



Third quarter results 2023

Agenda

Business update

By CEO Helge Aasen

Financial performance

By CFO Morten Viga

Outlook

By CEO Helge Aasen



Highlights

Weak profitability due to weak markets and one-offs

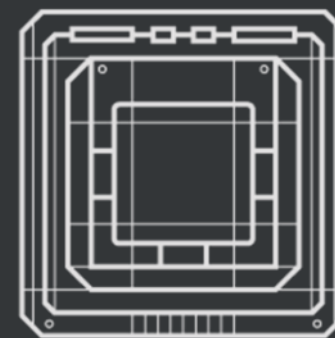
- Elkem's EBITDA was NOK 535 million in the third quarter 2023
- Still weak results for Silicones, due to depressed commodity prices and low demand in all regions
- The result for Silicon Products was negatively impacted by NOK 220 million related CO₂ compensation and inventory write downs
- Carbon Solutions delivered a good result despite of lower demand
- Elkem is taking action to address the current weak market conditions and is well positioned for demand recovery based on attractive market positions and a strong asset base
- Elkem will call for an extraordinary general meeting (EGM) in November, due to a board level change for the majority shareholder



Total operating income
MNOK 7,917

EBITDA
MNOK 535

EBITDA margin
7%



Strong ESG focus and performance



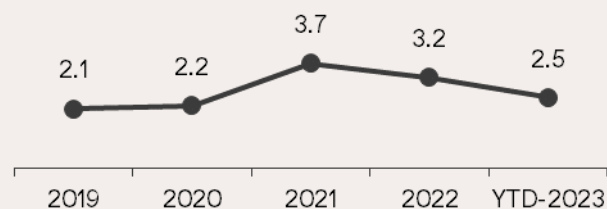
Green leadership

- Elkem's ESG report rated A+ by Position Green's assessment of the 100 largest companies on OSE. A+ is awarded to the top 5%
- S&P Global has ranked Elkem's ESG performance in the top 6% for 2023
- In August, Elkem issued its inaugural green bond loan of NOK 1,000 million
- Elkem is a key supplier to the green transition with silicon defined as a critical material in EU and the US

Safety

Ambition: Zero injuries

Total injury rate (per million working hours)



Sustainability targets

39% Reduction in CO₂ product footprint by 2031



Net zero CO₂ emissions by 2050

Rated among the world's leading companies



EcoVadis: Gold rating for 2023, in the 99th percentile



A- Climate Change

A- Forests

B Water Security



S&P Global CSA: Top 94th percentile



Rated A+ for ESG reporting in 2023

Challenging macro-economic environment affecting our markets

- **Weak macro-economic sentiment ...**
 - High inflation and interest rate hikes
 - Slower than expected recovery in China
 - Weak demand and destocking effects
 - Geopolitical uncertainties
- **... is significantly impacting Elkem's market conditions**
 - DMC prices in China reached 10-year low in August 2023
 - Silicon and ferrosilicon prices in EU have fallen approximately 60% since year-end 2021



Comprehensive programme for cost and capex reductions

- Elkem has introduced a comprehensive programme to counter the current challenging market conditions, particularly in Silicones
- Immediate short-term initiatives organised along several dimensions:
 - freezing new hires, organisation optimisation, reduce third party services, lowering logistics and warehousing costs
 - working capital improvements to improve cash flow
 - focus on operational efficiencies and capacity optimisation
 - review of investment plans to significantly reduce capital expenditures



2024 targets

Strategic capex reductions
More than BNOK 2.0

Ongoing and new cost
improvement programmes
BNOK ~1.5



Accelerating maintenance and improvements in Iceland

- Elkem will accelerate maintenance and improvement projects at the ferrosilicon plant in Iceland in the fourth quarter 2023
- One of the plant's three furnaces will be out for approximately 10 weeks, utilising a period of low market demand to bring forward maintenance and improvement work and position for the future
- Elkem will invest around NOK 100 million in maintenance and upgrading of the plant to improve efficiency and enable lower production costs once stronger market conditions return
- The maintenance stop is estimated to have a negative EBITDA impact of NOK 50 million in the fourth quarter

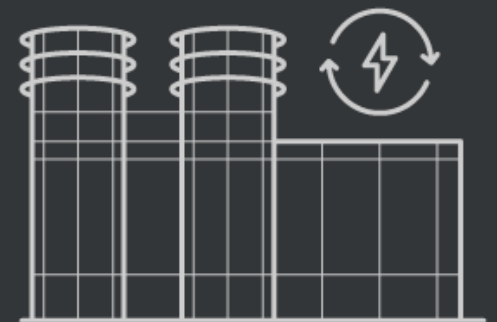


Iceland - maintenance and improvement project

Total investment amount

~MNOK 100

One furnace out for approx.
10 weeks



Expanding production and improving the cost position in China

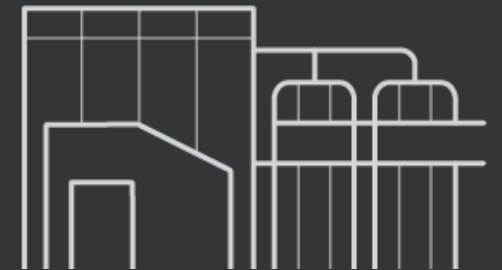
- The expansion at the Xinghuo plant in China is on track, both with regards to cost and time
- The expansion project will increase the plant's production capacity by 50%, equivalent to 120,000 tonnes of siloxane, and provide improved product quality for downstream specialisation
- In addition, the project will deliver significant cost improvements, mainly through lower energy and raw material consumption
- The new production line is expected to be on level with the current lowest cost producers in China



Estimated capex
BCNY 3.1

Additional capacity
~120,000 tonnes

Effective from
1H-2024



Proposed changes to CO₂ compensation in Norway

- The Norwegian government has proposed changes to the CO₂ compensation in the state budget for 2024
- The proposal is to raise the deductible element (“kvoteprisgulvet”) in the scheme from NOK 200 to NOK 375
- If finally approved, this will have a negative, annual effect of NOK 220 million compared to 2022 level
- The framework for the CO₂ compensation scheme has been set out to avoid carbon leakage, i.e. that European industry is shut down and moved to countries with no CO₂ costs
- Industry organisations have initiated a dialogue with the government to change the proposal, but Elkem has found it appropriate to adjust the third quarter results by NOK 170 million to reflect the proposal



EGM – proposed change to the board of directors

- Jingwan Wu, CFO of China National Bluestar (Bluestar), is currently on Elkem's board of directors, representing the majority shareholder
- Following Jingwan Wu's resignation as CFO of Bluestar, the Elkem board has called for an extraordinary general meeting for the election of a new board member
- Bluestar has proposed Bo Li to be elected to the board
- The EGM will take place on 20 November 2023

About Bo Li

- Master of science in chemical engineering from Dalian University of Technology
- From 2001, various executive positions Sinochem, the parent company of Bluestar
- Bo Li is now chair of the board of Bluestar

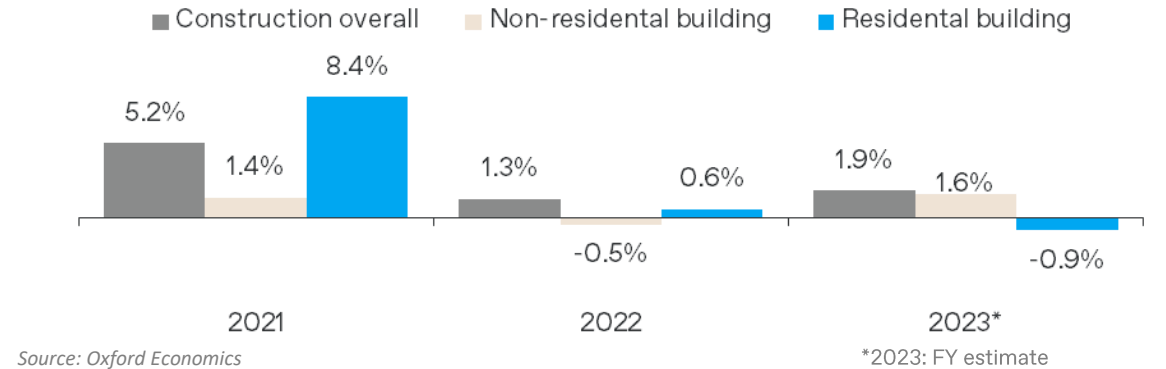


Weak construction and automotive markets

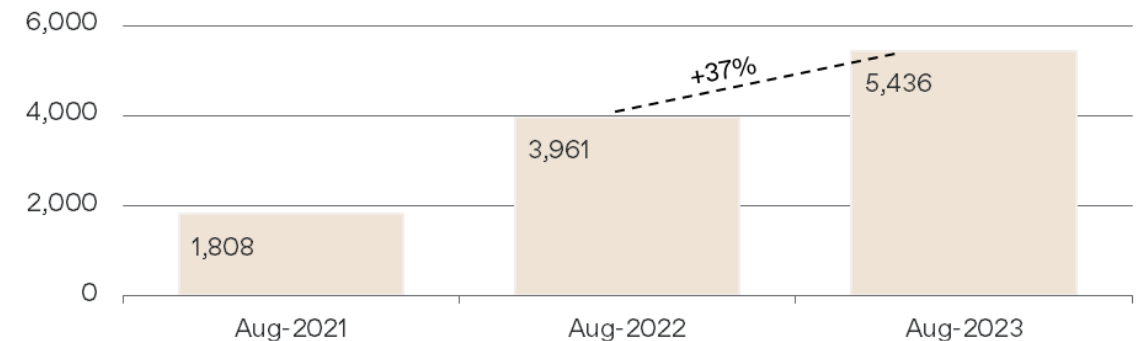
- Challenging market conditions persist in construction and automotive, albeit signs of improvement in some markets
- In China, construction continues to be at significantly lower levels than in the preceding years, impacting e.g. silicones markets
- Other regions, particularly Europe and Americas, also showing a weak development
- Global automotive markets remain weak, but EV production in China shows strong growth. EV growth will drive demand for silicones, although starting from low levels



