



## Second quarter 2023: An overall good performance in weak markets

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**In the second quarter 2023, Elkem delivered an overall good result, with continued strong performance in the Silicon Products division and the Carbon Solutions division. The result for the Silicones division was weak, impacted by challenging market conditions, maintenance stop, and inventory write down.**

Elkem's total operating income for the second quarter 2023 was NOK 9,258 million, which was down from the corresponding quarter in 2022, mainly explained by lower sales prices and lower sales volumes. Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to NOK 1,039 million in the quarter, compared an all-time high EBITDA of NOK 3,924 million in second quarter last year. Earnings per share (EPS) was NOK 0.06 in the quarter and NOK 1.56 year-to-date.

The Silicon Products and Carbon Solutions divisions continue to deliver strong results, based on superior cost and market positions. The result for Silicon Products was negatively impacted by maintenance stops at Thamshavn and Rana, estimated to NOK 80 million. The result for the Silicones division was weak, impacted by lower sales prices and lower sales volumes. In addition, the result for the Silicones division was negatively impacted by maintenance stop in China of NOK 100 million and inventory write down of NOK 70 million.

"After two years of record results for Elkem, we currently face more challenging markets. Under these conditions, we are pleased to deliver an overall good performance in the second quarter. We also deliberately carry out maintenance and growth investments in line with our strategy of dual-play growth and green leadership, positioning Elkem for demand recovery and improved market conditions. The longer-term trends of the green and digital transitions remain strong, driving demand for advanced materials shaping a better and more sustainable future," says Elkem's CEO, Helge Aasen.

In the second quarter, Elkem ASA acquired VUM, a Slovak producer of carbon materials. The transaction will further increase Elkem's capacity and competence in attractive specialty markets. Elkem expects the acquisition to contribute with additional annual sales of around NOK 360 million. The acquisition was part of Elkem's strategy of growth and specialisation and will improve the flexibility to handle different raw materials and provide synergies to Elkem's existing operations.

In addition, Elkem is investing in upgrades and digitalisation to enhance efficiency and cost improvements. The maintenance and improvement projects at the Thamshavn and Rana plants in Norway were successfully completed in the second quarter. Both plants have restarted production and are well positioned for future demand recovery, with enhanced competitive positions. In Bremanger, Norway, a new state-of-the-art control room has been opened and in Lyon, France, Elkem is developing a complete digital chain leveraging on advances in digitalisation and AI.

Due to weak results in the Silicones division, Elkem is taking measures to counter the challenging market conditions. A systematic improvement work is organised along several dimensions with focus on fixed cost reductions, capacity optimisation, increased waste recycling and by-product values, and capex optimisation.

The group's equity as at 30 June 2023 amounted to NOK 26,109 million, which gave a ratio of equity to total assets of 50%. Net interest-bearing debt was NOK 8,191 million, which gave a ratio of net interest-bearing debt to EBITDA of 1.1x. Elkem had cash and cash equivalents of NOK 6,609 million as at 30 June 2023 and undrawn credit lines of more than NOK 6,000 million.

There is a continued weak market sentiment going into the third quarter. Elkem is however, well positioned to benefit from a recovery due to strong market positions and robust financials. The Silicones markets are expected to remain challenging, and Elkem plans to run at reduced capacity to optimise product mix. Prices for Silicon Products are in a downward trajectory going into third quarter, but this is partially countered by lower raw material costs. The capacity utilisation is expected to be higher, following completion of the maintenance projects in Norway. Carbon Solutions' result is expected to remain at a good level, despite weak markets.

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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 achieved an operating income of NOK 45.9 billion and CDP ratings of A- on climate and forest. Elkem is listed on the Oslo Stock Exchange (ticker: ELK), where the company is also included in the ESG Index. [www.elkem.com](http://www.elkem.com)