% from the corresponding quarter last year. Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to NOK 3,875 million in the quarter, compared to NOK 1,231 million in the first quarter 2021. Earnings per share (EPS) was NOK 4.20 in the quarter.

"Elkem is starting 2022 at an all-time high, delivering our third consecutive quarter of record results, after a record year in 2021. Our first quarter earnings have been more than tripled from the same period last year. Elkem sees strong demand going into the second quarter, explained by strong market positions, and robust integrated value chains. We also continue to position Elkem for the future in line with our strategy, having achieved a rating among the top 1% of companies on sustainability, investing in specialisation and innovation with a new R&I centre in Shanghai and announcing the partnership with Hydro and Altor to accelerate the growth of Vianode as a producer of sustainable battery materials," says Helge Aasen, Elkem's CEO.

Elkem has benefitted from high prices and good demand in key markets. The energy crisis in Europe has led to capacity curtailments among silicon and ferrosilicon producers. This has resulted in tight market conditions. In addition, the industry has been impacted by raw material constraints and transportation problems, resulting in general cost pressure and higher sales prices. Elkem's integrated business model has ensured good access to critical raw materials and relatively stable costs. Consequently, Elkem has been able to generate record results.

On 6 April 2022, Elkem announced a partnership with Hydro and Altor to accelerate the growth of Vianode, a producer of sustainable battery materials. Hydro and Altor will each have 30% ownership in Vianode, while Elkem will retain 40% ownership. The transaction is subject to formal and regulatory approvals. Vianode has developed a range of synthetic graphite products for batteries with unique performance characteristics and produced with significantly lower CO₂ emissions than today's standard materials. An investment decision for a potential first-phase plant at Herøya, Norway, is expected in the first half of 2022. This investment is estimated to around NOK 2 billion and is pending clarifications related to framework conditions.

Specialisation and innovation are key parts of Elkem's strategy. In 2021, 26% of the sales by the Silicones division were generated from new products launched in past five years. The Silicones Xinghuo expansion project in China is expected to generate additional NOK 5 billion of sales from downstream specialisation by 2030. To reach this target, Elkem has resolved to invest approximately NOK 150 million in a flagship R&I centre for the Asia-Pacific region in Shanghai. The new R&I centre will house several application centres addressing the development trends in key industries such as high-performance silicone products for

EVs, medical devices, cosmetics, coating materials for textile, leather and airbags, and products for 3D printing.

In the first quarter, Elkem was awarded the Platinum rating on sustainability transparency from EcoVadis, one of the world's largest and most trusted providers of business sustainability ratings. This positions Elkem among the top 1% of the companies evaluated worldwide. Sustainability is an integrated part of Elkem's business strategy.

The Russian invasion of Ukraine continues. Elkem's first priority is to ensure the health and safety of our people and business partners and to make sure we comply with international sanctions. Elkem does not have any plants or own employees in Ukraine or Russia, and the sales to these countries constituted very limited parts of Elkem's revenues in 2021. The situation is not expected to directly impact Elkem's operations. Our hearts and minds are with the people affected.

The group's equity as at 31 March 2022 amounted to NOK 22,853 million, which gave a ratio of equity to total assets of 51%. Net interest-bearing debt was NOK 3,756 million, which gave a ratio of net interest-bearing debt to EBITDA of 0.4x. Elkem had cash and cash equivalents of NOK 8,127 million as at 31 March 2022 and undrawn credit lines of more than NOK 3,000 million.

Elkem continues to see strong demand going into the second quarter, explained by strong market positions, and robust and integrated value chains. In Silicones, Elkem's operations in EMEA and US will gradually benefit from somewhat lower silicon prices. In APAC, covid restrictions in China could impact demand. Silicon Products will however continue to benefit from strong demand and high prices. The contract prices for silicon will be somewhat down compared to the first quarter 2022, but remaining at highly attractive levels. Carbon Solutions continues to benefit from strong steel and ferroalloys markets outside China but could be exposed to raw material and transportation constraints.

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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 7,000 people has a joint commitment to stakeholders: Delivering your potential. In 2021, Elkem obtained a Platinum score from EcoVadis, which rated the company among the world's top 1% on sustainability transparency, and the company achieved an operating income of NOK 33.7 billion. Elkem is listed on the Oslo Stock Exchange (ticker: ELK). www.elkem.com