Construction - Global annual growth in new building projects (YOY, % change)



China – EV production volumes YTD-August (in 1,000)

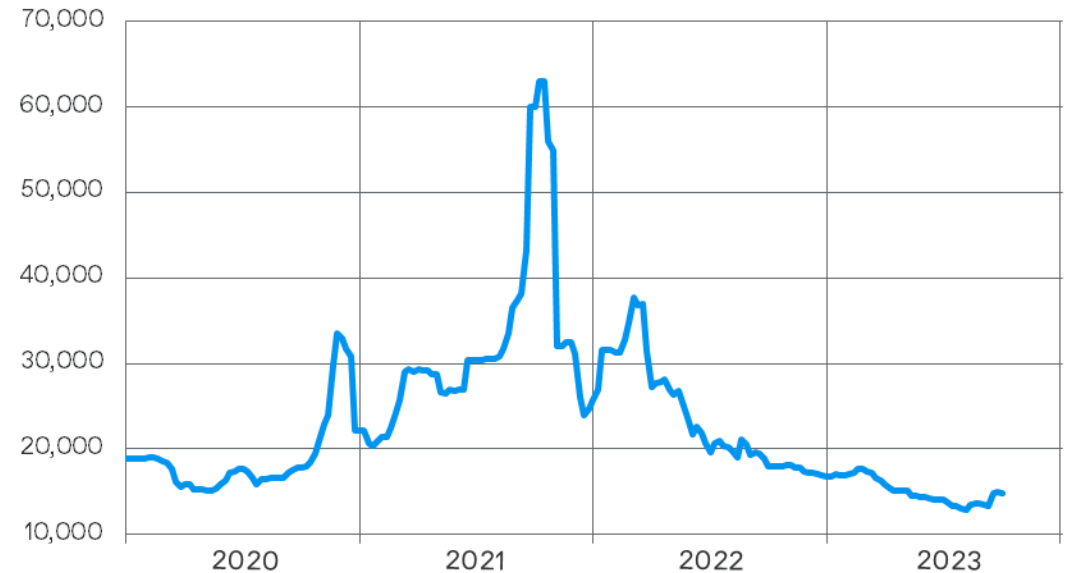


Weak demand in oversupplied market

- Silicones markets still weak in all regions
- The demand for specialties is low in EU and the US, due to the continued weak macro-economic sentiment
- The Chinese market is especially impacted by the downturn in construction and by lower export sales. Capacity additions have consequently resulted in an oversupplied market
- Prices in China reached 10-year low in August. Recent price increases mainly driven by the supply side



DMC reference price China (CNY/mt)



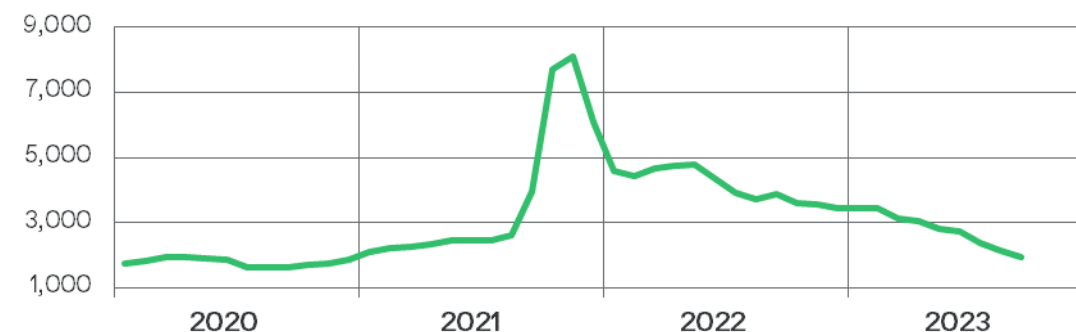
DMC reference prices are based on quotes incl. VAT and transportation. Quotes may not always reflect accurate sales prices.

Weak development in EU, prices improving in China

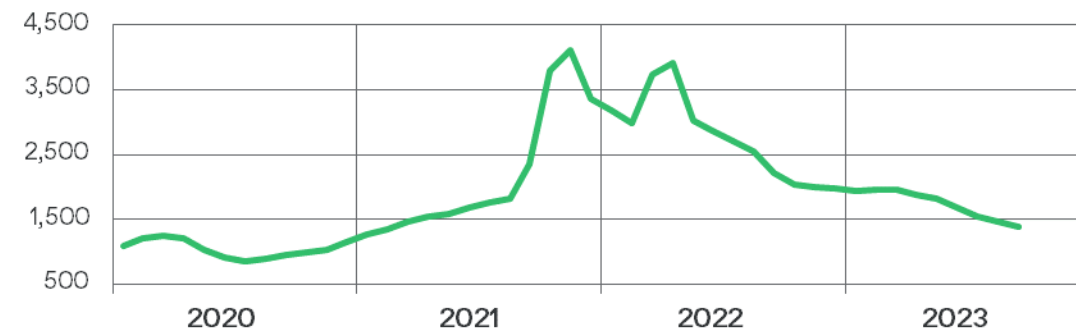
- The weak demand situation for silicon and ferrosilicon in EU and US has continued during the third quarter
- Market prices in EU declined during the quarter impacted by weak demand and weak spot markets
- EU prices are now on level, or below, domestic prices in China, and not reflecting regular anti-dumping duties and transportation costs
- Silicon prices in China increased during third quarter initiated by price rises from main producers and positive sentiment in the polysilicon market



CRU silicon 99 price EU (EUR/mt)



CRU ferrosilicon 75 price EU (EUR/mt)

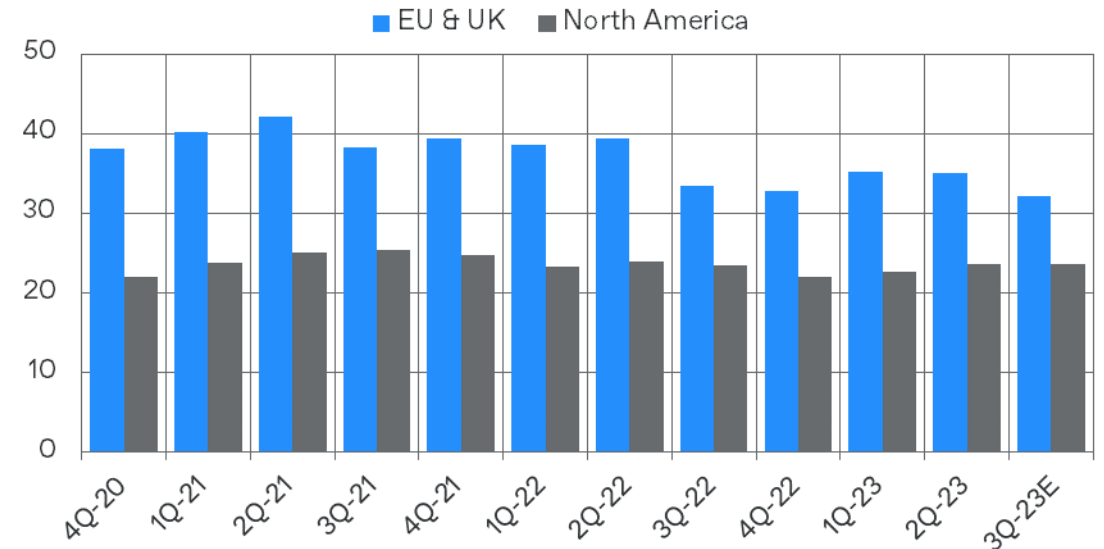


Maintaining stability while facing declining demand



- Demand for carbon products varies by region driven by steel, ferroalloys, and aluminium
- Global steel production in third quarter 2023 estimated down 4% compared to second quarter 2023
 - Production down 8% in Europe, down 5% in China, while stable in North America
- Weak market sentiment and lower demand for carbon products continued in the third quarter, particularly in Europe. Elkem's global position and diversified product portfolio providing stability

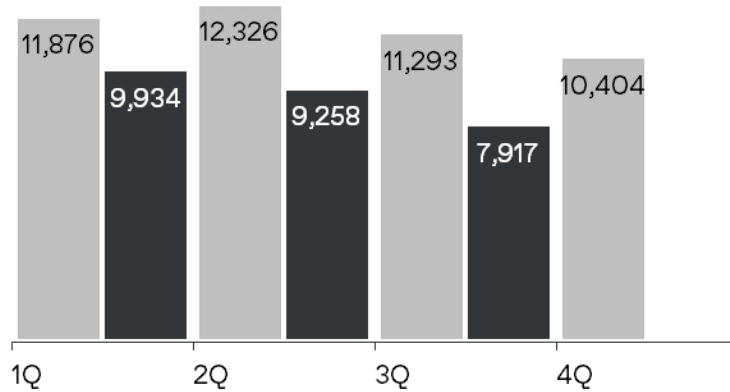
Crude steel production (million mt)



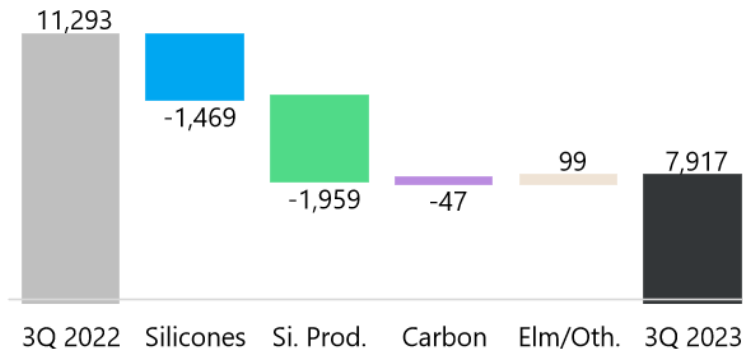
Third quarter results impacted by weak markets and one-offs

