



Nordea

Group lunch presentation

21 March 2022

A strong fourth quarter concludes a record year

- Elkem has delivered the best quarterly and annual result ever, benefitting from excellent cost and market positions
- All divisions delivered strong results; the fourth quarter was particularly driven by strong performance for Silicon Products
- Elkem has obtained BBB/Stable credit rating from Scope Ratings, reflecting a strong financial profile and solid market positions
- The board has proposed a dividend of NOK 3.00 per share for 2021, subject to approval from the annual general meeting



Q4: Record quarter

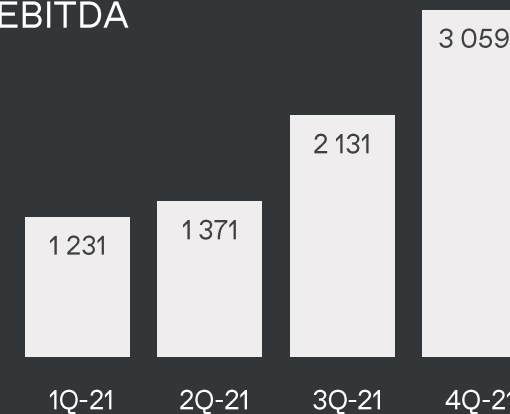
Total operating income
MNOK 10,397

EBITDA
MNOK 3,059

EBITDA margin
29 %

2021: Record year

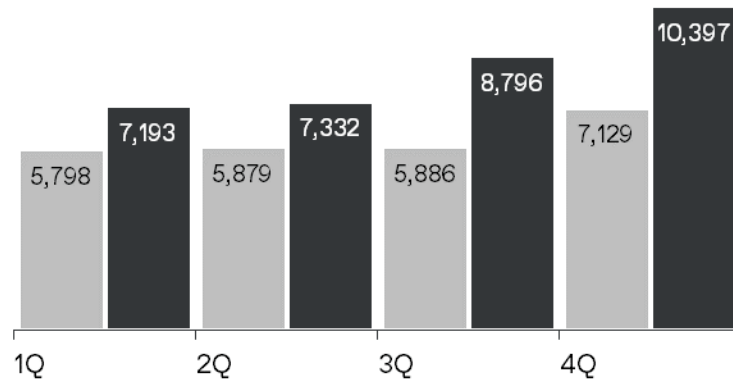
EBITDA



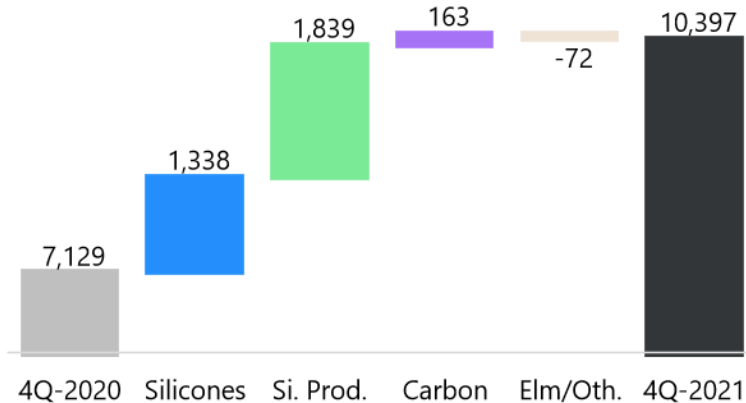
New record levels for all divisions

Total operating income

- New all-time high driven by higher sales prices

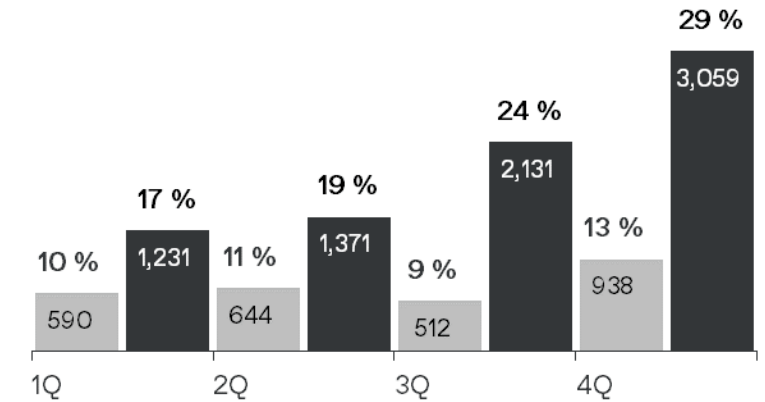


- ... all divisions reaching new record levels

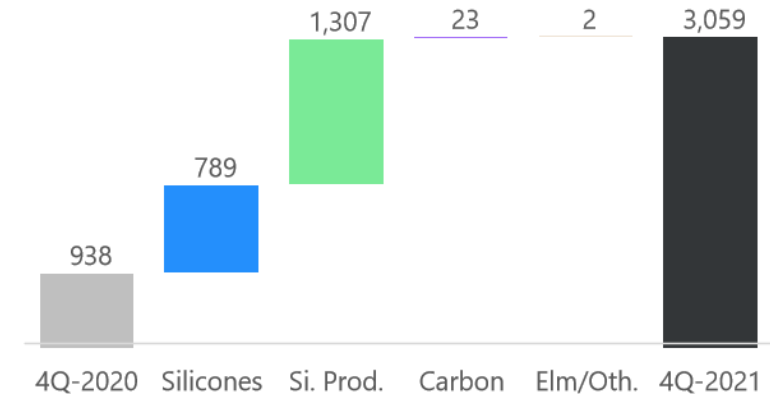


EBITDA

- New all-time high for group EBITDA



- ... 4Q particularly driven by strong performance in Silicon Products



Elkem: Growing and strengthening our competitive positions through operational excellence and increased specialisation

SILICONES	SILICON PRODUCTS	CARBON SOLUTIONS	NEW INITIATIVES
			
