

## First quarter 2024 – EBITDA improvement from modest levels

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**Elkem's EBITDA in the first quarter 2024 improved compared to the preceding two quarters despite challenging market conditions. Commodity sales prices have improved during the quarter, but demand is still weak. There are signs of demand recovery, but the uncertainty is still significant.**

Elkem's total operating income for the first quarter 2024 was NOK 7,961 million, which was in line with the preceding quarters, but down 18% from the first quarter 2023. Earnings before interest, taxes, depreciation and amortisation (EBITDA) was NOK 721 million, which was up from the previous two quarters, but down from the first quarter 2023. Earnings per share (EPS) was NOK -0.69 in the quarter, impacted by negative mark-to-market effects.

The result for the Silicones division was hampered by weak market conditions and Chinese seasonality. The division presented a negative EBITDA contribution in quarter, but there are signs that demand is picking up. The Silicon Products divisions delivered improved results compared to the preceding two quarters, benefitting from higher sales prices for silicon and ferrosilicon and continued strong performance from specialty segments. The Carbon Solutions division delivered another strong result, despite low sales volume.

"The macro-economic sentiment has been challenging in 2023, characterised by high inflation, interest rate hikes, and geopolitical uncertainties. The global macro-economic outlook for 2024 is still modest," says Elkem CEO Helge Aasen.

To counter challenging market conditions, Elkem has introduced a comprehensive improvement programme. The target is to improve EBITDA by at least NOK 1.5 billion and to reduce capital expenditures by NOK 2.0 billion compared to 2023. The programme is well underway. In the first quarter Elkem realised EBITDA improvements of NOK 0.2 billion, with an estimated full-year effect for 2024 of NOK 0.8 billion. Elkem's capital expenditures in the first quarter was down to NOK 0.6 billion, providing a clear trajectory to reach target. In line with the plan to reduce capital expenditures, Elkem has decided to exit its investment in Vianode.

"In the first quarter 2024, Elkem signed a new long-term power contract in Norway. The contract is for nine years and expire end of 2035. Elkem is well-positioned with long-term power contracts in Norway with around 80% of the electricity supply secured until end of 2027," says Aasen.

The group's equity as at 31 March 2024 amounted to NOK 24,743 million, which gave a ratio of equity to total assets of 49%. Net interest-bearing debt was NOK 10,206 million, which gave a ratio of net interest-bearing debt to EBITDA of 3.5x. Elkem had cash and cash equivalents of NOK 5,849 million as at 31 March 2024, and undrawn credit lines of more than NOK 6,000 million.

"There have been signs of recovery in the first quarter, but the uncertainty is still significant. The demand for silicones in Europe and US show signs of picking up. There is improved demand also in China, but the price development is hampered by overcapacity," says Aasen.

Elkem's expansion in China will come on stream in May, but the financial impact is limited in the second quarter. Silicon Products is expected to benefit from the commodity price increases for silicon and ferrosilicon seen in the first quarter. Stable conditions are expected for Carbon Solutions, with some signs of demand improvement in specific 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 7,400 people has a joint commitment to stakeholders: Delivering your potential. In 2023, Elkem achieved an operating income of NOK 35.5 billion and CDP ratings of A on Forests, and A- on Climate Change and Water Security. 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)