Total operating income (MNOK)

- Total operating income down 30% from 3Q-2022

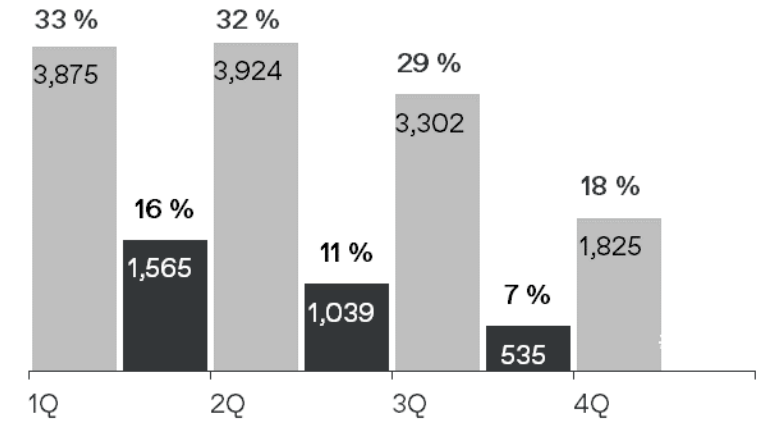


- Mainly explained by lower sales prices and lower sales volumes

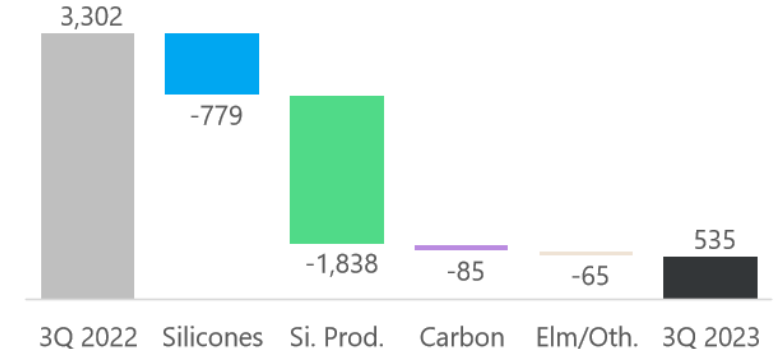


EBITDA (MNOK)

- EBITDA down from record levels in 2022



- Weak market conditions affecting all divisions



Overview financial ratios

- EBITDA MNOK 535
 - Segment Other included realised currency hedging losses of MNOK -77
- Other items MNOK -158
 - Mainly consisting of currency loss on working capital items MNOK -139 and loss on power & currency derivatives MNOK -19
- Net finance income (expenses) MNOK -115
 - Consisting of net interest expenses MNOK -154 and other financial expenses of MNOK -4, partly offset by currency gains of MNOK 43
- Tax MNOK -95
 - Tax expenses of MNOK -95 despite negative profit before tax. Positive results in most countries more than offset by negative results in France and China where losses are not capitalised as deferred tax assets

Consolidated key figures

<i>(NOK million, except where specified)</i>	3Q 2023	3Q 2022	YTD 2023	YTD 2022	FY 2022
Total operating income	7,917	11,293	27,109	35,494	45,898
EBITDA	535	3,302	3,139	11,101	12,925
EBIT ⁽¹⁾	-18	2,804	1,476	9,631	10,898
Other items	-158	1,384	432	1,936	2,151
Net finance income (expenses)	-115	5	-406	47	-161
Profit (loss) before income tax	-338	3,884	1,302	11,058	12,236
Tax	-95	-818	-691	-2,340	-2,594
Profit (loss) for the period ⁽²⁾	-456	3,046	533	8,667	9,561
Key ratios					
EPS (NOK per share)	-0.72	4.81	0.84	13.68	15.09
Equity ratio (%)	48 %	54 %	48 %	54 %	55 %
Net interest bearing debt (NIBD) ⁽³⁾	8,107	2,845	8,107	2,845	2,615
Leverage ratio	1.6	0.2	1.6	0.2	0.2
Reinvestments % of D&A	107 %	56 %	99 %	61 %	84 %
ROCE (annualised) (%)	0 %	37 %	6 %	47 %	39 %

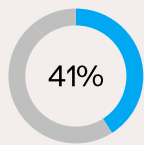
⁽¹⁾ Operating profit before other items and hedge adjustments

⁽²⁾ Owners of the parent's share of profit (loss)

⁽³⁾ Excluding non-current restricted deposits and interest-bearing financial assets

Weak results due to low sales prices and volumes

- Total operating income of MNOK 3,231, down 31% from the third quarter last year
 - Mainly explained by significantly lower sales prices and a reduction in sales volume
- EBITDA was MNOK -268, clearly down from third quarter last year
 - Mainly explained by depressed prices in commodity markets, and low demand in all main regions
- Sales volumes impacted by weak demand and reduced production



Share of operating income



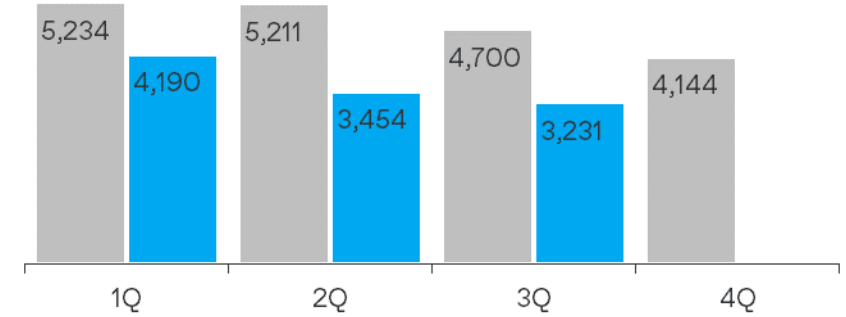
Share of EBITDA

Share of operating income from external customers ex. Other

Share of EBITDA ex. Other and Eliminations

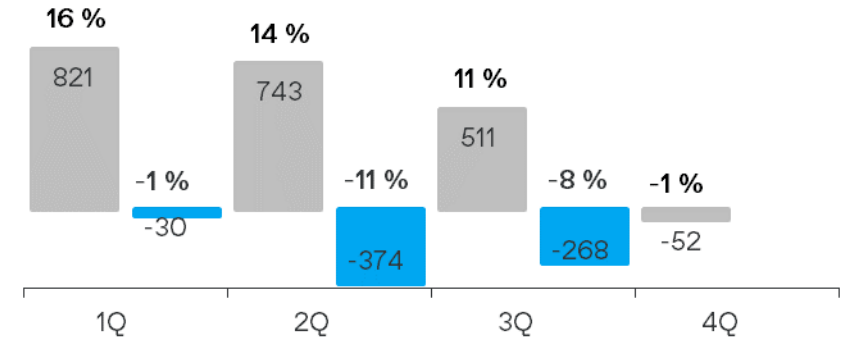
Total operating income

NOK million



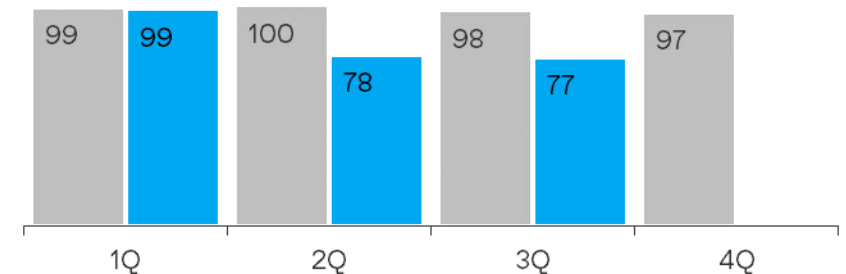
EBITDA and margin

NOK million and %



Sales volume

In 1,000 mt

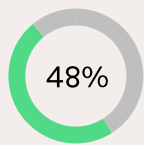


■ 2022

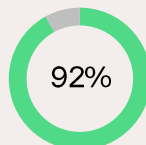
■ 2023

Negatively impacted by lower sales prices and one-offs

- Total operating income of MNOK 3,992, down 33% from the third quarter last year
 - Mainly explained by lower sales prices and lower sales volume
- EBITDA of MNOK 526, down 78% from the third quarter last year
 - Mainly explained by lower sales prices for silicon and ferrosilicon, while foundry alloys and microsilica were holding up well
 - EBITDA negatively impacted by inventory write downs of MNOK 50 and a one-off of MNOK 170 related to CO₂ compensation
- Sales volumes down due to weak demand and destocking effects