<ul style="list-style-type: none"> ▪ Further improve underlying profitability ▪ Strong focus on growth, particularly in Asia 	<ul style="list-style-type: none"> ▪ Further improve underlying profitability ▪ Pursue selective growth initiatives 	<ul style="list-style-type: none"> ▪ Strengthen already good profitability ▪ Selective growth projects 	<ul style="list-style-type: none"> ▪ Battery Materials ▪ BioCarbon ▪ Energy recovery

PEOPLE & ORGANISATION
DIGITALISATION
ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG)

We are Elkem

Advanced material solutions shaping a better and more sustainable future



5-10%
Yearly revenue growth target

Net 0
CO2 emissions by 2050

Environment, Social & Governance – a key priority



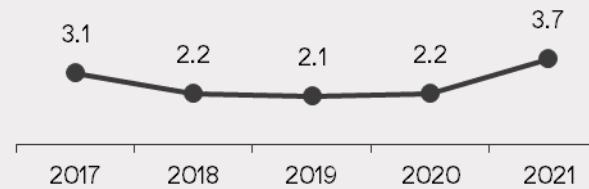
A clear focus on ESG

- On 15 November 2021, Elkem's new energy recovery plant at Salten was opened by the Norwegian PM
- Elkem's CO₂ roadmap will reduce emissions in line with the Paris agreement
- Elkem has received Platinum sustainability rating from EcoVadis awarded only to the top 1%



Safety

Ambition: Zero injuries



Social

- Global and diverse work force built on respect and an inclusive culture
- Key focus on Human Rights Impact Assessment and human rights in supply chain

Environment

- Providing advanced materials essential to the green transition
- 83% of electrical consumption from renewable energy

Governance

- TCFD report released 8 December 2021
- Advanced level of anti-bribery training. Code of Conduct signed by 98% of employees

Elkem's actions: Supplying the transition

All the known technological solutions for the green transition require advanced materials: **Silicones, silicon and carbon solutions are critical enablers.**

