



First quarter 2023: Good result, but impacted by more challenging markets

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In the first quarter 2023, Elkem delivered a good result, based on strong performance from the Silicon Products division and the Carbon Solutions division. The result for the Silicones division was weak, impacted by more challenging market conditions.

Elkem's total operating income for the first quarter 2023 was NOK 9,934 million, which was down from the corresponding quarter in 2022, due to lower sales prices for silicones, silicon and ferrosilicon. Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to NOK 1,565 million in the quarter, compared NOK 3,875 million in an exceptionally strong first quarter last year. Earnings per share (EPS) was NOK 1.50.

"The Silicon Products and Carbon Solutions divisions have delivered another strong quarter, based on superior cost and market positions. The two divisions have generated strong margins despite weak market conditions. The result for the Silicones division was, however, weak due to a poor macroeconomic sentiment combined with overcapacity in China, which have negatively impacted demand and sales prices", says Elkem's CEO, Helge Aasen.

Given the market situation, Elkem has made the decision to move forward planned maintenance and temporarily reduce the production at the Silicon Products' Thamshavn and Rana plants. Elkem will invest around NOK 200 million in maintenance and improvement at the two smelters, which will enable lower production costs once stronger market conditions return. Each plant will have one furnace out for approximately two months.

Elkem is well-positioned with long-term power contracts in Norway, having secured more than 80 per cent of the electricity supply at competitive rates until 2026. However, Elkem is continuously evaluating its contract portfolio, as access to electricity at internationally competitive rates are crucial to maintain a strong cost position. In the first quarter, Elkem signed new long-term power agreements, securing additional competitive access to power to the group's plants in Salten, Rana and Bremanger.

The new contracts secure added predictability for Elkem's plants with an aggregate volume of 520 GWh per year up to 2035. Elkem uses approximately 81 per cent renewable electricity in its operations globally, with long-term renewable power agreements also in Iceland, Canada and Paraguay.

The group's equity as at 31 March 2023 amounted to NOK 29,861 million, which gave a ratio of equity to total assets of 53%. Net interest-bearing debt was NOK 3,670 million, which gave a ratio of net interest-bearing debt to EBITDA of 0.3x. Elkem had cash and cash equivalents of NOK 11,138 million as at 31 March 2023 and undrawn credit lines of more than NOK 6,000 million.

The market sentiment is still weak going into the second quarter, but Elkem benefits from strong market positions and robust financials. Elkem is accelerating planned maintenance work, positioning for expected demand recovery and improved market conditions. Silicones markets remain challenging, due to weak sentiment in EU and US, and overcapacity in China. Maintenance stop in China in May and June will impact the sales in APAC. The markets for Silicon Products are expected to be stable but weak. The maintenance stops at Thamshavn and Rana are expected to have modest impact on the results. Raw material

costs are coming down, particularly for reduction agents. Carbon Solutions could be impacted by lower demand, but performance expected to remain at a good level.

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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