



# First quarter results 2024

# Agenda

## Business update

By CEO Helge Aasen

## Financial performance

By CFO Morten Viga

## Outlook

By CEO Helge Aasen



## Highlights

# EBITDA improvement from modest levels

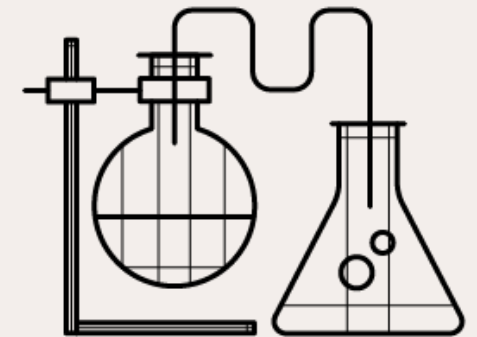
- Elkem's EBITDA was NOK 721 million in the first quarter 2024
- The Silicones division has experienced weak market conditions, particularly before Chinese New Year. Weak demand for specialities
- Silicon Products delivered better results compared to the previous quarters, gradually benefitting from higher commodity market prices
- Carbon Solutions delivered another strong quarter, despite slow demand
- Strong focus on improving core business, decision to exit Vianode investment



Total operating income  
**MNOK 7,961**

EBITDA  
**MNOK 721**

EBITDA margin  
**9%**



# Strong ESG performance

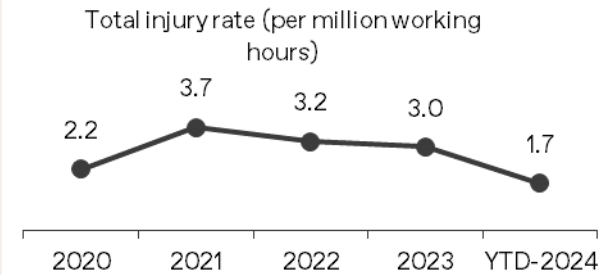


## Green leadership

- Total CO2 emissions reduced by 8.3% in 2023, with reductions in scope 1, 2 & 3
- Grant received from Enova of MNOK 17 for carbon capture pre-study in Rana. The project is set to capture 95% of the CO2
- Well positioned to benefit from the green transition, with silicon defined as a critical material in EU and the US
- Elkem's ESG report for 2023 released on 22 March

## Safety

Ambition: Zero injuries



## Sustainability targets

**39%** Reduction in CO<sub>2</sub> product footprint by 2031



Net zero CO<sub>2</sub> emissions by 2050

Rated among the world's leading companies



EcoVadis: Gold rating for 2023, in the 99<sup>th</sup> percentile



S&P Global CSA: Top 94<sup>th</sup> percentile



Rated A+ for ESG reporting in 2023

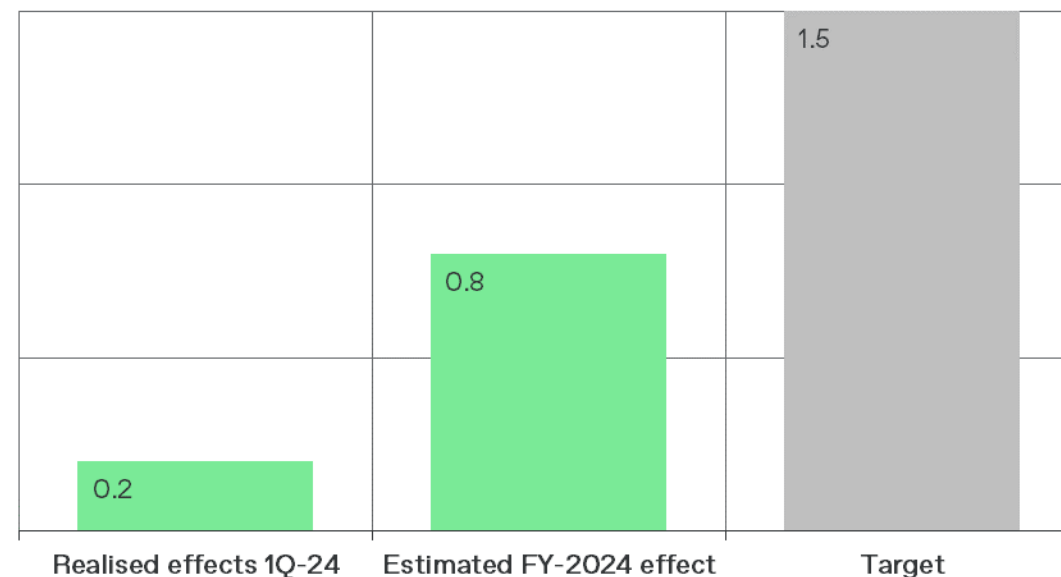


# Strong focus on profitability improvements



- Elkem has introduced a comprehensive programme to counter the current challenging market conditions, particularly in Silicones
- The target is to improve EBITDA by > BNOK 1.5 in 2024. The initiatives are organised along several dimensions:
  - Sales and product value improvements
  - Reduce raw material costs by sourcing of cheaper materials
  - Operational improvements and streamlining production structure
- In 1Q-2024, Elkem has realised improvements of BNOK 0.2, with an estimated full year effect for 2024 of BNOK 0.8

**EBITDA improvement programme** (in NOK billion)

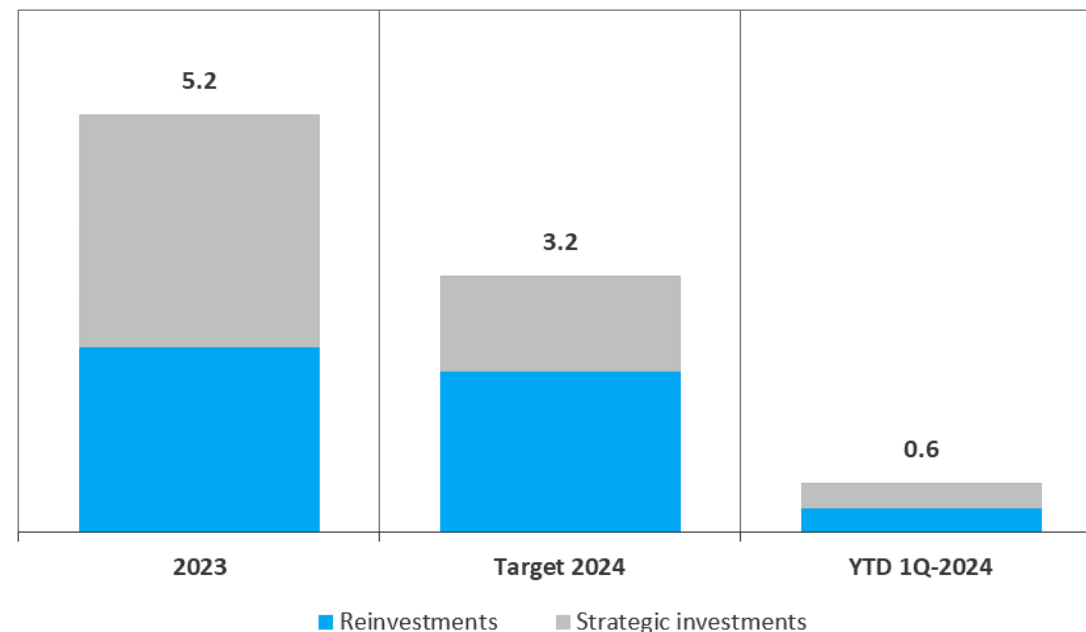


# Concentrating on core business – reducing investment levels

- Elkem’s target is to reduce capex by > BNOK 2.0 compared to 2023
  - Reinvestment target approx. BNOK 2.0 (80-90% of D&A)
  - Strategic capex target approx. BNOK 1.2
- Capex down to BNOK 0.6 in 1Q-2024, well on path to reach target
- Major investment projects in China and France completed in 2024, providing flexibility to keep strategic investments low going forward. In line with this plan, Elkem decided to exit its investment in Vianode
- The financial covenant waiver process announced in February has been successfully concluded. Lenders granted a waiver of the Interest Cover Ratio for 2024, reducing the covenant level to 3.0x from 4.0x



## Reinvestments and strategic capex Target 2024 – reduction by > BNOK 2.0 vs. 2023



# Silicones expansion project in China coming on stream in May

- The Silicones expansion project in China will be finalised in 2Q-2024, with commercial production expected to start in May
- The production volume is expected to reach 65 kt in 2024, generating an estimated revenue of NOK 1.5 billion
- In France, project completion is expected in 3Q-2024
- The projects will improve Elkem's cost positions, mainly through lower energy and raw material consumption



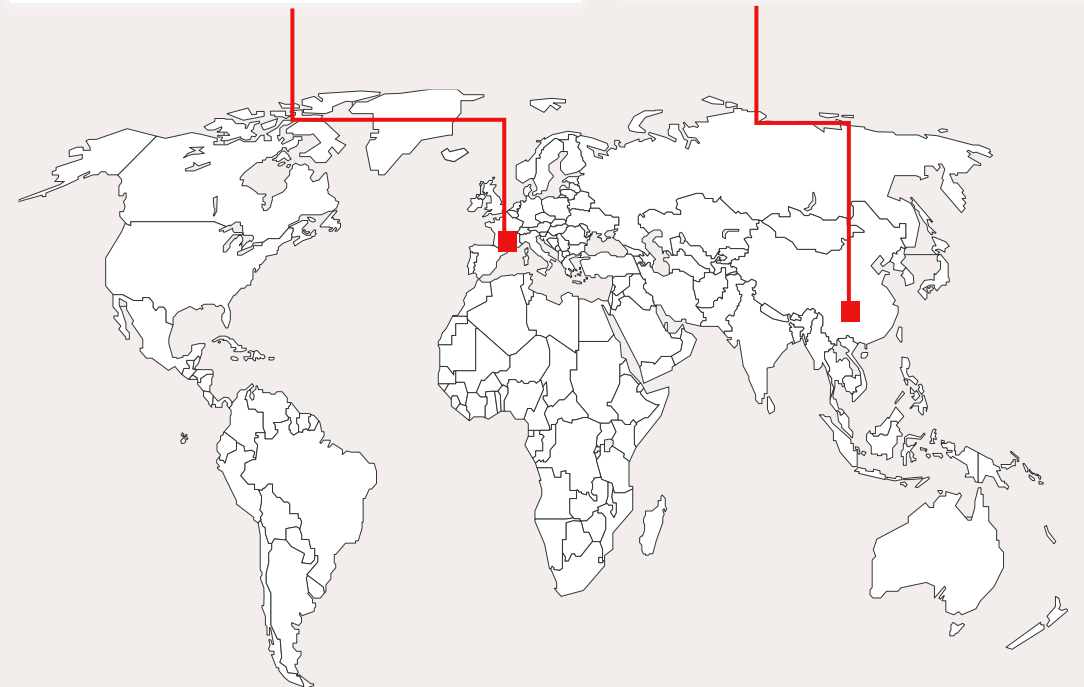
**Silicones project in France**

Capacity increase: +25% / +20 ktpa  
Total capacity: 100ktpa  
Start-up: 3Q-2024  
Investment  $\approx$ 0.4 BNOK



**Silicones project in China**

Capacity increase: +50% / +120 ktpa  
Total capacity: 360 ktpa  
Start-up: May 2024  
Investment  $\approx$ 4.0 BNOK