- Elkem aims to continue growing our supplies of advanced materials to global markets by 5-10% per year
- In 2021, 26% of Elkem's revenue came from products used in low-carbon applications or abated emissions in use – we expect this to grow
- Elkem products already contribute to >1 million EVs around the world
- Silicones can on average help save 9x the amount of emissions required in production*
- Elkem uses > 80% renewable electricity, with an aim towards CO₂ neutrality



Better buildings

Our products contribute to optimising material use (i.e. reducing the need for cement) and protecting buildings



Renewable energy

Silicones are used in 90% of solar panels and silicone lubricants are essential to wind turbines



Electric vehicles

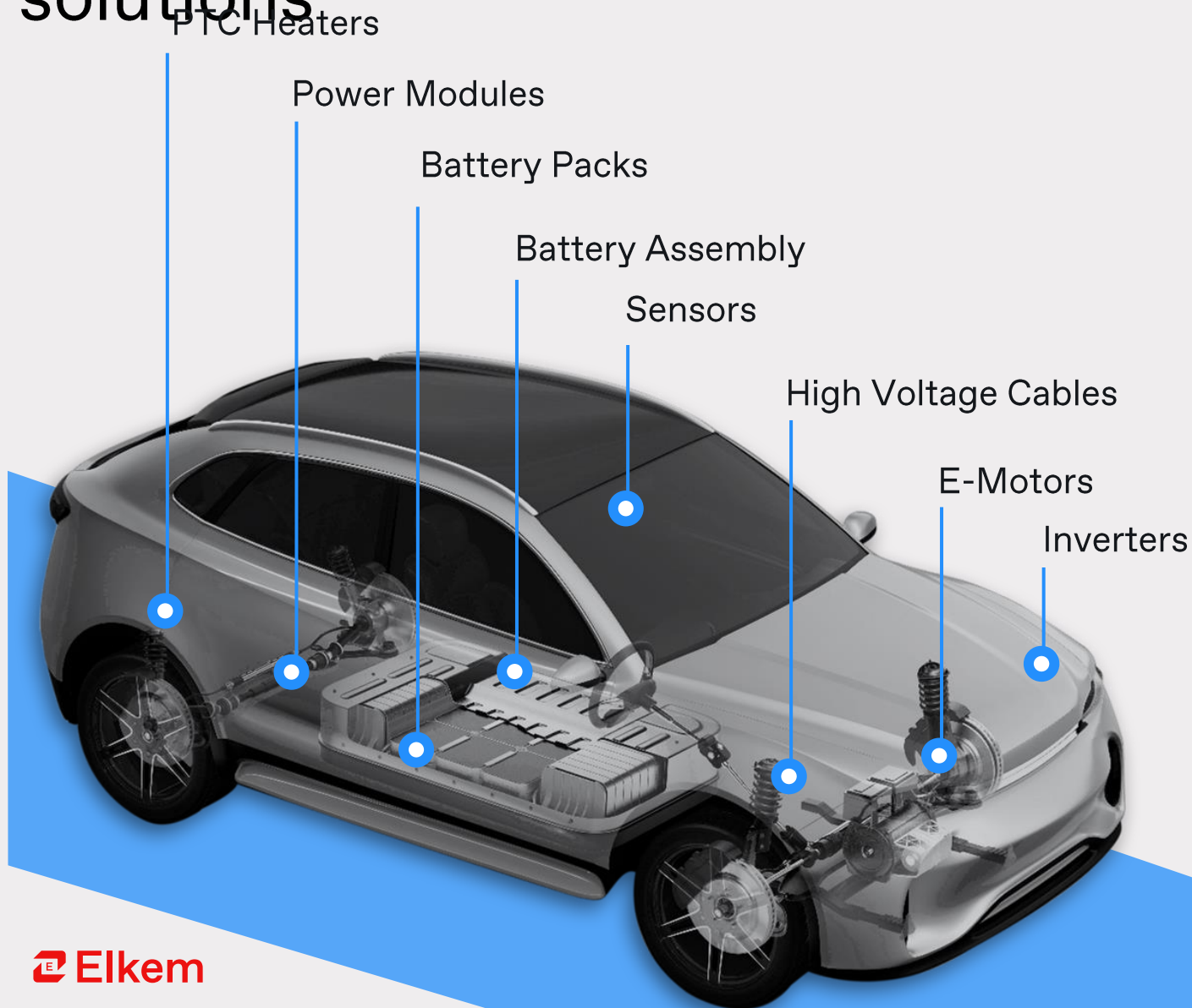
EVs require 4x more silicone solutions compared to internal combustion engine vehicles



