



Second quarter 2024 – Profitability improvements driven by enhanced operating performance

Oslo, 12 July 2024

Elkem reported an EBITDA of NOK 1,030 million in the second quarter 2024. This is in line with the corresponding quarter last year, and an improvement compared to the preceding three quarters.

“Improved profitability was primarily driven by a strong operational performance as part of Elkem’s comprehensive improvement programme. Market conditions have remained challenging in the quarter,” says Elkem CEO Helge Aasen.

Elkem’s total operating income for the second quarter 2024 was NOK 8,490 million, which was down 6% compared to the second quarter 2023, but up from the preceding quarters. Earnings before interest, taxes, depreciation and amortisation (EBITDA) was NOK 1,030 million, which was in line with the corresponding quarter last year, and an improvement compared to the preceding three quarters. Earnings per share (EPS) was NOK 1.35 in the quarter, and NOK 0.65 year-to-date.

The result for the Silicones division improved, but from a weak level. Market conditions are still weak, due to soft demand and Chinese overcapacity which has caused continued pressure on commodity sales prices. The Silicon Products division delivered good results, despite lower silicon sales in the quarter. The Carbon Solutions division delivered a strong result, based on favourable cost development and good sales volume.

Elkem’s silicones expansion project in China was finalised in May 2024, on time and on budget. The start-up was successful and has exceeded expectations.

“The financial impact will likely be modest until the production line is fully ramped up, but positive contributions were achieved already in the second quarter. The new line will improve Elkem’s cost position, environmental performance, and deliver higher upstream product quality,” says Helge Aasen.

Elkem has introduced a comprehensive improvement programme to counter weak macro-economic conditions and challenging markets. The programme is ahead of plan. 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. By the end of second quarter, Elkem has realised EBITDA improvements of NOK 0.6 billion, with an estimated full-year effect of NOK 1.3 billion for 2024. Elkem’s capital expenditures amounted to NOK 1.3 billion by the end of the second quarter, well on track to reach the target reduction.

Elkem has a high focus on sustainability and is researching a groundbreaking concept for silicon production, which aims to eliminate nearly all direct CO₂ emissions. The concept involves capturing and recycling the carbon in the process off-gas and reusing it in the production process. Enova has granted Elkem NOK 31 million for a medium scale pilot, to be carried out in Kristiansand, Norway, at the newly acquired premises of REC Solar Norway.

The group’s equity as at 30 June 2024 amounted to NOK 25,351 million, which gave a ratio of equity to total assets of 51%. Net interest-bearing debt was NOK 10,333 million, which gave a ratio of net interest-bearing debt to EBITDA of 3.5x, unchanged from last quarter. Elkem had cash and cash equivalents of NOK 5,442 million as at 30 June 2024, and undrawn credit lines of more than NOK 6,000 million.

The market sentiment is relatively weak but showing signs of gradual improvement. Silicones expects improved demand in Europe and US, but the Chinese market is still hampered by overcapacity. Elkem's focus on EBITDA improvements and the new production line are expected to have positive effects. Silicon Products expects to benefit from improved market conditions, countering seasonally lower activity in Europe during the summer holiday. Carbon Solutions expects still weak demand but capitalises on strong and diverse market positions.

For further information, please contact:

Odd-Geir Lyngstad
VP Finance & Investor Relations
Tel: +47 976 72 806
Email: odd-geir.lyngstad@elkem.com

Maria Ekornes Myhre
Acting VP Corporate Communications and Public Affairs
Tel: +47 994 12 707
E-mail: maria.ekornes.myhre@elkem.com

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