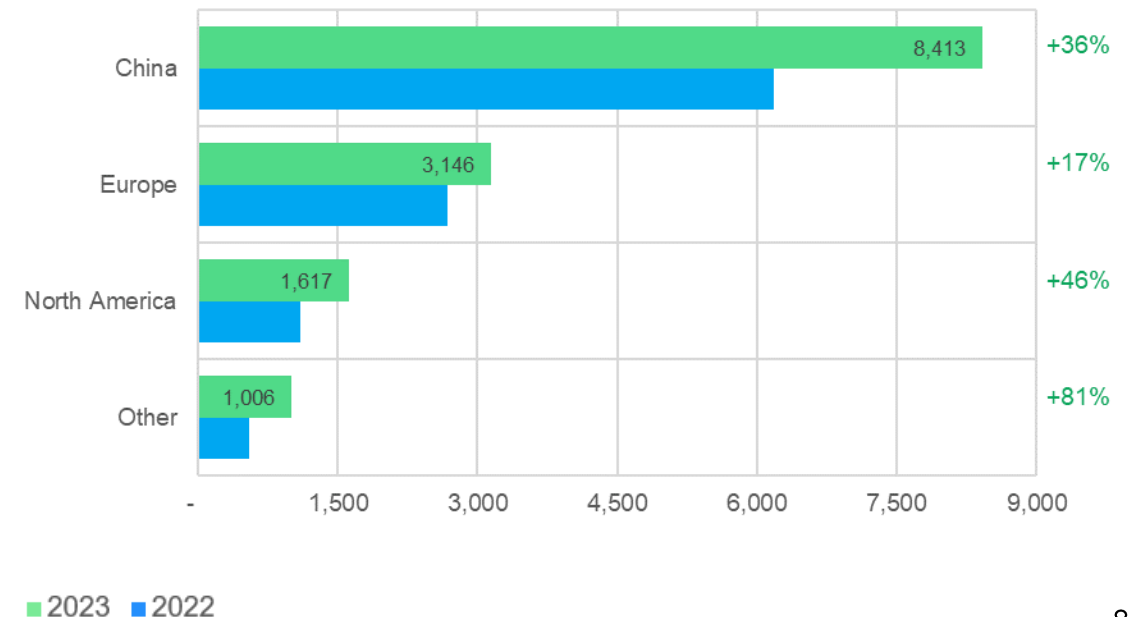


# A key silicones supplier to EVs



- Electric vehicles (EV) represent an attractive growth potential for Elkem as silicones are used for battery systems, cables, connector seals, and safety & lighting systems
- Sales of EVs, including hybrids, solidly increasing in all main markets
- China is the largest EV manufacturer, reaching a production of 9.4 million units in 2023. Domestic sales in China was 8.4 million, accounting for 60% of global sales
- Elkem entered the market at the early phase and has developed a range of strong applications

BEV & PHEV sales and growth (in 1,000 units)

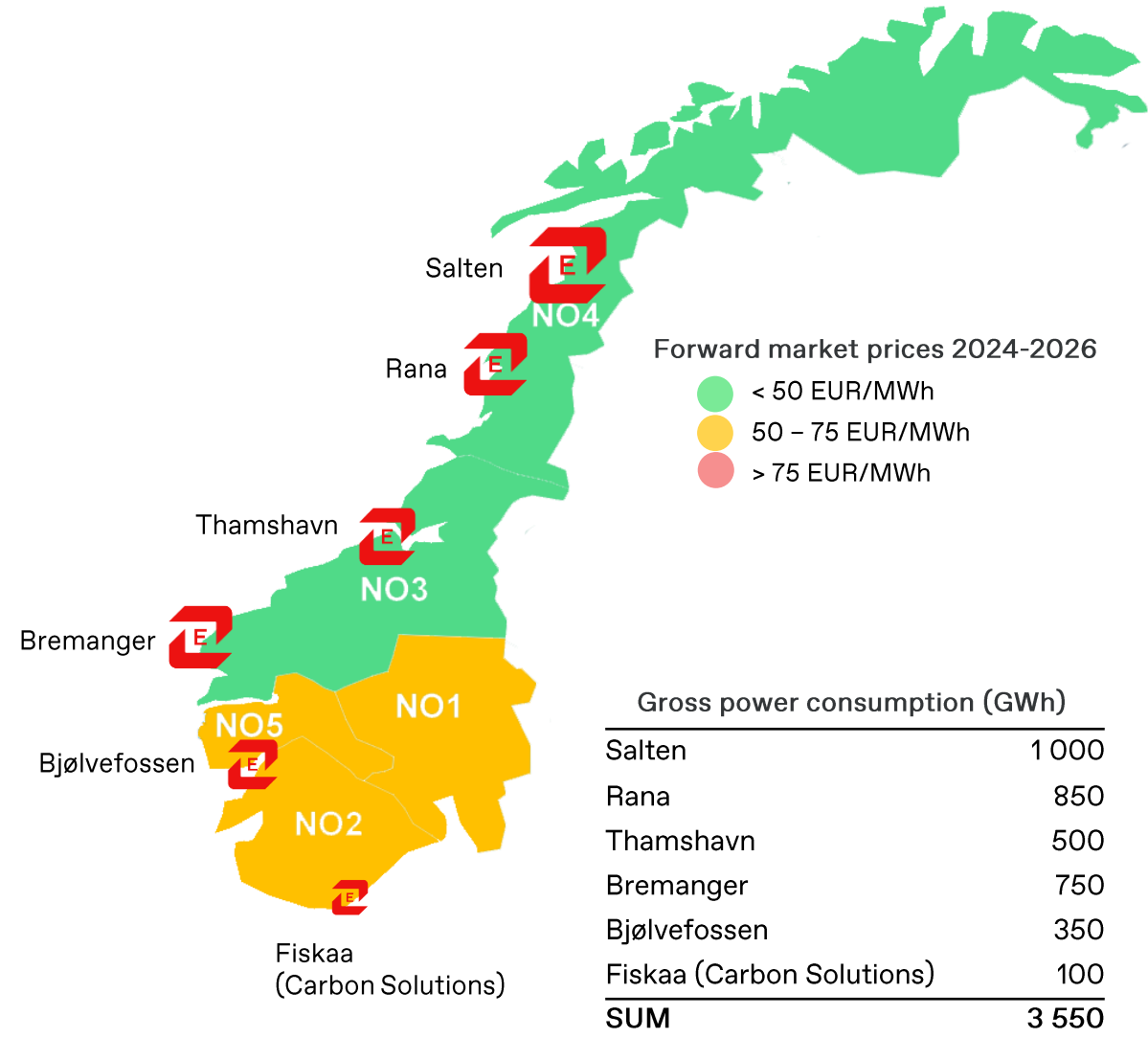




# New long-term power contract in Norway

- In the first quarter 2024, Elkem signed a new power contract in Norway. The new contract is for 9 years and expires end of 2035
- The total volume is 220 GWh per year, in price area NO4
- Elkem is well-positioned with long-term power contracts in Norway with around 80% of the electricity supply secured at competitive rates until end of 2027. After 2027, the hedging ratio is gradually declining
- Elkem is continuously evaluating the market conditions for new long-term contracts according to its hedging strategy

Location of Elkem's plants in price areas



# Modest macro economic outlook

- Elkem’s sales generally linked to GDP growth, particularly in Silicones
- The recent macro-economic sentiment has been weak, characterised by high inflation, interest rate hikes, and geopolitical uncertainties
- Growth projections from OECD do not indicate significant changes
  - In the Euro area the growth is expected to remain weak
  - China continue to face headwinds with lower real estate investments and lower inward foreign investments
  - In the US, a loosening of the fiscal policies and lower savings have boosted demand
- According to OECD, the challenges for near-term growth include; slowing global trade, trade disruptions in the Red Sea, geopolitical tensions and risk of further energy price spikes



## GDP growth projections in % (source OECD)

	2023	2024	2025
World	3.1	2.9	3.0
G20	3.3	2.9	3.0
China	5.2	4.7	4.2
Euro area	0.5	0.6	1.1
United States	2.5	2.1	1.7

Revisions relative to the latest estimates from OECD’s November 2023 Economic Outlook

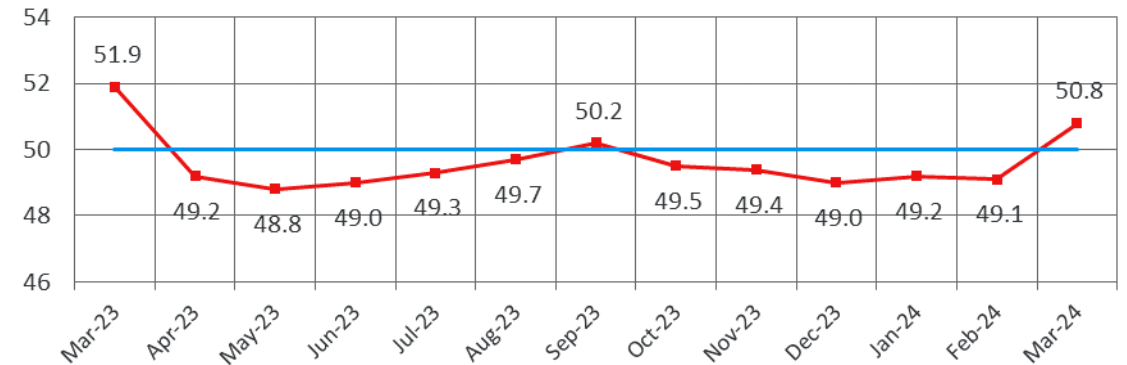
Upward revision by 0.3pp or more    
 No change or smaller than 0.3pp    
 Downward revision by 0.3pp or more

# China market update – signs of improvement



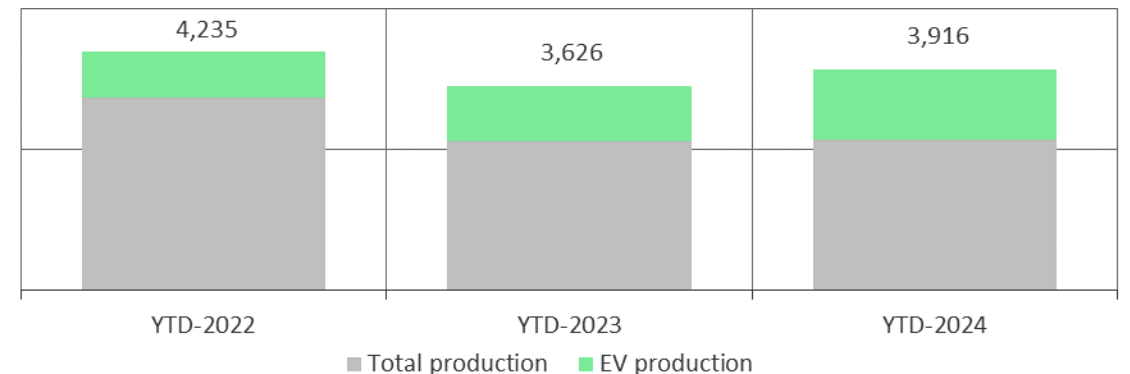
- In China, silicon production YTD-February 2024 was 597kt, up 22% compared to the same period in 2023, while the silicones production was 357kt, up 11%
- Silicon spot prices in China dropped in March. The DMC price was increasing early March, but then turned into a downward trend
- China automobile production in January and February 2024 was 3.9 million units, up 8% compared to the same period in 2023
- China’s official manufacturing purchasing managers index registered the highest result in a year, adding to recent signs that momentum could be starting to build