Share of operating income



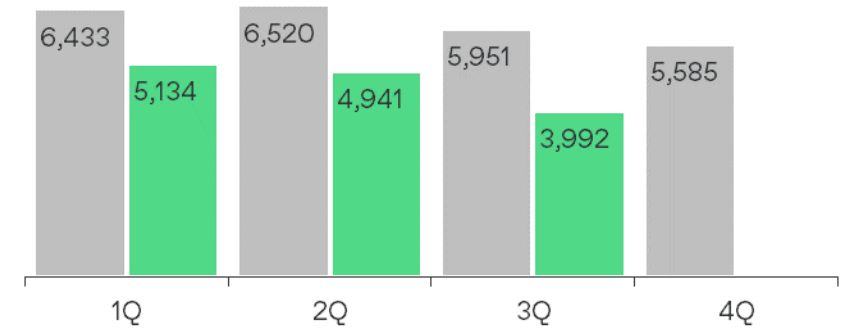
Share of EBITDA

Share of operating income from external customers ex. Other

Share of EBITDA ex. Other and Eliminations

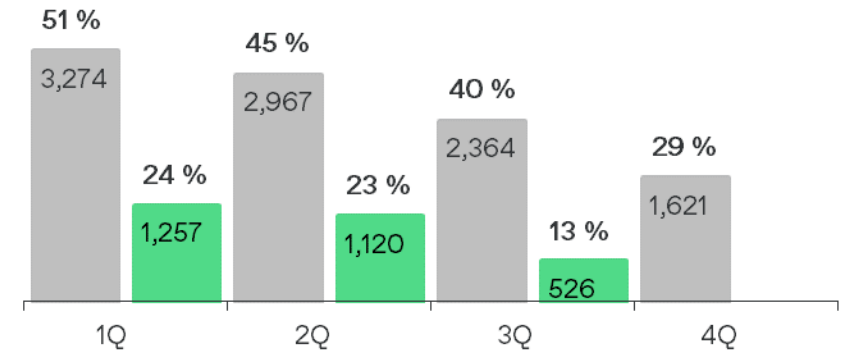
Total operating income

NOK million



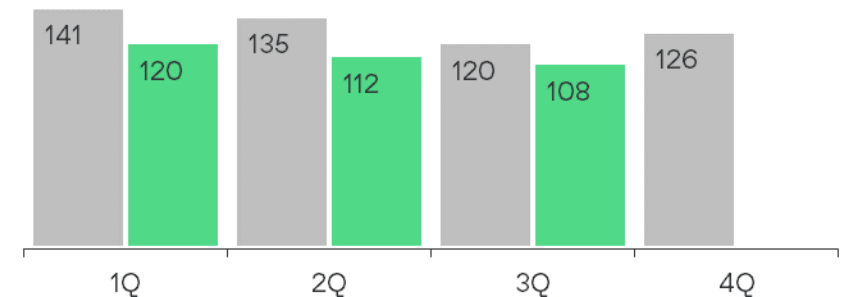
EBITDA and margin

NOK million and %



Sales volume

In 1,000 mt

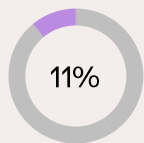


■ 2022

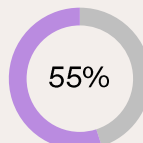
■ 2023

Good results despite lower demand

- Total operating income MNOK 1,018, down 4% from the third quarter last year
 - Operating income holding up well, despite of lower sales volume
- EBITDA of MNOK 311, down 21% from the third quarter last year
 - Reduction in EBITDA mainly explained by lower sales and lower margins
- Reduction in sales volumes in the third quarter explained by weak markets and curtailments in metals production



Share of operating income



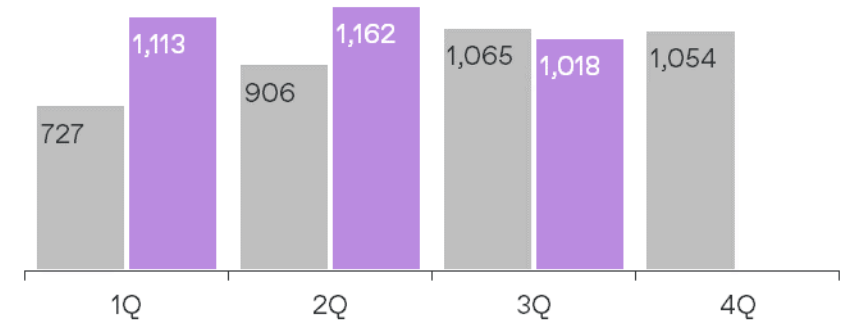
Share of EBITDA

Share of operating income from external customers ex. Other

Share of EBITDA ex. Other and Eliminations

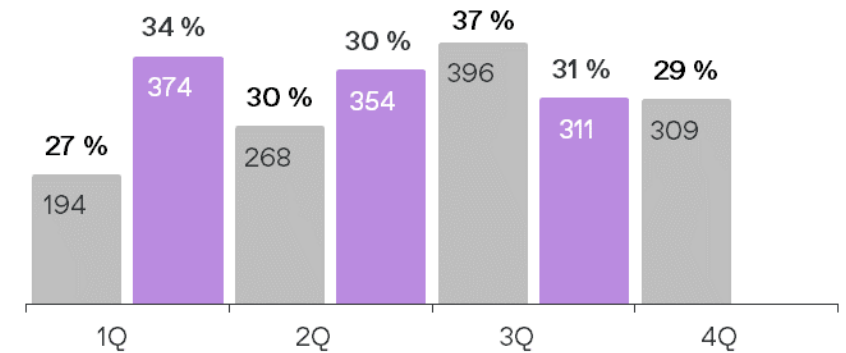
Total operating income

NOK million



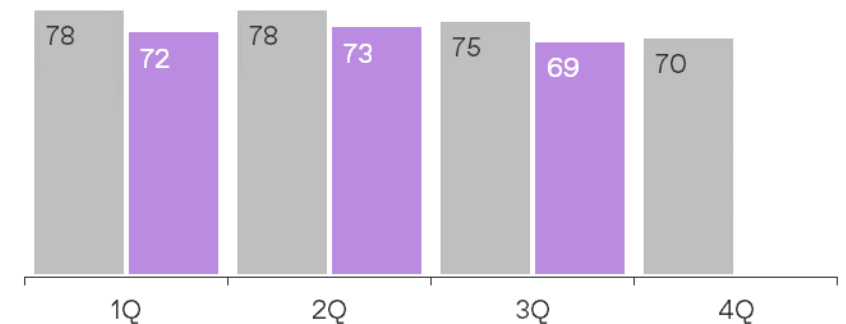
EBITDA and margin

NOK million and %



Sales volume

In 1,000 mt



■ 2022

■ 2023

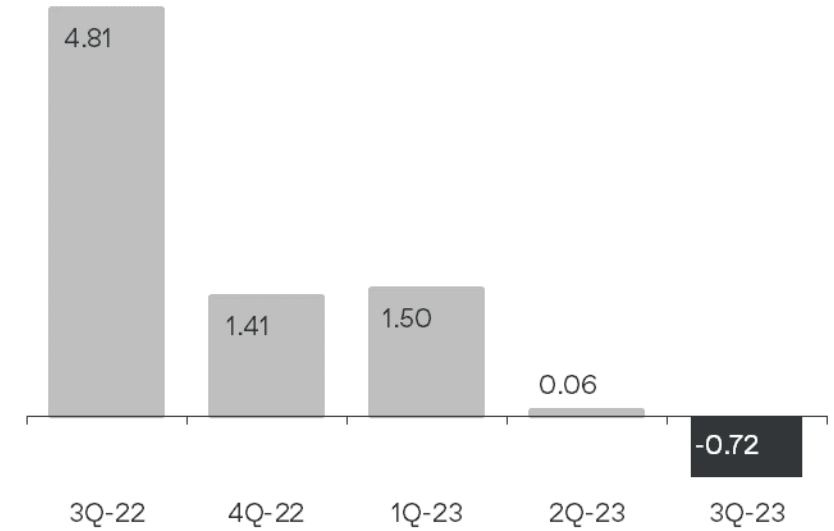
Weak results and one-offs give negative EPS, robust equity

- Earnings per share (EPS) amounted to NOK -0.72 in the third quarter impacted by weaker results and negative one-offs
 - EPS YTD-2023 was NOK 0.84

- Total equity amounted to BNOK 25.3 as at 30 September 2023, down BNOK 3.5 from year-end 2022 mainly explained by the dividend payment for 2022 of BNOK 3.9
 - Equity to total assets (equity ratio) of 48%

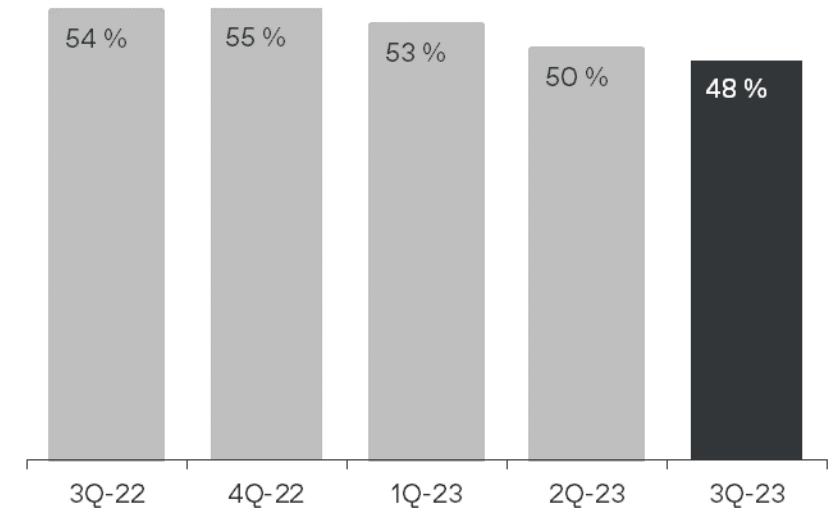
Earnings per share (EPS)

NOK per share



Equity ratio

In percent of total assets



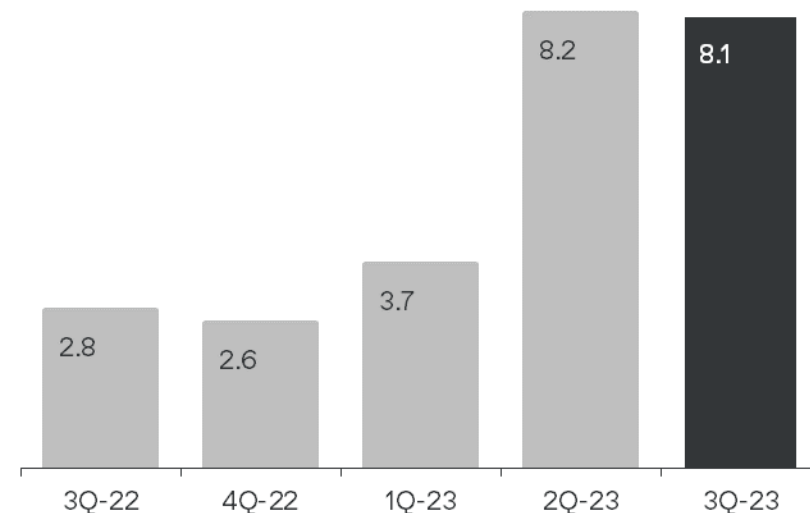
Stable debt position, but leverage increasing