Digital communications

We put the «silicon» in Silicon Valley: Providing key materials that drive the digital revolution

EV - a significant potential for specialised silicones solutions



Elkem's EV revenue generation in 2021

- Battery Packs & High Voltage Cables > BNOK 1
- Other silicones components > BNOK 0.5

- 2017 • First customer in Battery EV Thermal Insulation
- 2019 • EV growth strategy targeting multiple applications
- 2021 • More than 1 million EVs protected by Elkem Silicones
- 35 million BEV miles driven and counting, protected by Elkem Silicones with zero failures
- One-sixth of NEVs in the world are protected by Elkem Silicones

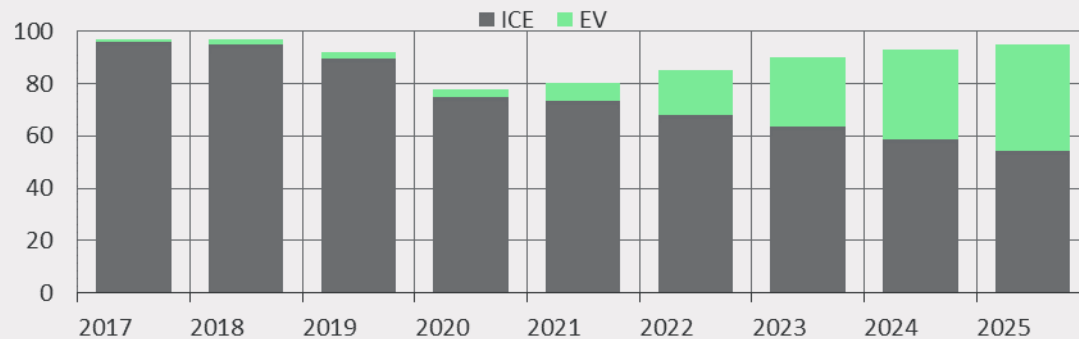
EV driving demand for silicones and battery materials



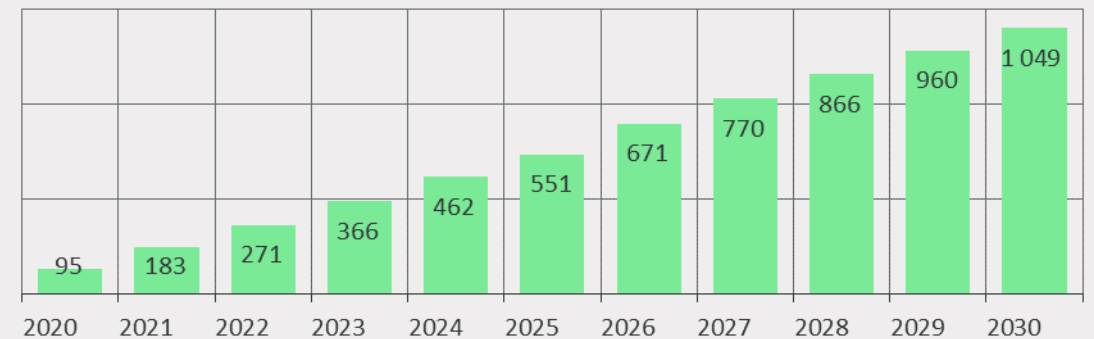
- Global sale of light vehicles was around 80 million in 2021
- EVs growing faster than expected, up 98% from 2020
- The development is supporting Elkem’s silicones sales as EVs contain approx. 4 times more silicones than regular cars