Manufacturing Purchasing Managers Index



Source: National Bureau of Statistics of China

China Automobile production volume YTD-February (1,000 units)



Source: CAAM

# Signs of demand recovery, but significant uncertainty

- Silicones markets generally weak, negatively impacted by construction, and weak automotive markets in EU and US
- Demand for most specialty grades remain low in EU and US, but signs of recovery. The order situation has improved for the second quarter
- DMC prices increased after Chinese New Year, but turned into a downward trend late March due to light spot trading, combined with high operating rates and new capacity coming on stream



DMC reference price China (KCN/mt)

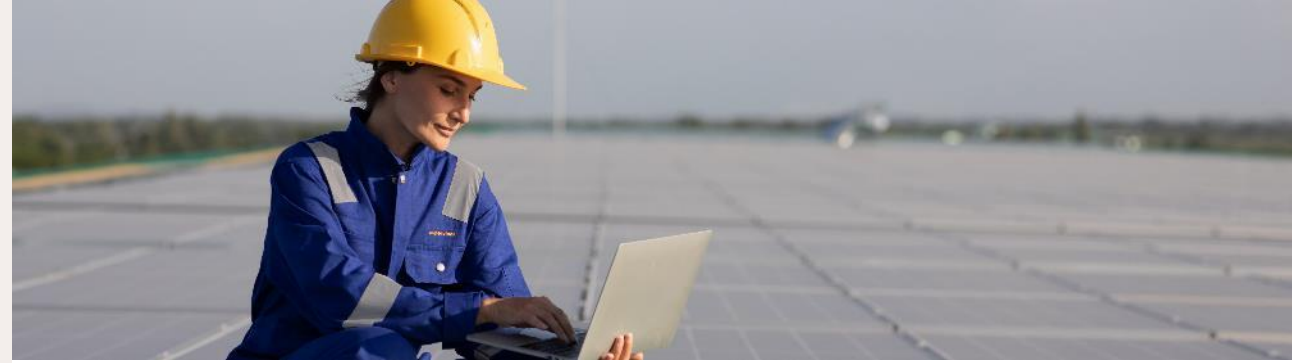


DMC reference prices are based on quotes incl. VAT and transportation. Quotes may not always reflect accurate sales prices.

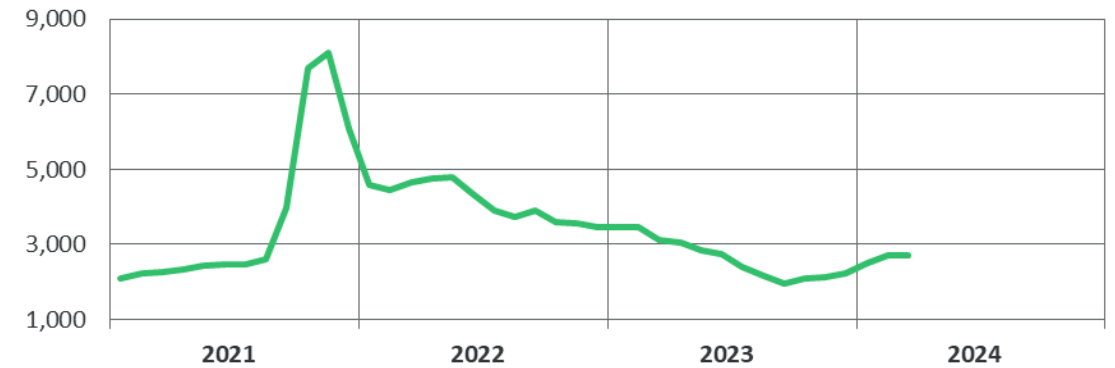


# Prices in Europe have recovered from the trough

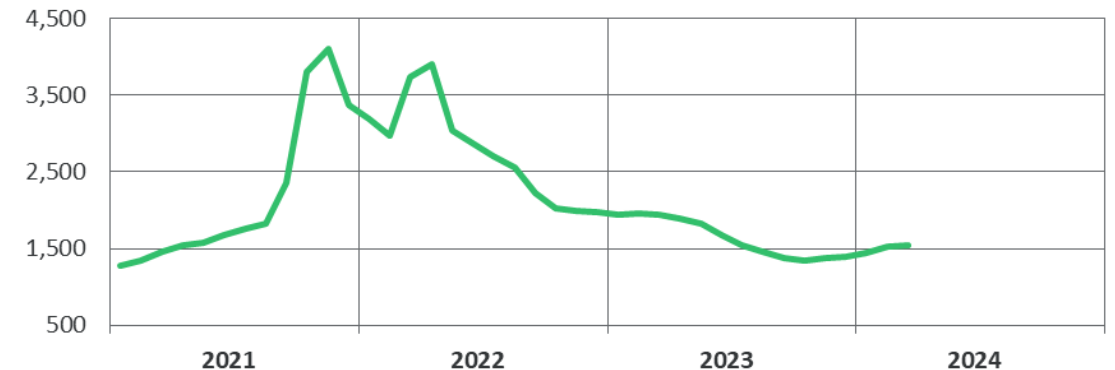
- Prices for silicon and ferrosilicon have recovered in Europe despite weak market conditions
  - Silicon prices in EU up more than 30% from the bottom level in September 2023
  - Ferrosilicon prices in EU up more than 15% from the bottom level in October 2023
- Silicon prices have declined in China during the first quarter, based on weak sentiment and high inventory levels
- Silicon exports from Asia impacted by rising sea freight prices caused by disruptions in the Red Sea



CRU silicon 99 price EU (EUR/mt)



CRU ferrosilicon 75 price EU (EUR/mt)

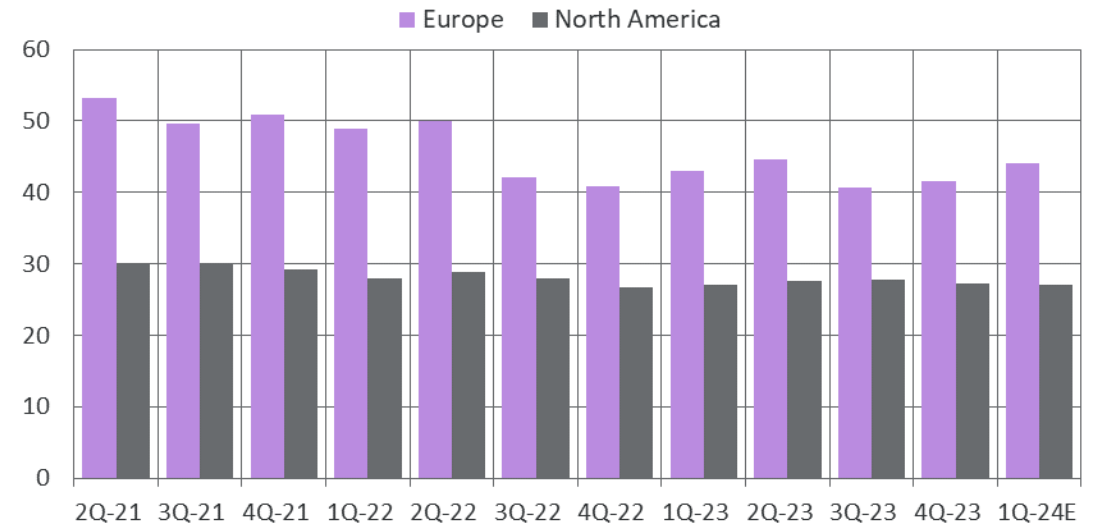


# Stable markets with some signs of demand improvement

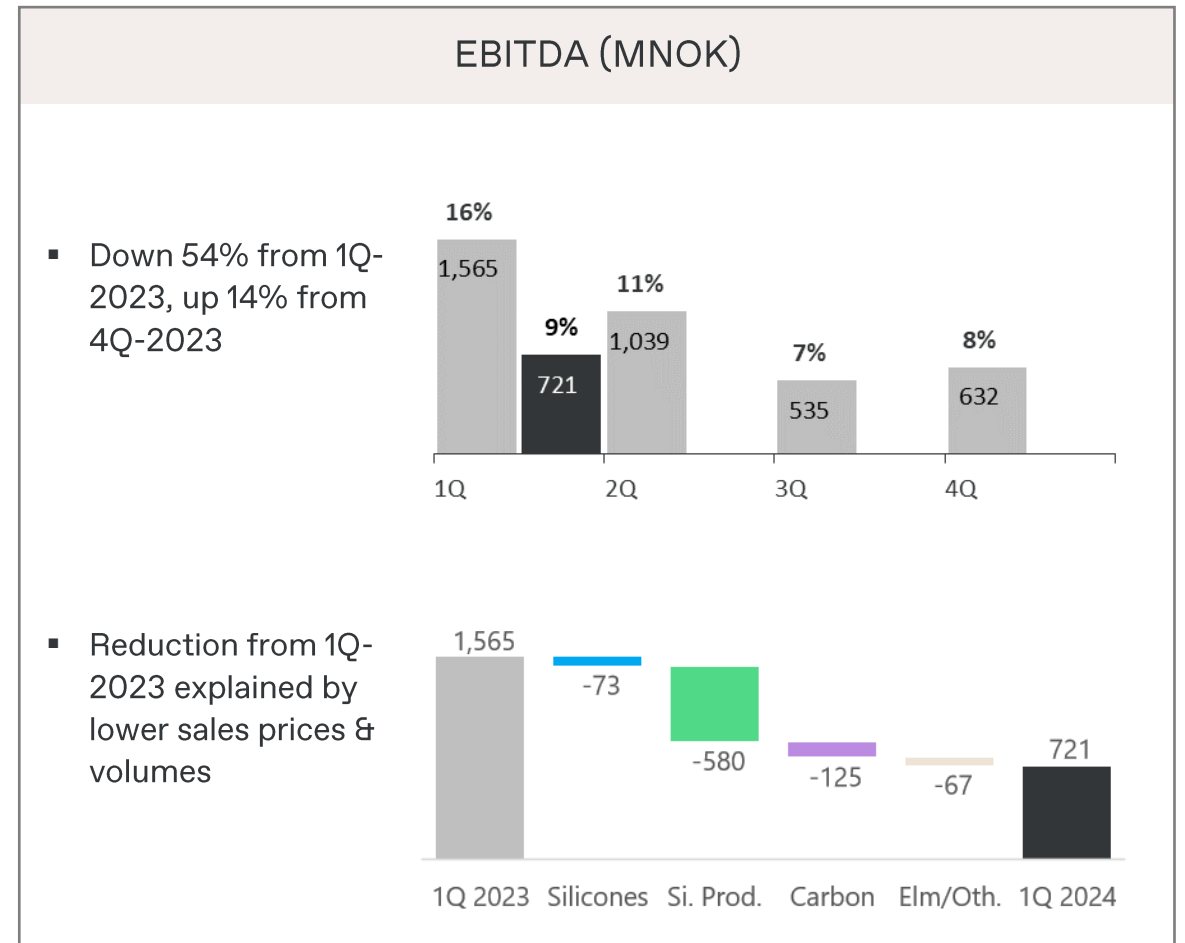
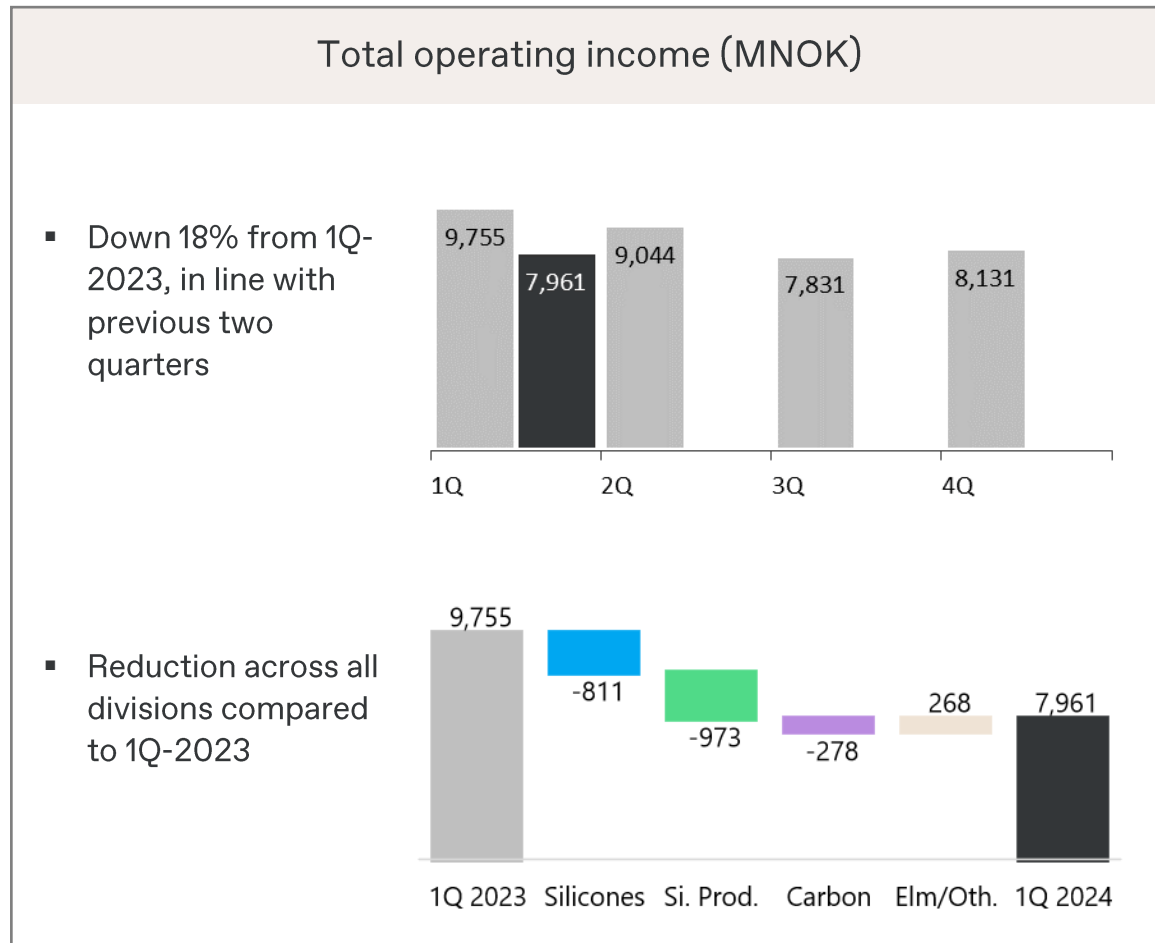
- Demand for carbon products varies across regions driven by steel, ferroalloys, and aluminium
- Global steel production in first quarter 2024 was in line with the first quarter last year, but ferroalloys production was weaker
  - Production up 2% in Europe while stable in North America
- Stable conditions expected for Carbon Solutions, with some signs of demand improvement in specific markets