- Stable net interest-bearing debt (NIBD) of BNOK 8.1 as at 30 September 2023
 - Leverage ratio of 1.6x based on LTM EBITDA of BNOK 5.0

- Strong financing position
 - Well managed and distributed debt maturity profile
 - Debt maturities in 2023 and 2024 in China consist of local working capital financing, which are regularly rolled over
 - Green bond loans of BNOK 1.0 raised in August 2023 on 5-year tenors to refinance loan maturities in 2024

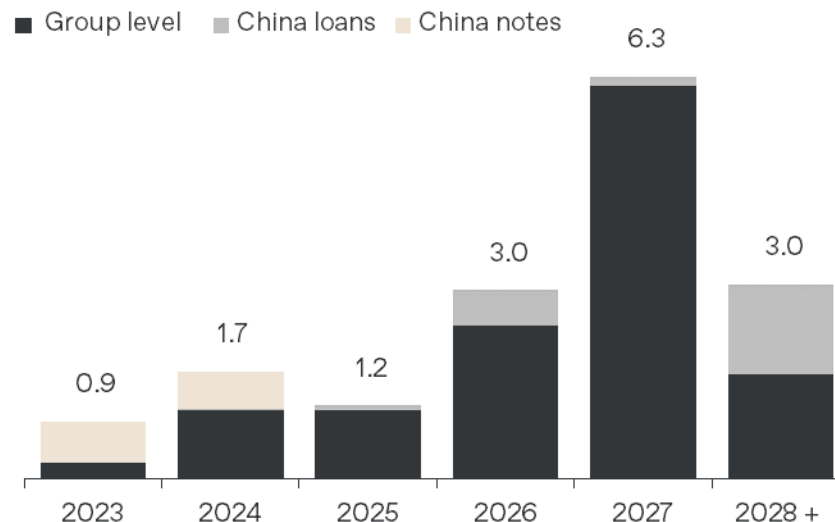
Net interest-bearing debt (NIBD)

NOK billion



Maturity profile

NOK billion



Good cash flow generation, investments coming down

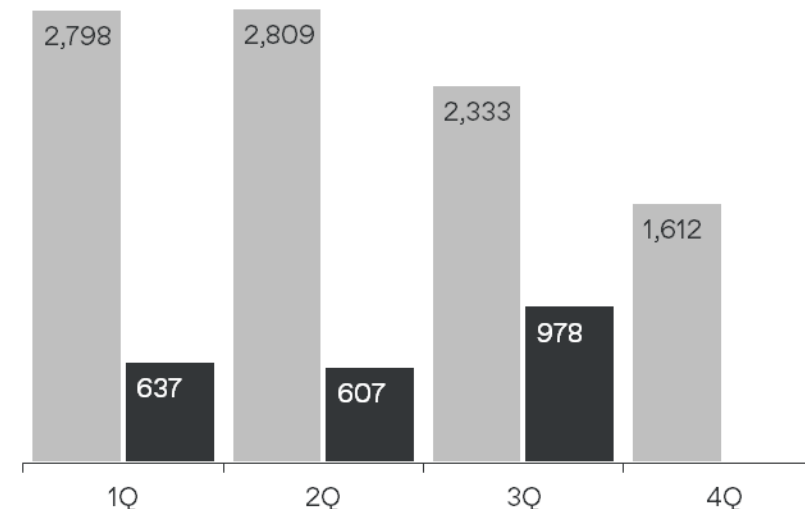
- Cash flow from operations⁽¹⁾ was MNOK 978 in the third quarter 2023
 - Cash flow reduced compared to corresponding quarter last year due to lower EBIT
 - Cash flow positively impacted by working capital changes

- Investments ex. M&A of MNOK 1,164 in the third quarter 2023
 - Reinvestments were MNOK 592, amounting to 107% of D&A. Target is 80-90% of D&A
 - Strategic investments were MNOK 572, mainly related to Silicones projects in France and China
 - Elkem is actively adjusting investment plans to reflect weaker financial performance

⁽¹⁾ Cash flow from operations is according to Elkem management definition and includes reinvestments

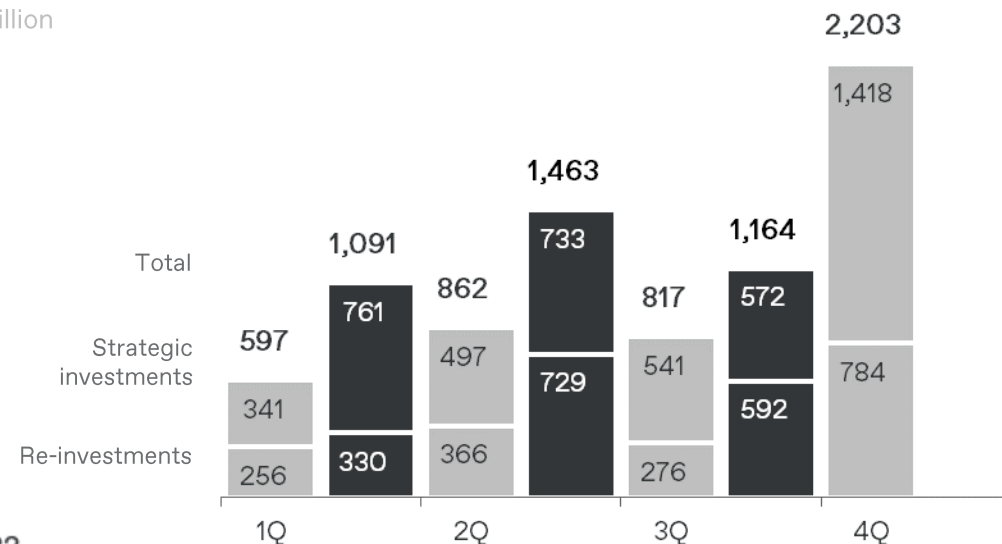
Cash flow from operations

NOK million



Investments ex. M&A

NOK million



■ 2022

■ 2023

Outlook for the fourth quarter 2023

- The market sentiment is still weak going into the fourth quarter. Elkem well positioned when market conditions improve, due to attractive market positions and a good asset base
- Silicones prices in China improved late third quarter, but development going forward is uncertain. Still weak in EMEA and Americas, although signs of improvement in some segments
- Declining reference prices for silicon and ferrosilicon in third quarter will impact contract prices in fourth quarter. One furnace in Iceland out for maintenance stop, negatively impacting EBITDA by NOK 50 million. Silicon market prices have increased recently
- Carbon Solutions facing weak demand due to lower metals production in key markets



Important notice

Any statement, estimate or projection included in this presentation (or upon which any of the conclusions contained herein are based) with respect to anticipated future performance (including, without limitation, any statement, estimate or projection with respect to the condition (financial or otherwise), prospects, business strategy, plans or objectives of the company and/or any of its affiliates) may prove not to be correct.

No representation or warranty is given as to the completeness or accuracy of any forward-looking statement contained in this presentation or the accuracy of any of the underlying assumptions. Nothing contained herein shall constitute any representation or warranty as to the future performance of the company, any financial instrument, credit, currency rate or other market or economic measure.

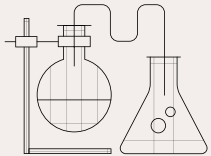
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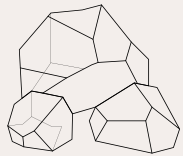
Appendix

We are Elkem

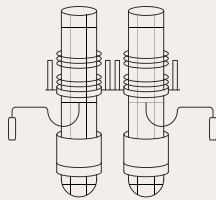
Advanced silicon-based materials shaping a better & more sustainable future



Silicones



Silicon Products



Carbon Solutions



A strong track record since 1904 – with our focus on the future

- Elkem started as a Norwegian company founded in 1904 by Sam Eyde, representing strong industrial traditions and continuous improvement
- The chemical business in France was integrated in 2015 adding a strong culture for specialisation, innovation and R&D
- Our presence in China was significantly expanded in 2017, adding to the dynamic and agile business perspective, and positioning for the Asian market



Sustainable business model delivering good results

Low cost sustainable input factors



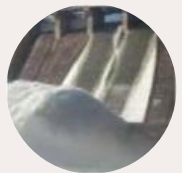
Quartz



Coal



Biocarbon



Power

High temperature/chemical production processes



Silicones



Silicon, ferrosilicon, foundry products and microsilica



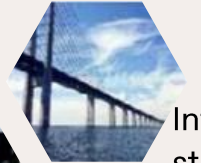
Carbon solutions

Examples of high value applications and markets

Wind turbines



Infrastructure



Airbags



Solar



Automotive EV



Electronics



Cooking, utensils



Release coating



Financial figures LTM September 2023



Total operating income

NOK 37.5 bn.



EBITDA

NOK 5.0 bn.