- Vianode is Elkem’s company and brand for battery materials
- Vianode represents cutting-edge technology development and processes are ongoing with potential customers and investors to verify the process technology and project plans
- A potential investment decision for a fast-track development is expected in the first half of 2022



Light vehicles sales (in million)



Anode material demand in Europe and North America (thousand tons)



Investment update - Xinghuo and Roussillon

	Xinghuo capacity increase	Roussillon capacity increase
Total investment	<ul style="list-style-type: none"> ~3,800 MNOK 	<ul style="list-style-type: none"> ~360 MNOK
EBITDA margin (%)	<ul style="list-style-type: none"> +35% 	<ul style="list-style-type: none"> +20%
Production start-up	<ul style="list-style-type: none"> H1 2024 	<ul style="list-style-type: none"> H2 2023
Capacity increase	<ul style="list-style-type: none"> ~50% (+117ktpa) 	<ul style="list-style-type: none"> ~25% (20 ktpa)
Production profile	<ul style="list-style-type: none"> 2024: 82ktpa 2026: 117ktpa (full capacity) 	<ul style="list-style-type: none"> 2024: 90ktpa 2025: 100ktpa (full capacity)
Status	<ul style="list-style-type: none"> 15% construction completed Cost, time and safety 100% on target 	<ul style="list-style-type: none"> Long lead items ordered Start of construction in Q4 2022
		

- Competitive capacity upstream supporting downstream investments by 2024
- Main capex in 2022 & 2023
- Start up expected Q4-23 (France) & Q1-24 (China)
- Upstream additional capacity consumed by downstream internal projects with a dynamic portfolio till 2024 under validation & maturation
- Expected to generate sales of BNOK ~10

Impact from the Ukraine situation

- Elkem's first priority is to ensure the health and safety of our people and business partners
- Secondly, we are making sure we comply with international sanctions
- Thirdly, we are working on business continuity to ensure that our operations continue as normal as possible under the circumstances, honoring our contractual commitments in a tight market where supply chain disruptions may occur
- Elkem does not have any operations or own employees in Ukraine or Russia
- In 2021, Ukraine and Russia constituted very limited parts of Elkem's revenues and the situation is not expected to directly impact Elkem's operations
- Elkem has established a corporate task force to evaluate any potential risks relating to Ukraine and Russia to enable a holistic evaluation and decision

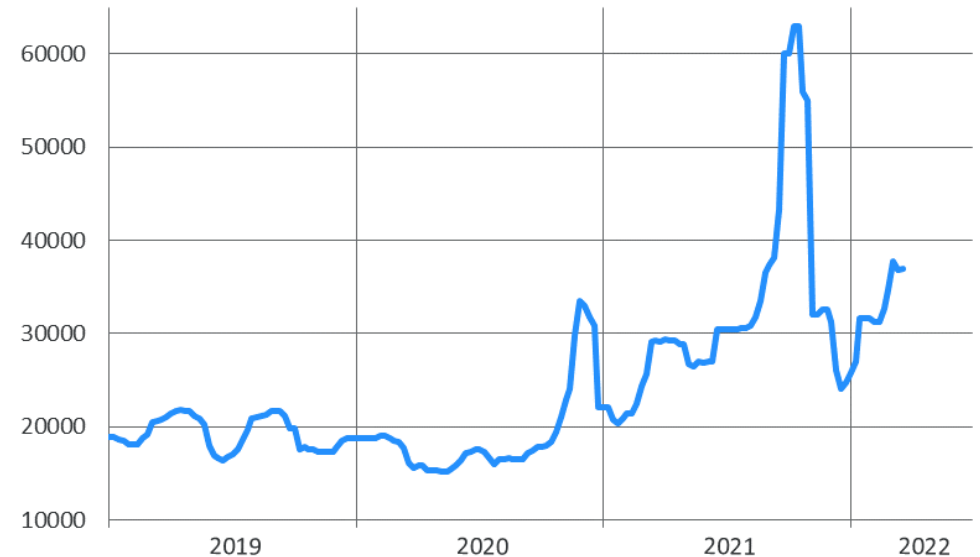


Higher prices after Chinese New Year

- Silicones prices in China going up after Chinese New Year – current price level for DMC is 37,000 CNY/mt
- Significant price increases implemented worldwide for silicones specialties from 1Q-2022
- Good demand development for Elkem's products
- We continue to expect a fairly balanced market going forward