Crude steel production (million mt)



# Challenging markets, but improved EBITDA compared to last two quarters



# Overview financial ratios

- EBITDA MNOK 721
  - Segment Other included realised currency hedging losses of MNOK -39
- Other items MNOK -198
  - Consisting of losses on power and currency derivatives MNOK -217 and restructuring expenses MNOK -13, partly offset by currency gains on working capital items MNOK 32
- Net finance income (expenses) MNOK -38
  - Consisting of net interest expenses MNOK -186 and other financial expenses MNOK -5, partly offset by currency gains MNOK 153
- Tax MNOK -103
  - Tax expenses of MNOK -103 despite negative profit before tax, due to losses not being capitalised as deferred tax assets

## Consolidated key figures

<i>(NOK million, except where specified)</i>	1Q 2024	1Q 2023	YTD 2024	YTD 2023	FY 2023
Total operating income	7,961	9,755	7,961	9,755	34,760
EBITDA	721	1,565	721	1,565	3,771
EBIT	<sup>(1)</sup> 114	1,025	114	1,025	1,365
Other items	-198	553	-198	553	516
Net finance income (expenses)	-38	-109	-38	-109	-668
Profit (loss) before income tax	-311	1,385	-311	1,385	951
Tax	-103	-403	-103	-403	-781
Profit (loss) for the period	<sup>(2)</sup> -439	952	-439	952	72
<b>Key ratios</b>					
EPS (NOK per share)	-0.69	1.50	-0.69	1.50	0.11
Equity ratio (%)	49%	53%	49%	53%	48%
Net interest bearing debt (NIBD) <sup>(3)</sup>	10,206	3,670	10,206	3,670	9,450
Leverage ratio	3.5	0.3	3.5	0.3	2.5
Reinvestments % of D&A	49%	61%	49%	61%	102%
ROCE (annualised) (%)	1%	13%	1%	13%	4%

<sup>(1)</sup> Operating profit before other items and hedge adjustments

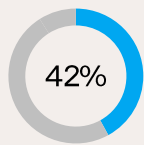
<sup>(2)</sup> Owners of the parent's share of profit (loss)

<sup>(3)</sup> Excluding non-current restricted deposits and interest-bearing financial assets



# First quarter hampered by Chinese seasonality

- Total operating income of MNOK 3,349, down 19% from the first quarter last year
  - Mainly explained by lower sales prices and lower sales volume
- EBITDA was MNOK -103, down MNOK 73 from first quarter last year
  - Explained by lower sales prices in China and lower sales volume, partly countered by lower operating costs
  - Reduced production in France and China negatively impacting average product cost
- Sales volume down from first quarter last year, due to weak markets and reduced production



Share of operating income



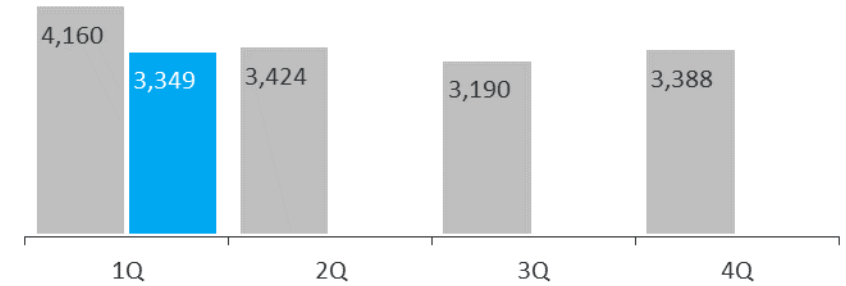
Share of EBITDA

Share of operating income from external customers ex. Other

Share of EBITDA ex. Other and Eliminations

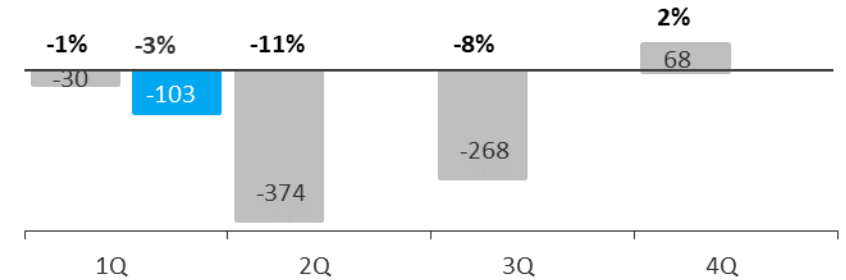
## Total operating income

NOK million



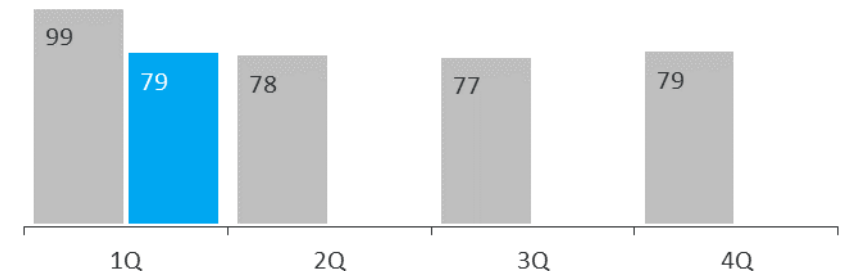
## EBITDA and margin

NOK million and %



## Sales volume

In 1,000 mt

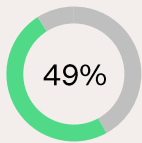


■ 2023

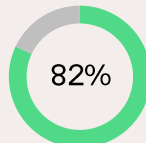
■ 2024

# Higher sales prices improved results

- Total operating income of MNOK 4,015, down 20% from the first quarter last year
  - Lower operating income mainly explained by lower sales prices
- EBITDA of MNOK 677, down 46% from the first quarter last year
  - Reduction in EBITDA was mainly explained by lower sales prices, partly countered by lower costs. Continued strong performance from specialty segments
  - Positive impact from insurance compensation for Elkem Salten, albeit recognised at conservative assumptions
- Still weak demand from silicones, aluminium, and steel markets



Share of operating income



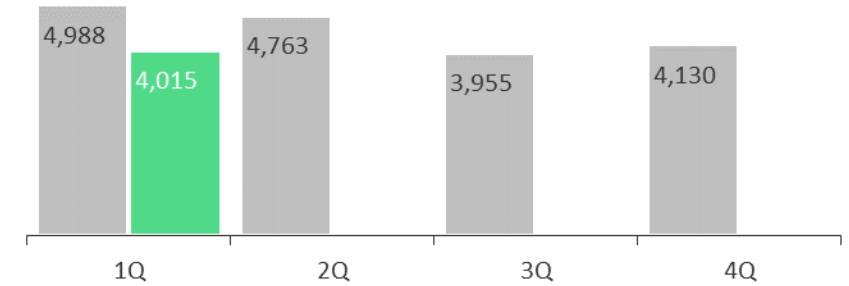
Share of EBITDA

Share of operating income from external customers ex. Other

Share of EBITDA ex. Other and Eliminations

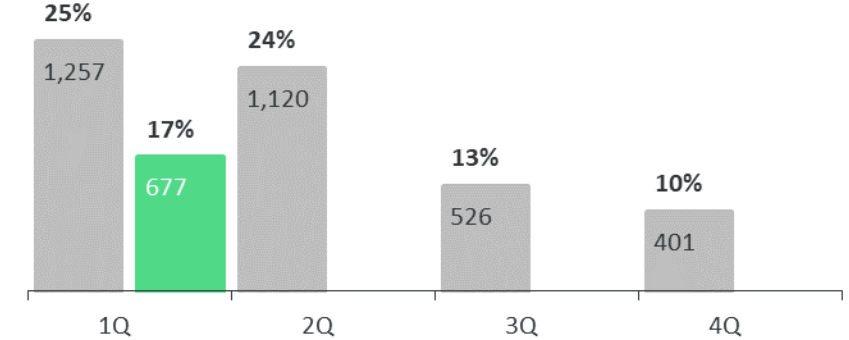
## Total operating income

NOK million



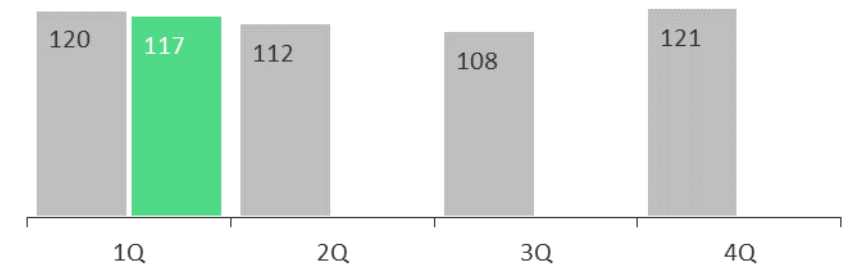
## EBITDA and margin

NOK million and %



## Sales volume

In 1,000 mt

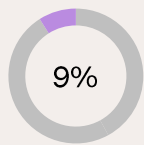


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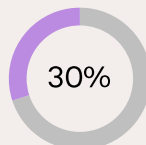
■ 2024