EBITDA margin

13 %



Head office in Norway

31 plants worldwide



Employees worldwide

~ 7,300



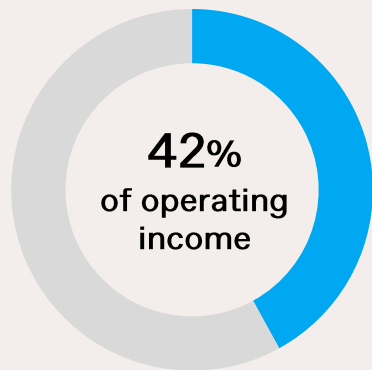
R&D centres in Norway, France and China

>600 R&D people

Elkem operates through three divisions: All with global scale, leadership positions and global footprint

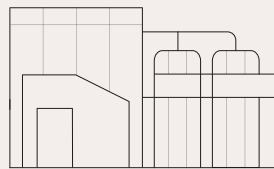
Silicones

Fully integrated silicones manufacturer with focus on specialities



End markets

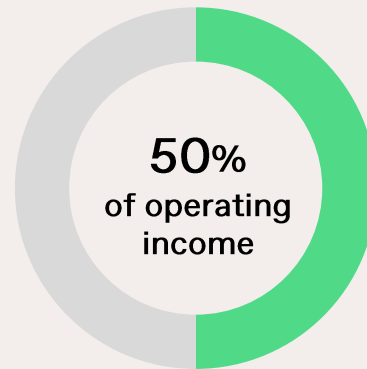
- Construction
- Automotive
- Chemical formulators
- Personal care
- Healthcare
- Paper & film release
- Silicone rubber
- Textile



14 main worldwide

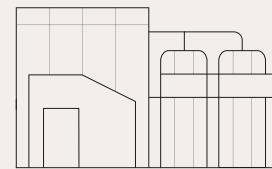
Silicon Products

Global producer and provider of silicon, ferrosilicon and specialties



End markets

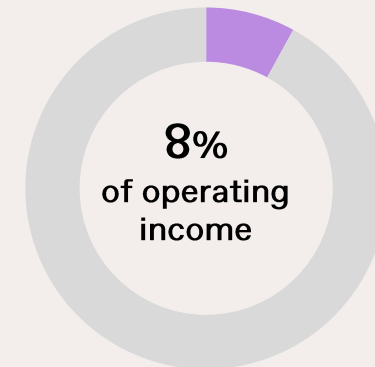
- Automotive
- Construction/industrial equipment
- Electronics
- Specialty steel
- Solar & wind turbines
- Refractories
- Oil & gas



10 main plants

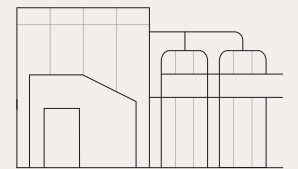
Carbon Solutions

Leading producer of electrode paste and specialty products



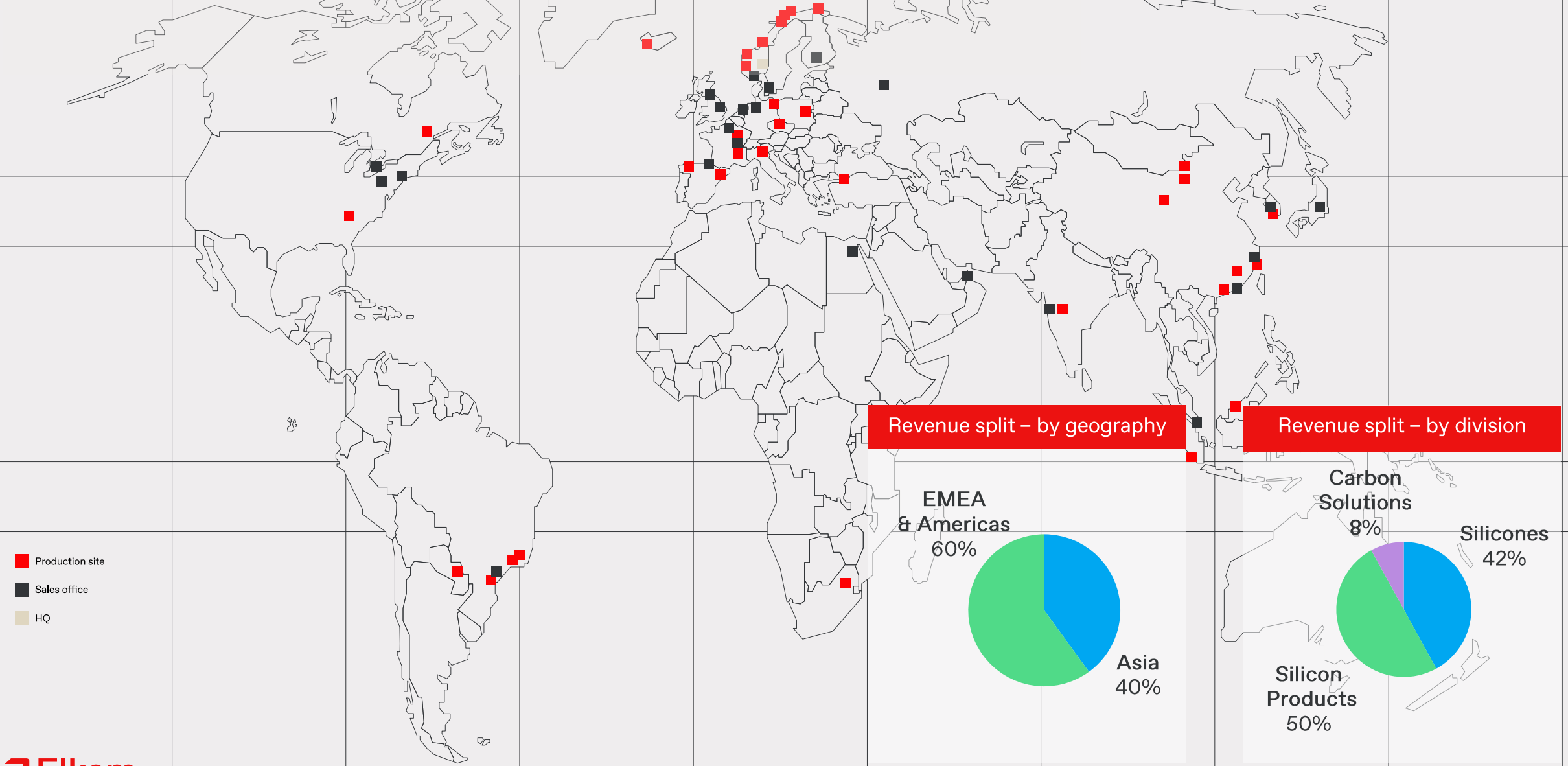
End markets

- Ferroalloys
- Silicon
- Aluminium
- Iron foundries



7 main plants
(from 2023)

Elkem's portfolio is well-balanced



Elkem is committed to reduce emissions and contribute in line with Paris agreement aim of well below 2°C warming

We aim to contribute to a better climate through three key levers:



Reducing our emissions
Achieving fully climate neutral production throughout our value chain



- **By 2031:** Reducing absolute emissions* by **28%** from 2020-2031 while growing the business – delivering 39% improvement in product footprint**
- **By 2050:** Achieving fully carbon neutral production (zero fossil emissions) globally



Supplying to the transition
Providing the advanced material solutions required to enable the green transition



- **Grow supplies of advanced materials to green markets** such as better buildings, electric vehicles and renewable energy
- **Build new business in green markets** such as battery materials, biomass and energy recovery



Enabling circular economies
Enabling more circular activities in our operations, products and markets



- **Increase recycling** in our own operations
- **Increase recycling** with our customers
- **Develop the eco-design of innovative products**

Elkem Climate Roadmap :

Elkem's actions: Reducing our emissions

Elkem will reduce fossil CO₂ emissions in line with the Paris agreement: We will contribute to limiting long-term temperature according to Paris agreement

By 2031:

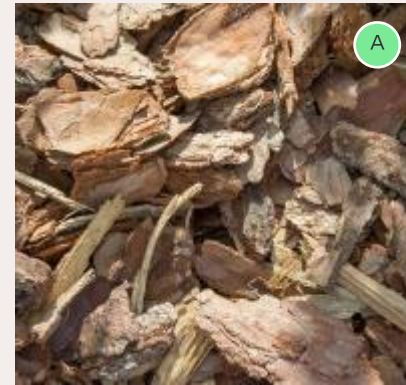
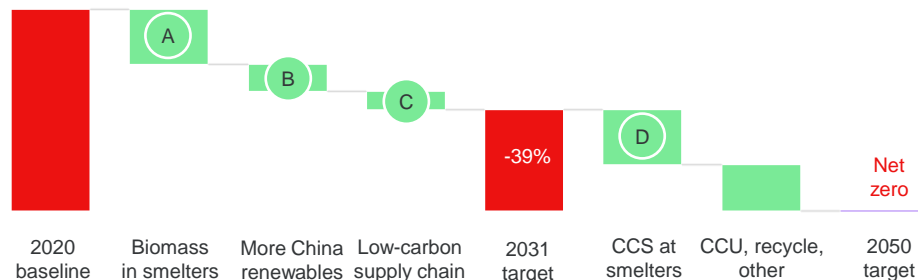
- Reducing absolute emissions* by 28% from 2020-2031
- Delivering 39% improvement in product footprint**

By 2050:

- Achieving fully carbon neutral production (zero fossil emissions) globally

Our roadmap to climate neutral products

(Illustrative)



Changing to biomass as reduction material

Increasing share of bio-based materials from wood waste as reduction material in our smelters



Shifting to renewable power also in China

Future decarbonisation of China's power mix will support Elkem's low carbon transition



Low-carbon supply chain

Actively pursue long-term sourcing of renewable-based silicon metal as well as emission-free logistics