DMC reference price China (CNY/mt)



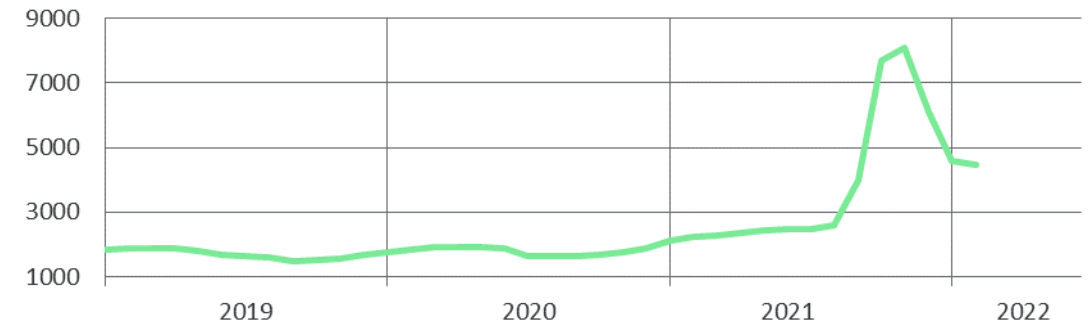
DMC reference prices are based on quotes incl. VAT and transportation. Quotes may not always reflect accurate sales prices.

Prices stabilised at a high level

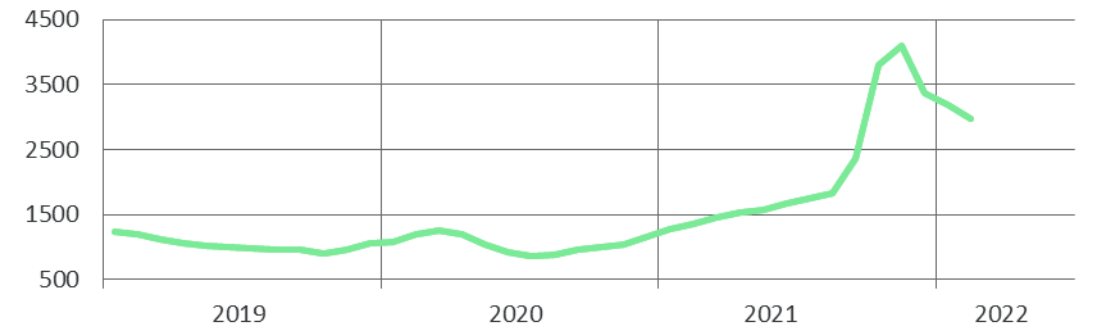
- Market prices have remained stable at a high level in January and February 2022
- Markets still impacted by tight supply and high energy costs in most regions
- Elkem continues to see strong demand despite weakness in automotive
- Time lag in contract prices will increase realised silicon prices significantly in 1Q-2022. Significant price increases for foundry alloys implemented from 1Q-2022