# Strong performance despite lower sales

- Total operating income MNOK 834, down 25% from the first quarter last year
  - Mainly explained by lower sales volume and lower sales prices
- EBITDA of MNOK 249, down 33% from the first quarter last year
  - Mainly explained by lower sales volume and lower sales prices. This has partly been offset by lower raw material costs
- Sales volume down compared to first quarter last year, mainly due to weak ferrous alloys market



Share of operating income



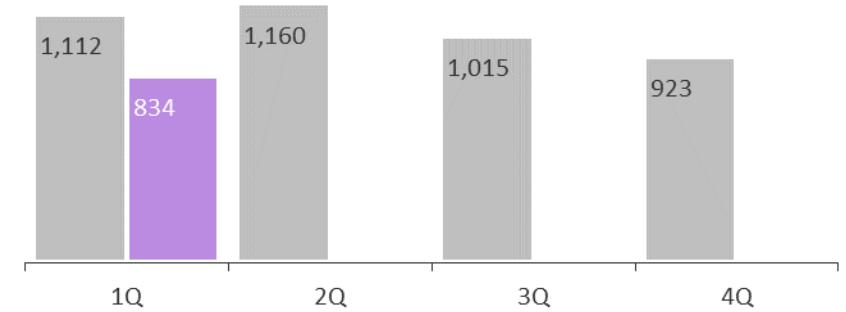
Share of EBITDA

Share of operating income from external customers ex. Other

Share of EBITDA ex. Other and Eliminations

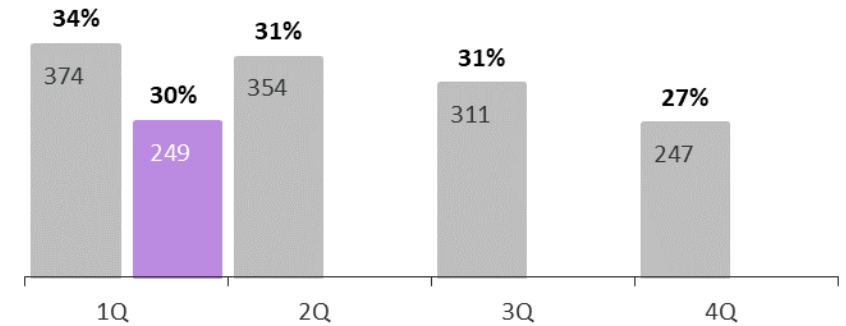
## Total operating income

NOK million



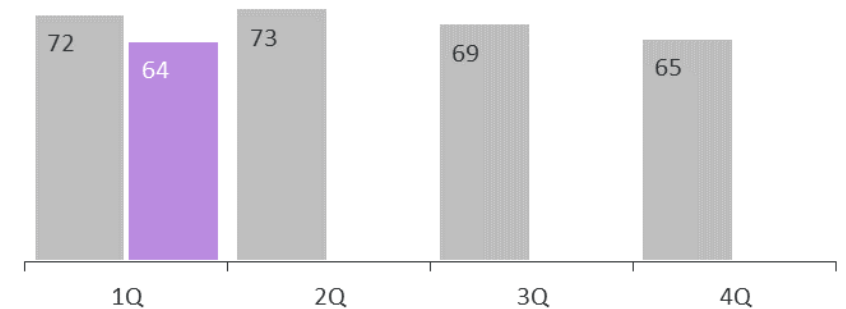
## EBITDA and margin

NOK million and %



## Sales volume

In 1,000 mt



■ 2023

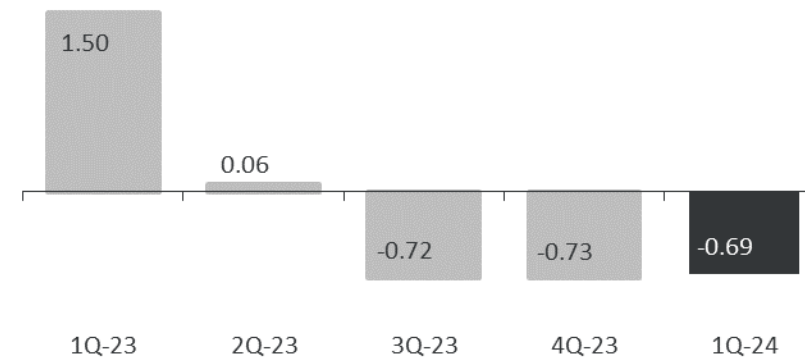
■ 2024

# Weak EPS, robust equity position

- Earnings per share (EPS) amounted to NOK -0.69 in the first quarter
  - EPS in the first quarter impacted by negative mark-to-market effects
  
- Total equity amounted to BNOK 24.7 as at 31 March 2024, up BNOK 0.3 from year-end 2023, mainly explained by currency translation effects
  - Equity to total assets (equity ratio) stable at 49%

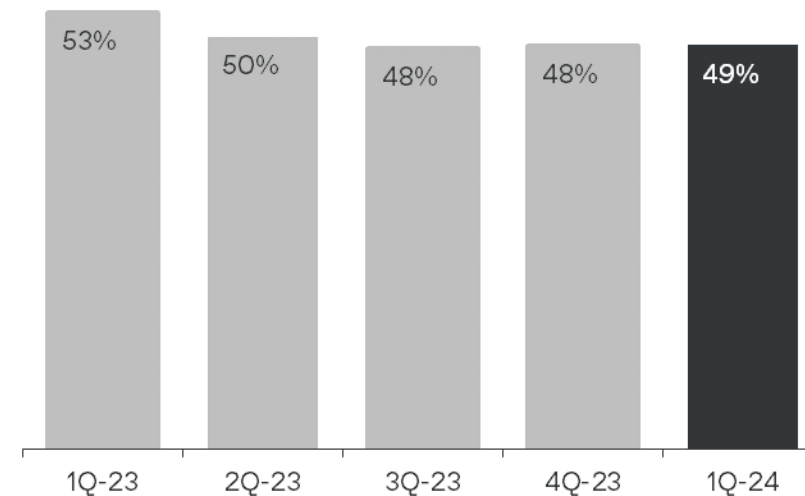
## Earnings per share (EPS)

NOK per share



## Equity ratio

In percent of total assets



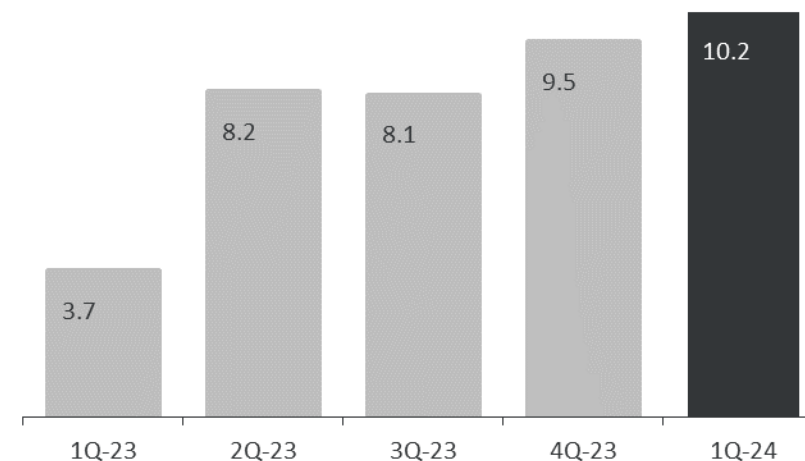


# Consolidating the financing position

- Net interest-bearing debt (NIBD) of BNOK 10.2 as at 31 March 2024
  - Increased NIBD partly explained by currency translation effects
  - Leverage ratio of 3.5x based on LTM EBITDA of BNOK 2.9
  
- Good financing position
  - Well managed and distributed debt maturity profile
  - Debt maturities in China in 2024 consist of local working capital financing, which is regularly rolled over
  - The interest cover ratio by end of first quarter 2024 was 4.2x

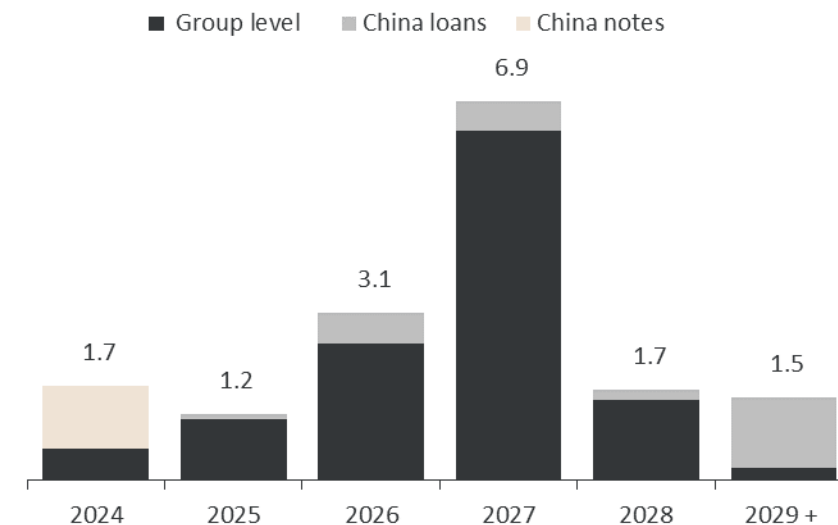
## Net interest-bearing debt (NIBD)

NOK billion



## Maturity profile

NOK billion



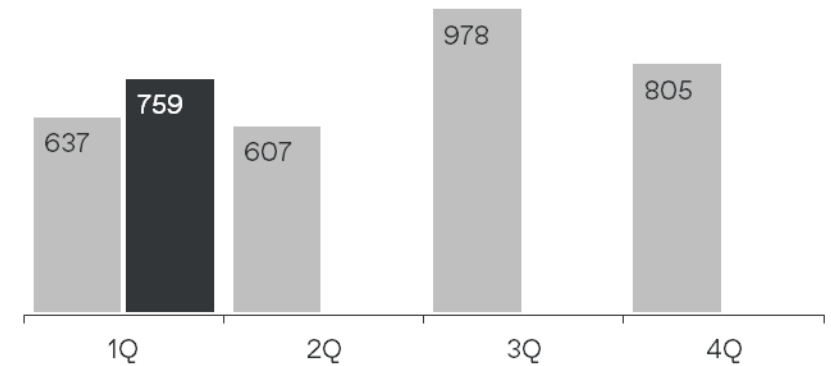
# Stable cash flow generation, significantly lower investments