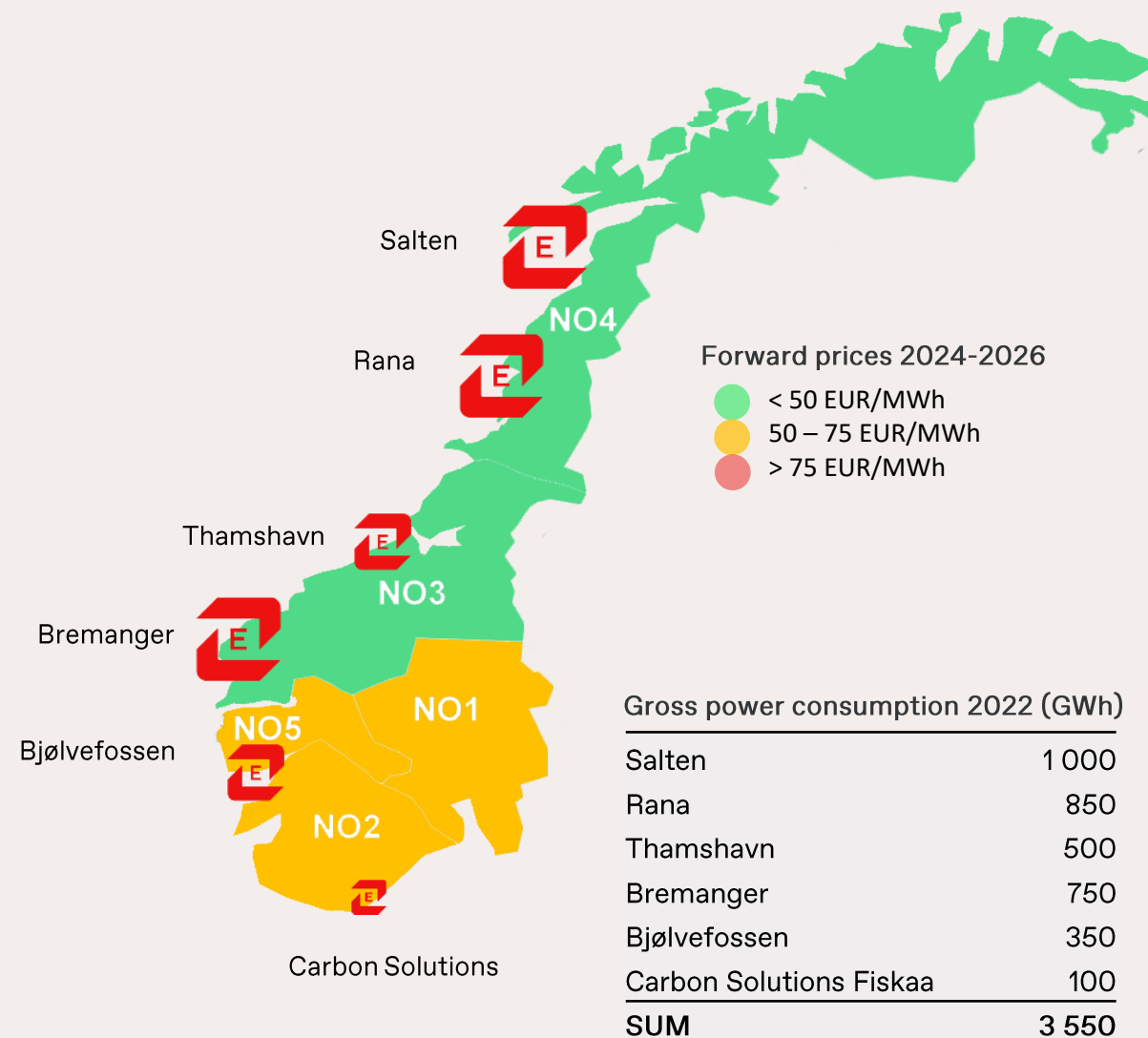
Exploring potential of more CCS at smelters

Exploring both Carbon Capture & Utilisation (CCU) and Carbon Capture & Storage (CCS) at our smelters

Well covered by long-term power contracts

- Elkem is well-positioned with long-term power contracts in Norway with more than 80% of the electricity supply secured at competitive rates until 2026. After 2026, the hedging ratio is gradually declining
- Elkem is continuously evaluating the market conditions for new long-term contracts
- In first quarter 2023, Elkem secured competitive access to power by entering into new contracts for up to 11 years, totaling 520 GWh p.a.
 - These contracts are covering the plants in Bremanger, Rana and Salten in price area NO3 and NO4

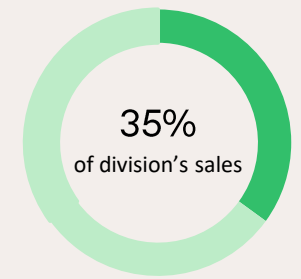
Location of Elkem's plants in price areas



Serving attractive end-markets with advanced technologies



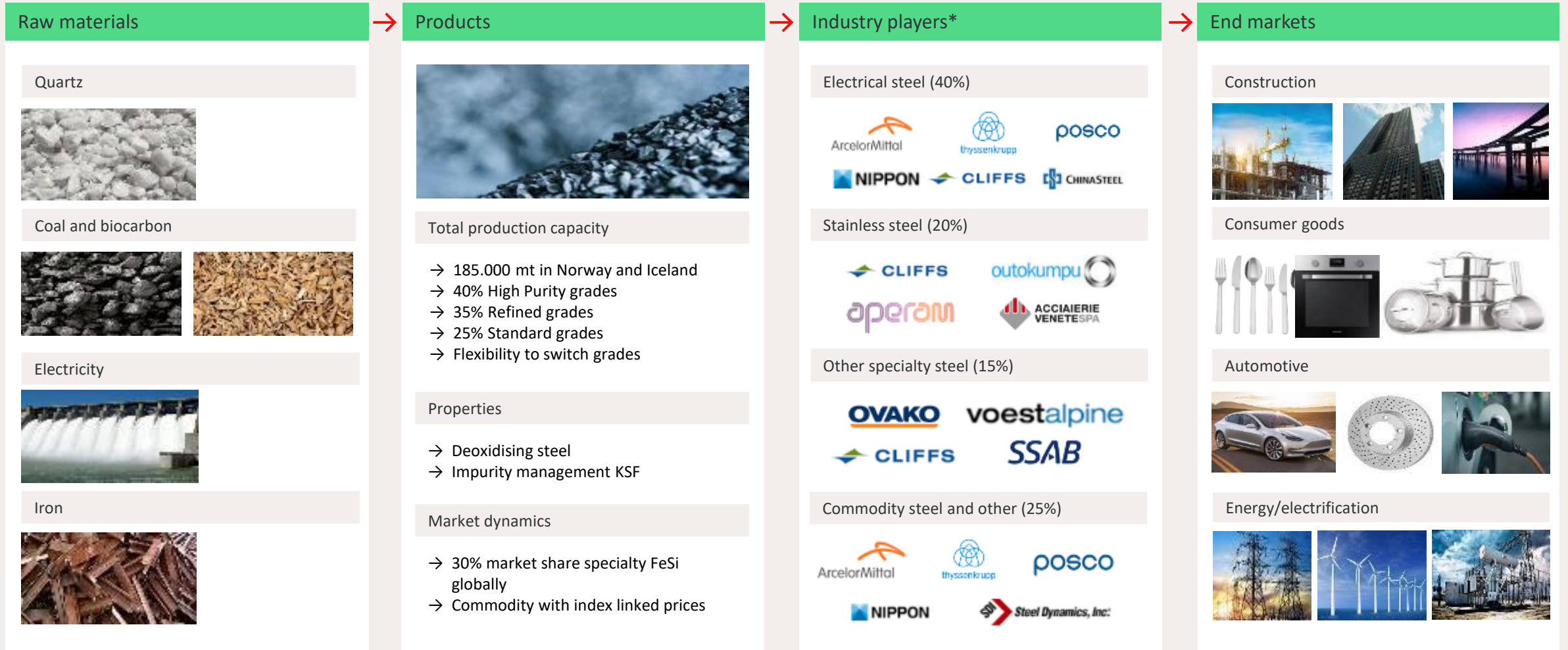
Silicon – attractive cost position and downstream integration



* Of which 50.000 mt at Yongdeng plant (internal supplier to Elkem Xinghuo) reported in Elkem Silicones

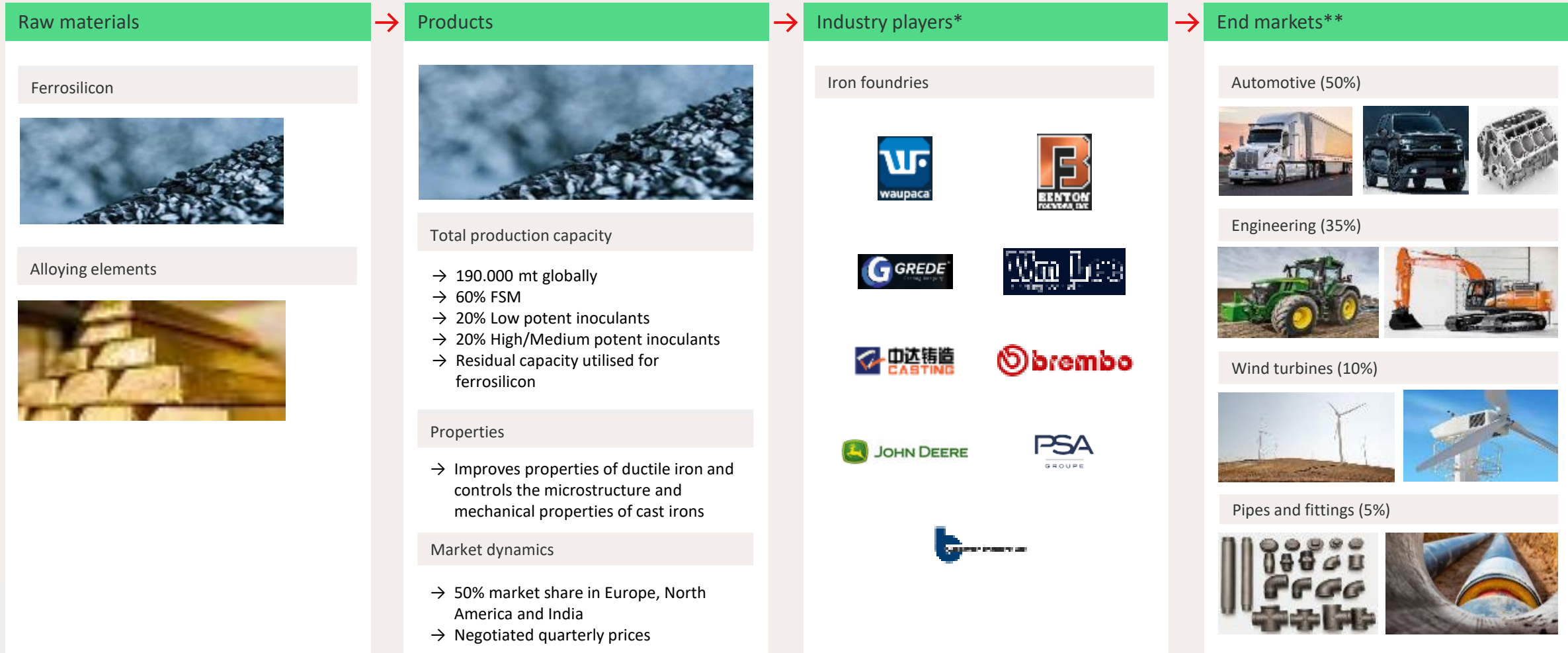
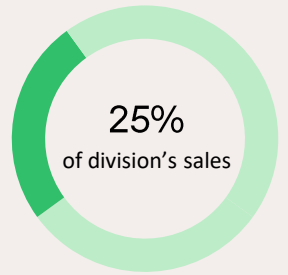
** Split of silicon revenues by segment – companies named are examples and not necessarily customers