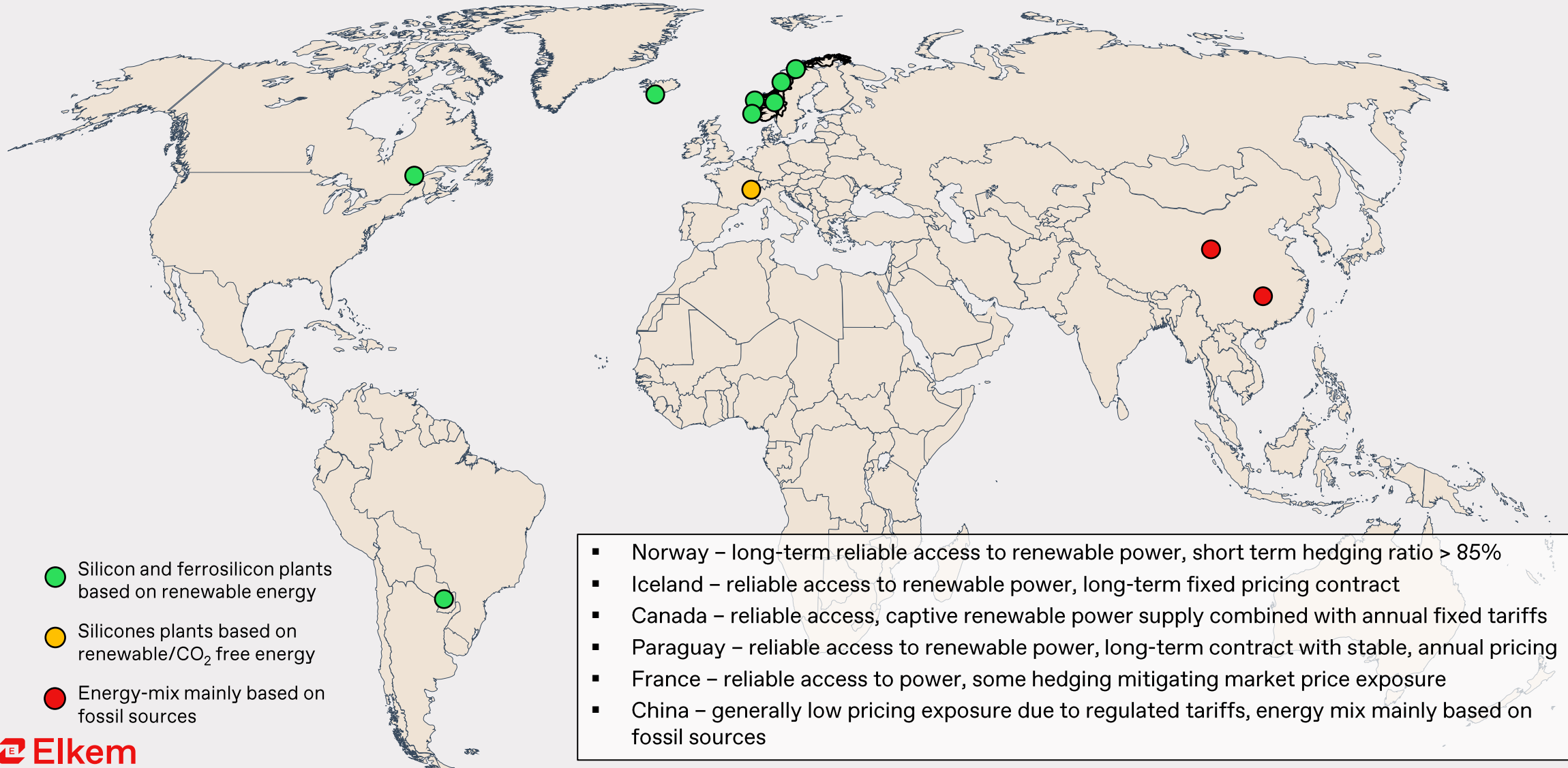
CRU silicon 99 price EU (EUR/mt)



CRU ferrosilicon 75 price EU (EUR/mt)



Well positioned with long-term renewable energy contracts



Outlook for the first quarter 2022

- Strong demand for Elkem's products, driven by strong market positions. Elkem's integrated value chain providing sustainable competitive edge as a basis for solid profitability going forward
- Price increases implemented for specialties in Silicones from 1st quarter 2022, but current high price level for silicon metal could more than offset this effect
- Silicon Products will benefit from significantly higher contract prices for silicon in the first quarter and significant price increases for foundry alloys
- Carbon Solutions continues to benefit from strong steel and ferroalloys markets but is impacted by higher raw material costs



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Delivering your potential