- Cash flow from operations<sup>(1)</sup> was MNOK 759 in the first quarter 2024
  - The cash flow was improved from the corresponding quarter last year, mainly explained by positive working capital changes
  
- Investments ex. M&A of MNOK 615 in the first quarter 2024
  - Reinvestments were MNOK 298, amounting to 49% of D&A
  - Strategic investments were MNOK 318, mainly related to Silicones projects in France and China. The silicones expansion project in China will be finalised in 2Q-2024

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

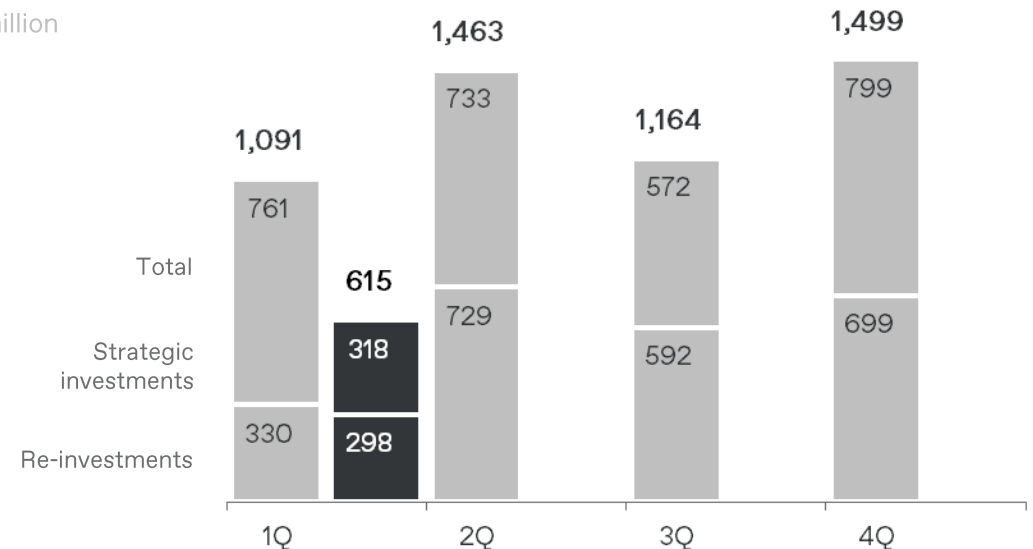
## Cash flow from operations

NOK million



## Investments ex. M&A

NOK million



■ 2023

■ 2024

# Outlook for the second quarter 2024

- Signs of recovery in the first quarter, but still significant uncertainty
- Demand for silicones in Europe and US show signs of picking up. Improved demand also in China but price development hampered by overcapacity. Elkem's expansion in China will come on stream, but limited financial impact in the second quarter
- Silicon Products expected to benefit from the commodity price increases for silicon and ferrosilicon in the first quarter
- Stable conditions expected for Carbon Solutions, with some signs of demand improvement in specific 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.

Information about past performance given in this presentation should not be relied upon as, and is not, an indication of future performance.

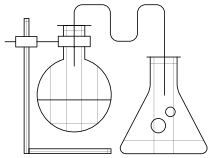


# Appendix

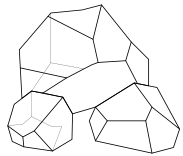


# We are Elkem

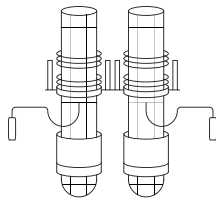
Advanced silicon-based materials shaping a better & more sustainable future



Silicones



Silicon Products



Carbon Solutions



# Elkem celebrating its 120 years anniversary

- **Elkem celebrates its 120 years anniversary in 2024, having grown from a Norwegian industrial start-up into a position as one of the world's leading providers of advanced silicon-based materials**
- **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 2018, adding to the dynamic and agile business perspective, and positioning for the Asian market**



# Strategy remains firm - dual-play growth & green leadership

**Profitable growth:**  
Top 3 in silicones worldwide  
Number 1 in silicon products and carbon solutions in the West

## Dual-play growth

- Balanced between geographic regions (East & West)
- Balanced across the value chain (Upstream & Downstream)



## Green leadership

- Strengthening position as best in the industry on low CO<sub>2</sub>
- Growing supplies to green transition & creating green ventures

### Silicones

- Balanced geographical growth
- Improve cost position
- Higher degree of specialisation

### Silicon Products

- Selective growth
- Secure leading cost positions
- Lower carbon emissions

### Carbon Solutions

- Selective growth in West
- Sustainable low-cost position
- Preferred supplier with high quality

## We are Elkem

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

**Growth**  
>5% per year

**EBITDA**  
>15% per year

**Reduce CO<sub>2</sub>**  
-28% 2020-31

**Net zero**  
By 2050

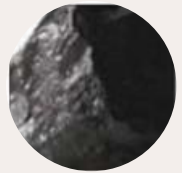


# Sustainable business model delivering good results

## Low cost sustainable input factors



Quartz



Coal



Biocarbon



Power

## High temperature/chemical production processes



Silicones



Silicon, ferrosilicon, foundry products and microsilica



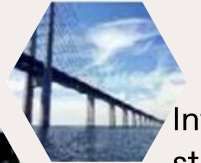
Carbon solutions

## Examples of high value applications and markets

Wind turbines



Infrastructure



Airbags



Solar



Automotive EV



Electronics



Cooking, utensils



Release coating



Financial figures FY-2023



Total operating income

NOK 35.5 bn.



EBITDA

NOK 3.8 bn.



EBITDA margin

11 %



Head office in Norway

31 plants worldwide



Employees worldwide

~ 7,400



R&D centres in Norway, France and China

>600 R&D people

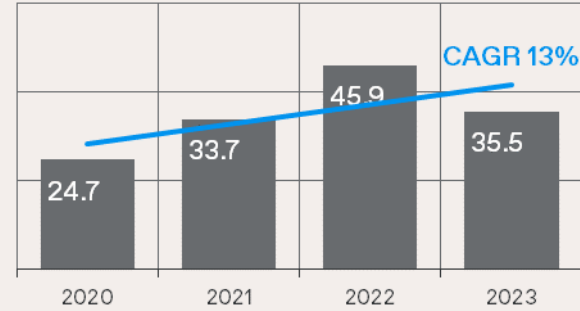
# Delivering good results over the business cycle

- Lower earnings in 2023 due to challenging market conditions and weak macro-economic sentiment
- Elkem is well positioned to benefit from an economic recovery due to good cost positions and robust financials
- Elkem delivering on its financial targets over the cycle
  - ✓ Operating income CAGR 13% vs target of > 5% per year
  - ✓ EBITDA margin 18% vs target of 15 - 20%
  - ✓ Leverage ratio 1.6x vs target of 1.0 – 2.0x