Ferrosilicon – high quality products to specialty steel



* Split of ferrosilicon revenues by segment – companies named are examples and not necessarily customers

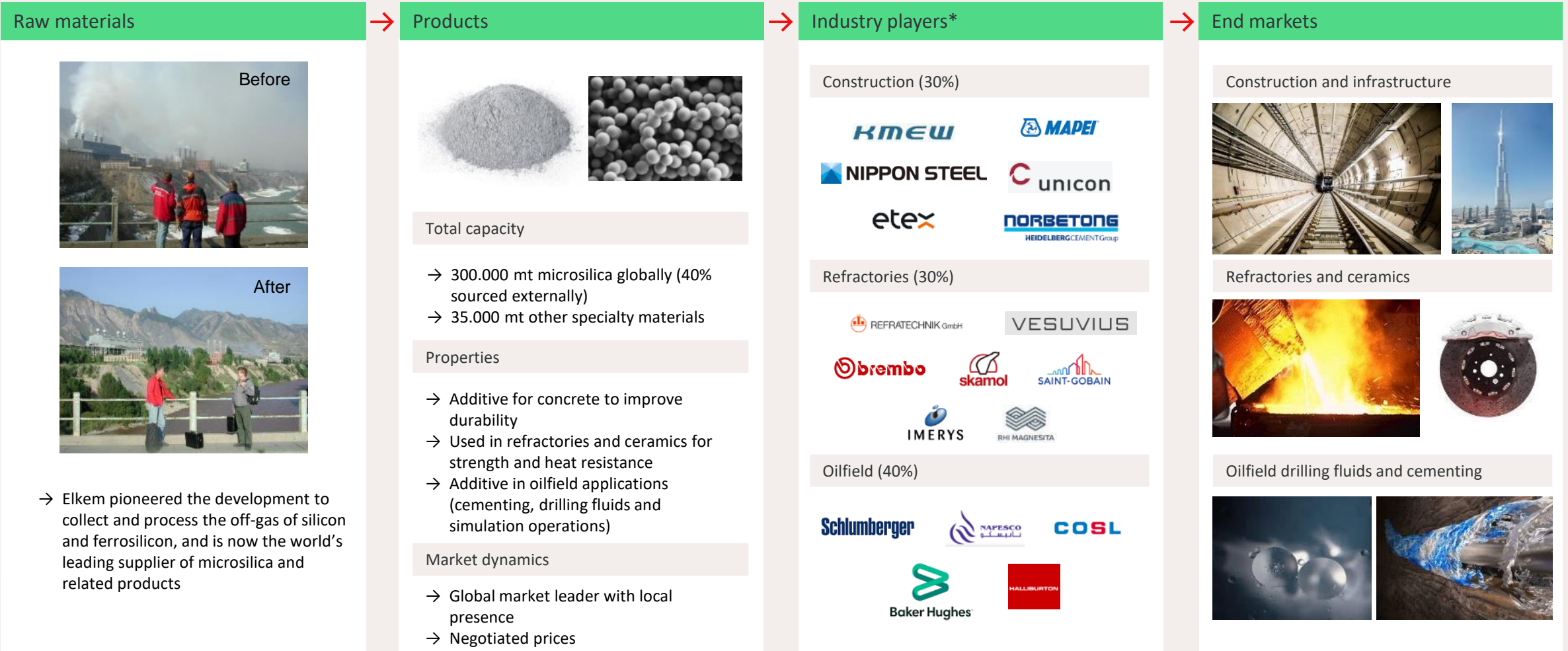
Foundry Alloys – global leader into cast iron metal treatment



* Companies named are examples and not necessarily customers

** Split of foundry alloys revenues by end market

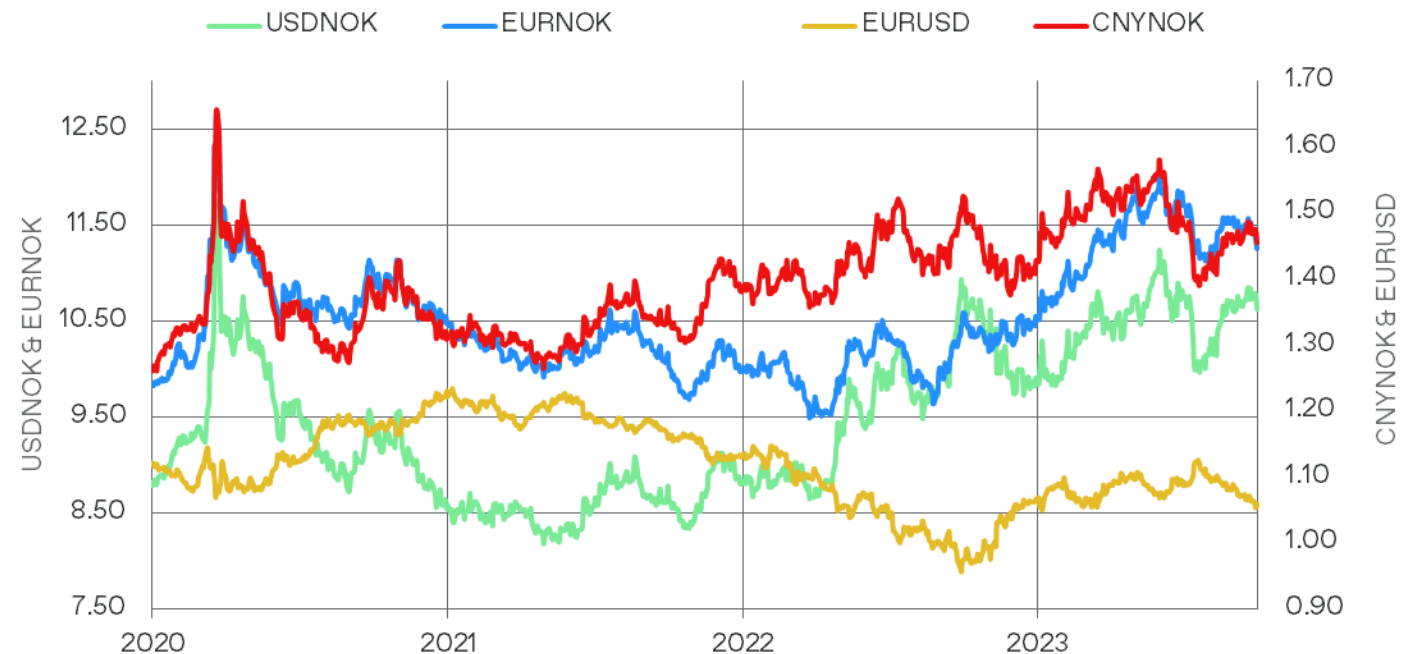
Microsilica – tailor made products to wide range of specialty applications



* Split of microsilica/ materials revenues by segment – companies named are examples and not necessarily customers

Currency sensitivity

- The result and cash flow are exposed to currency fluctuations. The main currencies are EUR, USD and CNY
 - EUR - exposure approx. MEUR 550
 - USD - exposure approx. MUSD 100
 - CNY - exposure approx. MCNY 200
- Current cash flow hedging programme
 - 90% hedging of net cash flows occurring within 0-3 months
 - 45% hedging of forecasted net cash flows within 4-12 months
- Before hedging activities, a 10% strengthening or weakening of NOK versus all other currencies would have an EBITDA effect of approx. MNOK 800 over the coming 12 months. CNY is not hedged



Currency development

- As of 30 September 2023, the NOK closed 4% stronger against the EUR, 1% stronger against USD, and 2% stronger against CNY compared to 30 June 2023
- In 3Q-2023, the NOK was on average 13% weaker against EUR, 5% weaker against USD, and 1% stronger against CNY compared to 3Q-2022

Other financial sensitivities

POWER

- Electric power is a key input factor in Elkem's production. The normal consumption is around 6.5 TWh of which approx. 3.6 TWh is in Norway. Near term exposure to spot power prices is limited
 - Norway, hedging programme mainly consisting of long-term contracts covering around 80% of full capacity consumption until 2026. After 2026, Elkem has a high but gradually declining hedging ratio in line with its long-term hedging strategy
 - Outside Norway, power prices are mostly based on long term contracts or regulated power tariffs

SALES PRICES

- Changes in sales prices could significantly affect operating income and EBITDA
 - 10% price change on silicon metal is expected to affect result by approx. MNOK 80 per year^(*)
 - 10% price change on ferrosilicon is expected to affect result by approx. MNOK 375 per year^(*)

() Sensitivities are on group level and based on annual sales volumes. Sales prices are based on LTM CRU prices.*



Delivering your potential