



Fourth quarter 2022 concludes a record year for Elkem

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In the fourth quarter 2022, Elkem delivered a good result, based on strong performance from the Silicon Products division and the Carbon Solutions division. The quarter concludes a strong year for Elkem with an all-time high operating revenue and result. The board has proposed a dividend of NOK 6.00 per share, equivalent to 40% of the profit for the year, in line with Elkem's dividend policy.

Elkem's total operating income for the fourth quarter 2022 was NOK 10,404 million, which was in line with the corresponding quarter in 2021. Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to NOK 1,787 million in the quarter, compared to NOK 3,059 million in the fourth quarter 2021. EBITDA for the full year amounted to NOK 12,887 million, an increase of 65% from the previous record year 2021.

Earnings per share (EPS) was NOK 1.41 in the quarter and NOK 15.09 year-to-date. The board has proposed a dividend of NOK 6.00 per share. The dividend for 2022 amounts to 40% of profit for the year and provides for a dividend yield of 17% based on the year's average share price.

"2022 was a second consecutive year with record revenues and results for Elkem. This is a testament to our strong cost and market positions, as well as good deliveries by our global team. We have also continued to position the company for future growth by launching an updated corporate strategy focusing on dual-play growth and green leadership. As we enter 2023, the market sentiment is impacted by macroeconomic uncertainty and lower growth in key sectors. Elkem's integrated value chain is providing a sustainable competitive edge as a basis for good profitability also going forward," says Elkem's CEO, Helge Aasen.

The Silicon Products and Carbon Solutions divisions have delivered another strong quarter, based on high sales prices and favourable cost positions. The result for the Silicones division was however weak, severely impacted by the Covid situation in China. In addition, the Silicones division's result was impacted by inventory write downs and extraordinary maintenance costs amounting to approximately NOK 175 million.

The result for the fourth quarter demonstrates the strength of Elkem's diversified product portfolio and balanced geographical market positions. Elkem's dual play strategy is based on balanced geographic growth across the value chain. This has helped to stabilise the earnings in the quarter, as the weak market sentiment in China has been offset by more favourable conditions in other markets.

As part of the company's dual-play growth strategy, Elkem has decided to invest around NOK 200 million to increase its production capacity in Brazil. The investment is based on well-known technology and constitutes an expansion of a running Elkem facility, thereby further improving productivity and profitability. The increased production of high-quality products will be supplied to a major customer on a long-term contract. The expansion is expected to generate additional sales in excess of NOK 300 million per year from 2024.

In line with the company's green leadership strategy, Elkem was awarded double A- scores from CDP for the company's efforts on climate and forests. The company achieved a B score on water security. In the fourth quarter, Elkem also closed final terms on its first sustainability linked loan agreement, linking the margins on the facilities to key sustainability goals.

In December, Elkem placed EUR 200 million in the Schuldchein market on 4 and 6-year tenors. EUR 52 million was disbursed in December 2022, while EUR 148 million was

disbursed in January 2023. The net proceeds were partly used to refinance maturing Schultschein loans and has further improved Elkem's maturity profile.

The group's equity as at 31 December 2022 amounted to NOK 28,774 million, which gave a ratio of equity to total assets of 55%. Net interest-bearing debt was NOK 2,615 million, which gave a ratio of net interest-bearing debt to EBITDA of 0.2x. Elkem had cash and cash equivalents of NOK 9,255 million as at 31 December 2022 and undrawn credit lines of more than NOK 5,000 million.

Market sentiment is impacted by macroeconomic uncertainty and lower growth in key sectors. The silicones market in China is weak going into the first quarter but expected to improve after Chinese New Year. In addition, Silicones could be negatively impacted by strikes in France. The overall market sentiment for Silicon Products is weak, but significant capacity curtailments seem to balance the market at current level. The reference prices for silicon and ferrosilicon are somewhat down from the fourth quarter 2022. Carbon Solutions has seen lower demand due to closures in steel, but markets are expected to be stable in the first quarter.

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About Elkem

Elkem is one of the world's leading providers of advanced silicon-based materials 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 7,300 people has a joint commitment to stakeholders: Delivering your potential. In 2022, 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 45.9 billion. Elkem is listed on the Oslo Stock Exchange (ticker: ELK). www.elkem.com