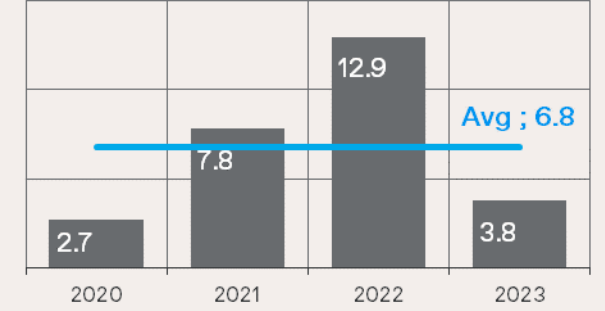


Figures in NOK billion unless otherwise stated

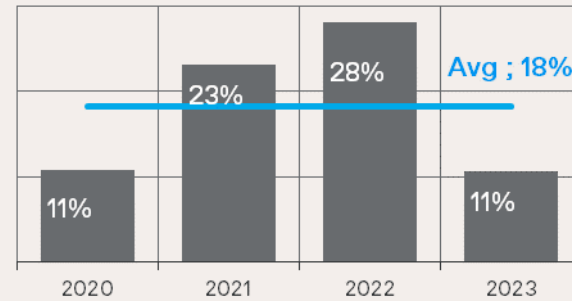
Operating income



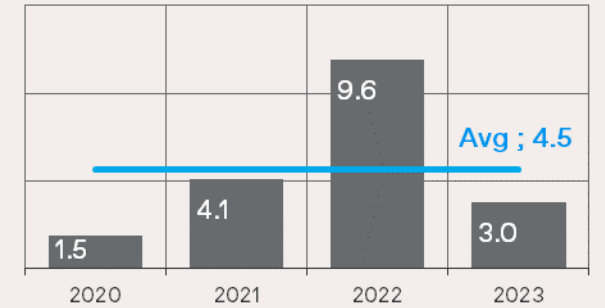
EBITDA



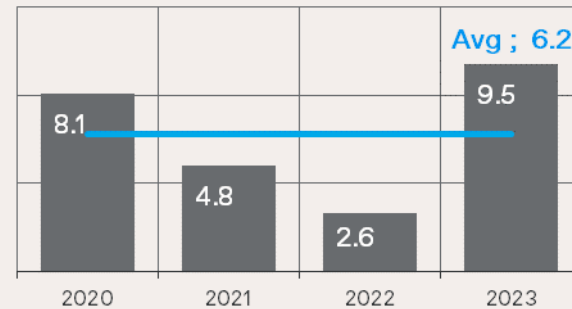
EBITDA margin



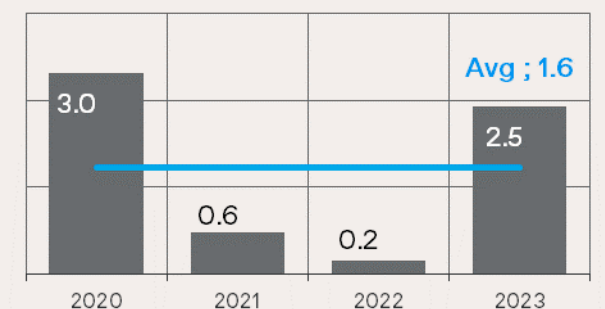
Cash flow from operations



NIBD

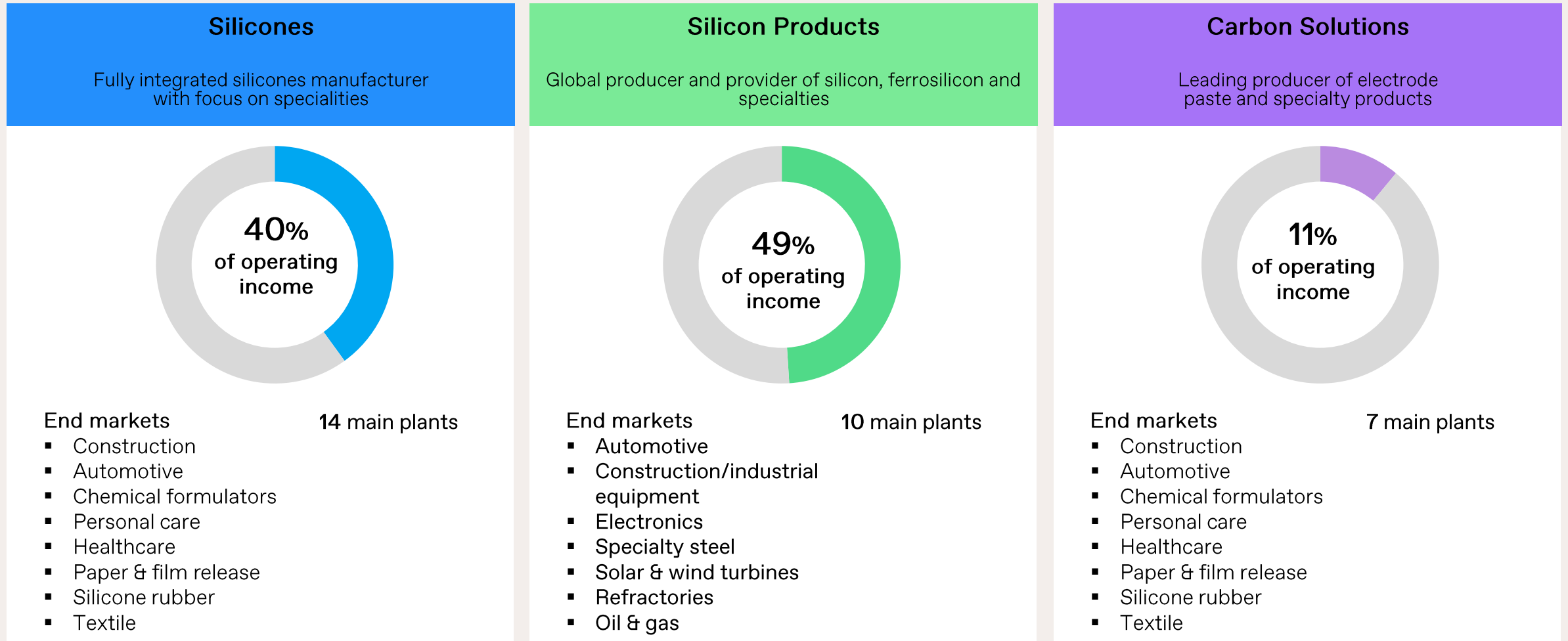


Leverage ratio

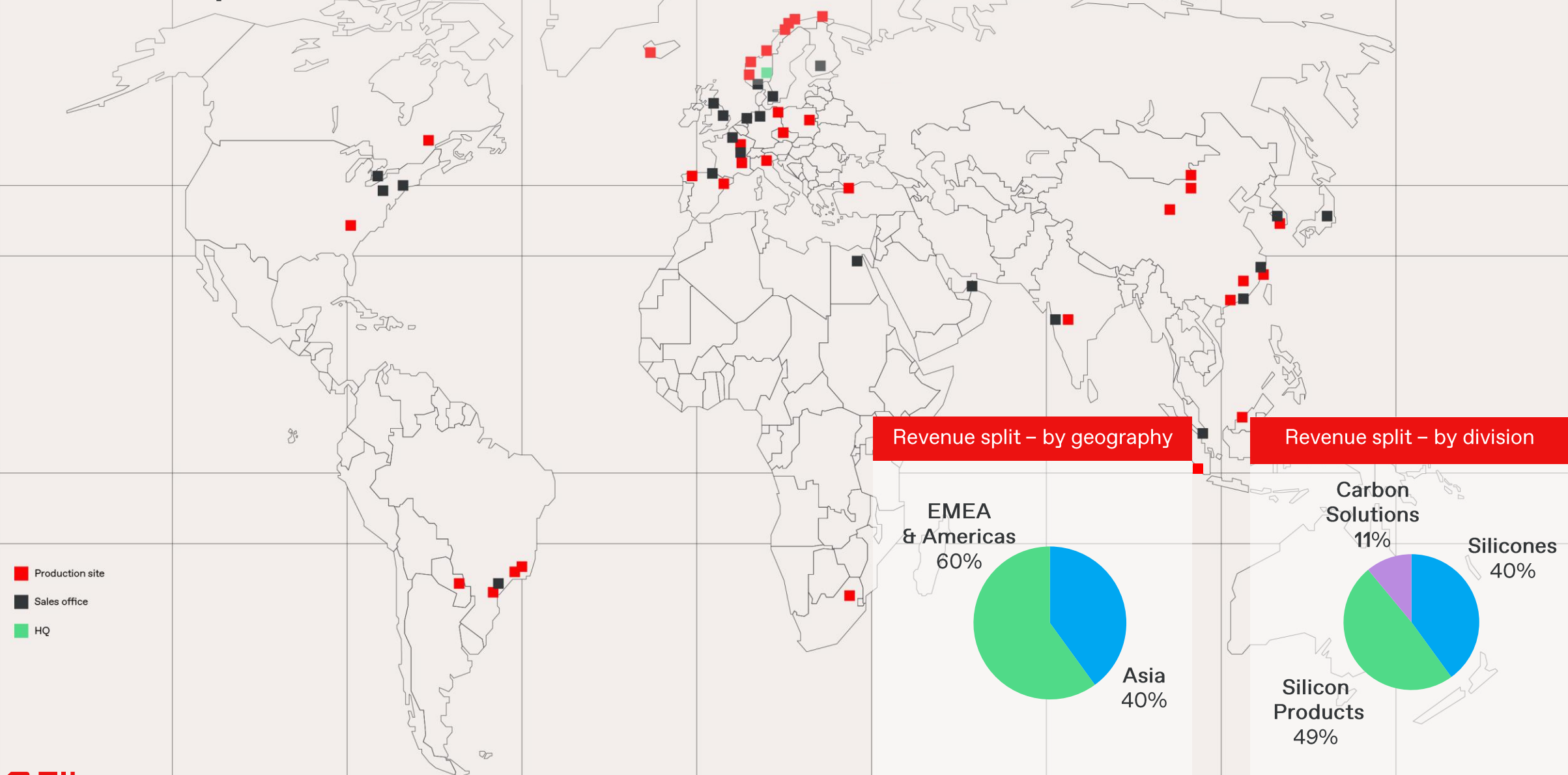




# Elkem operates through three divisions: All with global scale, leadership positions and global footprint



# 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 CO<sub>2</sub> emissions in line with the Paris agreement: We will contribute to limiting long-term temperature according to Paris agreement

By 2031:

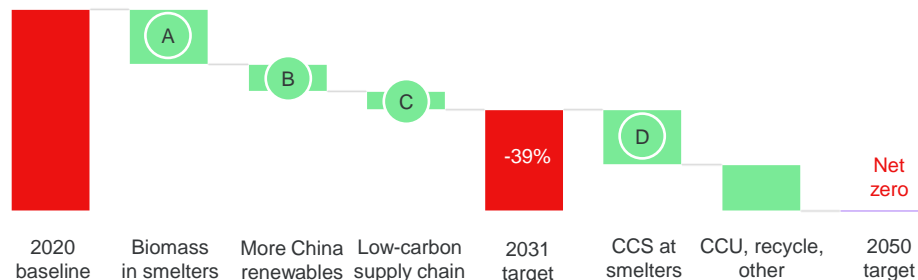
- Reducing absolute emissions\* by **28%** from 2020-2031
- Delivering **39%** improvement in product footprint\*\*

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



## Low-carbon supply chain

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



## Shifting to renewable power also in China

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



## Exploring potential of more CCS at smelters

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



# Solutions to global megatrends

## Total production capacity

- 80,000 mt in France (exp. to 100,000 mt in 2024)
- 240,000 mt in China (exp. to 360,000 mt in 2024)
- Downstream specialty plants : 7 in EMEA/AMs and 4 in APAC



## Product properties

- Silicones bring unparalleled properties and performances : long-term reliability, thermal management, electrical & fire safety, lightweighting, biocompatibility, adhesion



## Market positions

- One of five global players
- Top 3 producer in China in terms of production capacity



## Rising middle class

- Release coating
- Personal Care
- Processing aids

Industry players - examples



## Digitalisation

- Thermo-conductive potting
- Semiconductors assembly
- Moisture & shock protection

Industry players - examples



## Ageing population

- Prosthetics precision moulding
- Implantable materials
- Medical adhesives

Industry players - examples



## Mobility

- Battery thermal management
- Lightweight materials assembly
- Lubricant & transmission fluids
- Airbag textile coating

Industry players - examples



## Decarbonisation

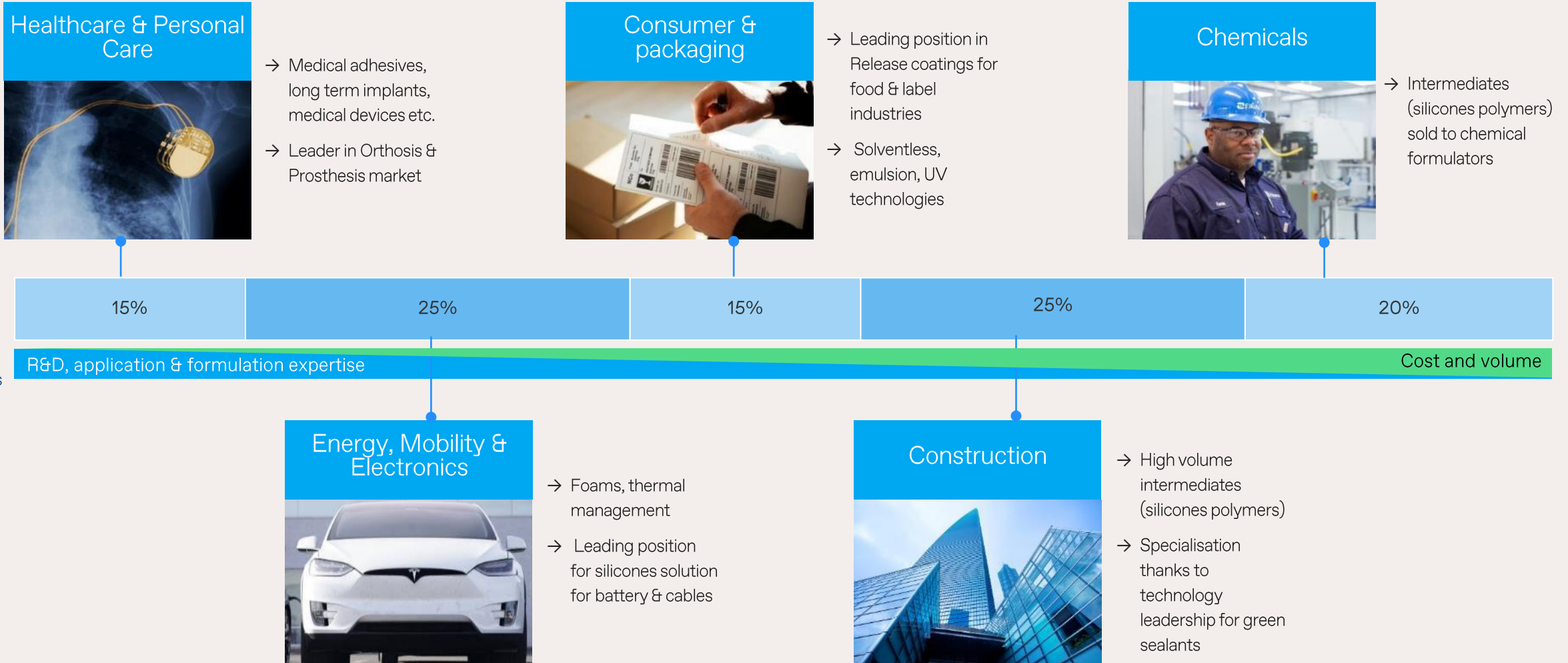
- Solar panels assembly
- Nuclear grades silicones
- Energy efficient sealant

Industry players - examples

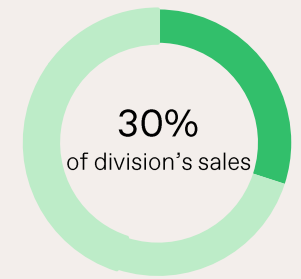




# Serving attractive end-markets with advanced technologies



# Silicon – attractive cost position and downstream integration



## Raw materials

### Quartz



### Coal and biocarbon



### Electricity



## Products



### Total production capacity

- 205.000\* mt in Norway and China
- 175.000\* mt silicon grades
- 20.000 mt Silgrain®
- 10.000 mt Silgrain® specialties

### Properties

- Raw material in silicones and polysilicon optimising selectivity
- Alloy strengthening aluminium
- Semi-conductor insulating electronics
- Impurity management KSF

### Market dynamics

- 16% market share ex China (second largest merchant producer)
- Commodity with index linked prices

## Industry players\*\*

### Silicones (50%)



### Aluminium (30%)



### Polysilicon (10%)



### Specialty niches (10%)

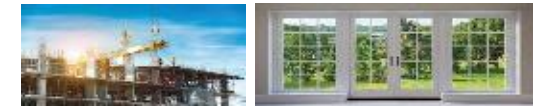


## End markets

### Consumer goods



### Construction



### Automotive



### Renewable energy



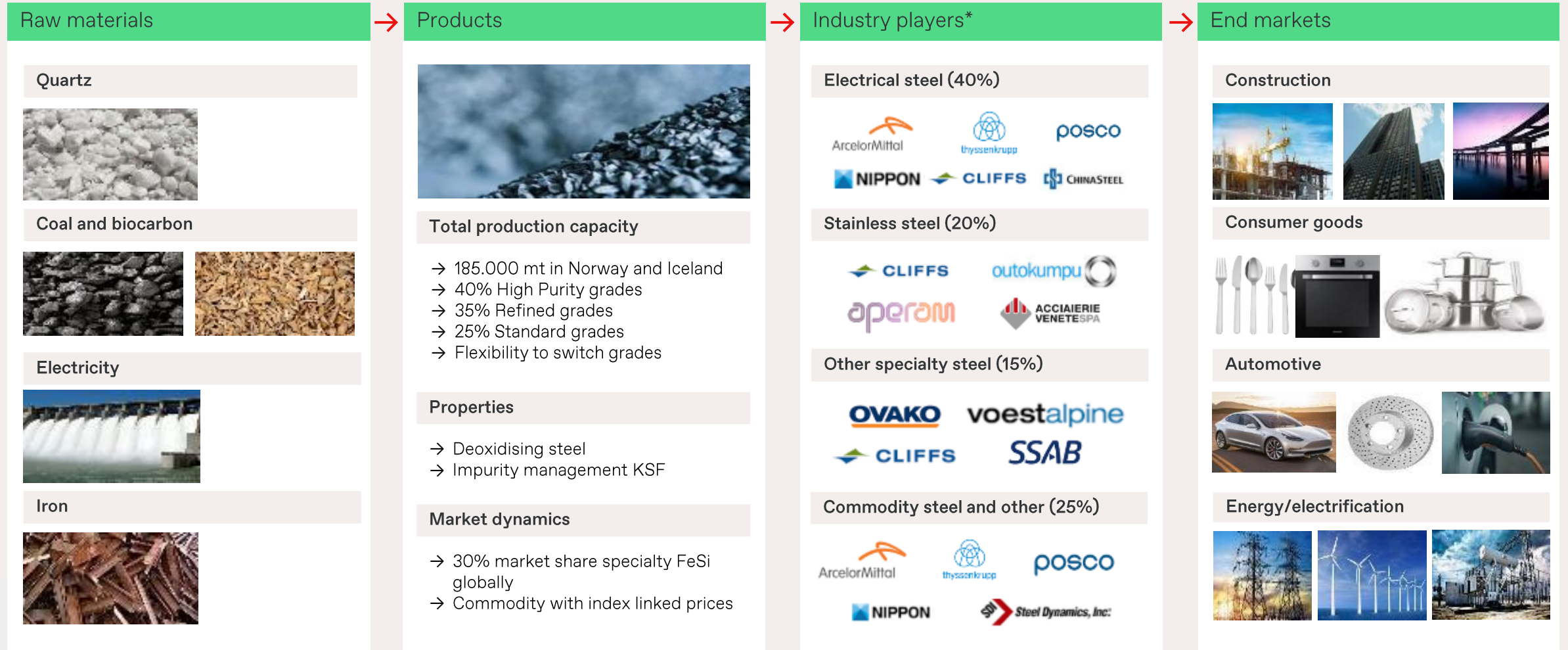
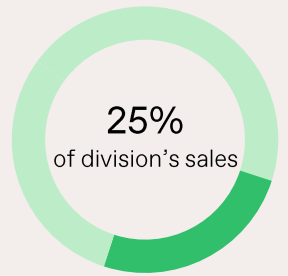
### Electronics



\* 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

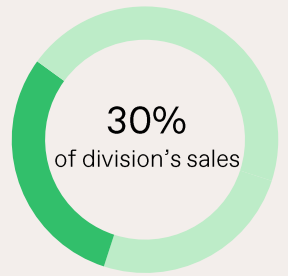
# Ferrosilicon – high quality products to specialty steel



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



# Foundry Alloys – global leader into cast iron metal treatment



## Raw materials

### Ferrosilicon



### Alloying elements



## Products



### Total production capacity

- 190.000 mt globally
- 60% FSM
- 20% Low potent inoculants
- 20% High/Medium potent inoculants
- Residual capacity utilised for ferrosilicon

### Properties

- Improves properties of ductile iron and controls the microstructure and mechanical properties of cast irons

### Market dynamics

- 50% market share in Europe, North America and India
- Negotiated quarterly prices



## Industry players\*

### Iron foundries



## End markets\*\*

### Automotive (50%)



### Engineering (35%)



### Wind turbines (10%)



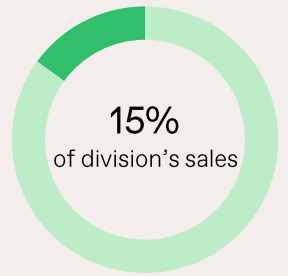
### Pipes and fittings (5%)



\* 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



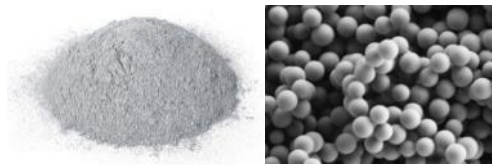
## Raw materials



→ Elkem pioneered the development to collect and process the off-gas of silicon and ferrosilicon, and is now the world's leading supplier of microsilica and related products



## Products



### Total capacity

- 300.000 mt microsilica globally (40% sourced externally)
- 35.000 mt other specialty materials

### Properties

- Additive for concrete to improve durability
- Used in refractories and ceramics for strength and heat resistance
- Additive in oilfield applications (cementing, drilling fluids and simulation operations)

### Market dynamics

- Global market leader with local presence
- Negotiated prices



## Industry players\*

### Construction (30%)



### Refractories (30%)

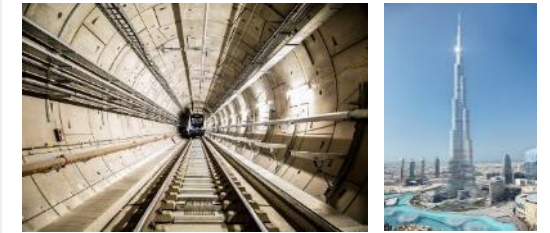


### Oilfield (40%)



## End markets

### Construction and infrastructure



### Refractories and ceramics



### Oilfield drilling fluids and cementing

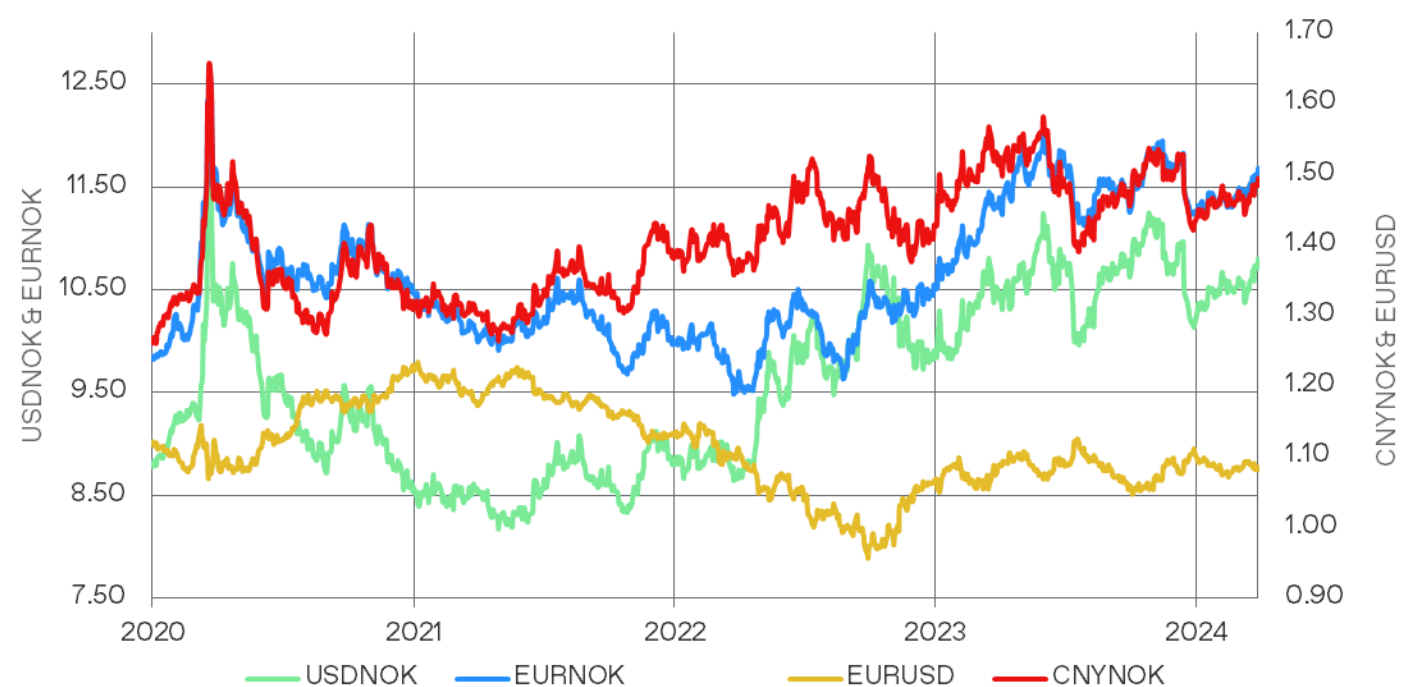


\* Split of microsilica/ materials revenues by segment – companies named are examples and not necessarily customers



# 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 750 over the coming 12 months. CNY is not hedged



## Currency development

- As of 31 March 2024, the NOK closed 4% weaker against the EUR, 6% weaker against USD, and 4% weaker against CNY compared to 31 December 2023
- In 1Q-2024, the NOK was on average 4% weaker against EUR, 3% weaker against USD, and 2% stronger against CNY compared to 1Q-2023

# 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 2027. After 2027, 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 85 per year<sup>(\*)</sup>
  - 10% price change on ferrosilicon is expected to affect result by approx. MNOK 375 per year<sup>(\*)</sup>

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



Delivering your potential