



Second quarter and half year results 2022

Agenda

Business update

By CEO Helge Aasen

Financial performance

By CFO Morten Viga

Outlook

By CEO Helge Aasen



Another record result

- Elkem has delivered the 7th consecutive quarter with improved EBITDA results, again reaching a new all-time high
- Continued strong demand in all major business segments
- Elkem successfully refinanced and increased its bank facilities in 2Q-2022 with the intention to include sustainability performance targets
- Larry Zhang has been appointed SVP Silicones. Zhang was employed in 2016 and has extensive experience from Elkem Silicones APAC
- Earnings per share (EPS) of NOK 4.67 in 2Q-2022 and NOK 8.87 YTD-2022, providing for an attractive dividend yield

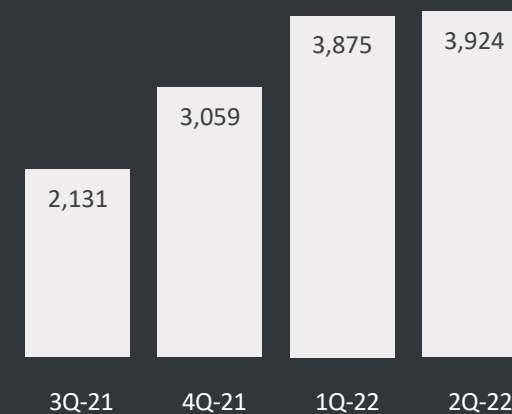


Total operating income
MNOK 12,326

EBITDA
MNOK 3,924

EBITDA margin
32 %

EBITDA four last quarters



ESG – a key priority



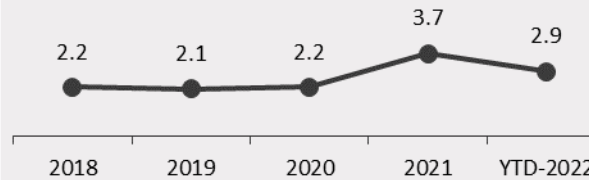
A clear focus on ESG

- Awarded Platinum sustainability rating from EcoVadis for 2022
- Mapping process for taxonomy eligible activities ongoing
- New long-term contract with North Sea Container Line enabling carbon neutral transport operations



Safety

Ambition: Zero injuries



Social

- Strong focus on human rights – preparing human rights impact assessment
- Focus on diversity, equality & inclusion (DEI) – implementing new global strategy

Environment

- 22% biocarbon in production
- > 80% of electrical consumption from renewable energy
- CO₂ emissions (scope 1 & 2) reduced by 4% in 2021

Governance

- Supplying the green transition, 26% of revenue from products contributing to reduced carbon emissions
- New suppliers screened against environmental and social criteria

Vianode achieving international recognition

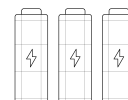
- Elkem’s project for advanced battery materials production has received international recognition for its potential to contribute to the development of a sustainable battery value chain in Europe
- In May 2022, the German minister for foreign affairs Mrs Annalena Baerbock visited Vianode’s pilot plant. In June, the plant was visited by a delegation from Deutscher Bundestag and the German Embassy to Norway
- The market for battery materials is growing at an exponential rate and represents an attractive business opportunity in the green transition
- Elkem continues to develop Vianode and prepare to make an investment decision together with Hydro and Altor as partners. Completion of the transaction is pending approval from competition authorities
- Total investments in the first-phase plant and preparations for a potential full-scale plant are estimated at around NOK 2 billion



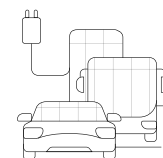
With full-scale plant: Improving >1,000,000 electric vehicles/year



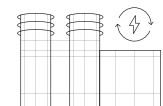
Produced with up to 90% lower CO₂ emissions



Products with unique performance characteristics



Market for battery materials is growing at exponential rate



EU & US focusing on building domestic battery value chains





40-70kg
of graphite in
typical electric
vehicle (EV)

A robust and integrated value chain securing cost competitiveness

Silicon metal (cost distribution based on industry average)

	Power ~35%	▶ Predominately long-term contracts securing low prices, combined with energy recovery
	Quartz ~10%	▶ Mostly captive sourcing
	Reduction agents ~20%	▶ Market exposure, but competitive position based biocarbon and long-term sourcing contracts
	Electrode ~10%	▶ Captive production
	Labour & other ~25%	▶ Strong productivity based on operational excellence Partly owned logistic chains

Siloxane (cost distribution based on industry average)

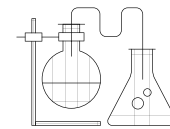
	Silicon ~50%	▶ EMEA; 100% covered by captive production in Norway APAC; 40% captive production
	Methyl Chloride ~30%	▶ EMEA; long-term consortium APAC; market exposure
	Utilities ~10%	▶ Combination of hedging and long-term predictable prices
	Labour and other ~10%	▶ Operational excellence Market exposure on external supplies

Continuous focus on cost improvements

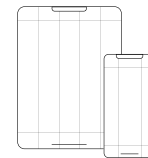
- Strong and robust cost positions and a continued focus on cost improvements
- Power is a significant cost factor in the upstream production of silicon and ferrosilicon. Elkem has entered into new 7-year power contracts in Norway starting from 2027
 - The aggregate volume is 2.5 TWh
 - The contracts are in line with Elkem's policy to secure long-term competitive and predictable power prices
 - ~80% of the power consumption in Norway is hedged until 2026
- In 2020, a Digital Office was established to drive improvements and value creation by implementing digital initiatives. So far, annual improvements of more than MNOK 200 are carried out



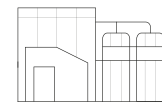
Digitalisation driving cost improvements through the value chain



Optimal product mix to balance market and maximise value



Advanced analytics leveraging data based on >400 production lines



Value creation by removing bottlenecks and securing optimal volume allocation

More than
NOK 200M
of annual
improvements

Elkem's strategy – specialisation

Specialisation, a key strategy

- Focus on innovation and specialisation are key elements in Elkem's strategy
- Elkem Silicones has leadership positions in Release Coatings, Textile Coatings and Healthcare. More than 25% of sales are generated from products < 5 years
- In addition, Elkem has strong positions in specialty silicon, foundry alloys and carbon solutions
- In 2Q-2022, Elkem acquired KeyVest Belgium S.A, a specialist company in silicon metal powders to refractory and advanced ceramics. The acquisition will expand Elkem's product portfolio and create a platform for further specialised growth

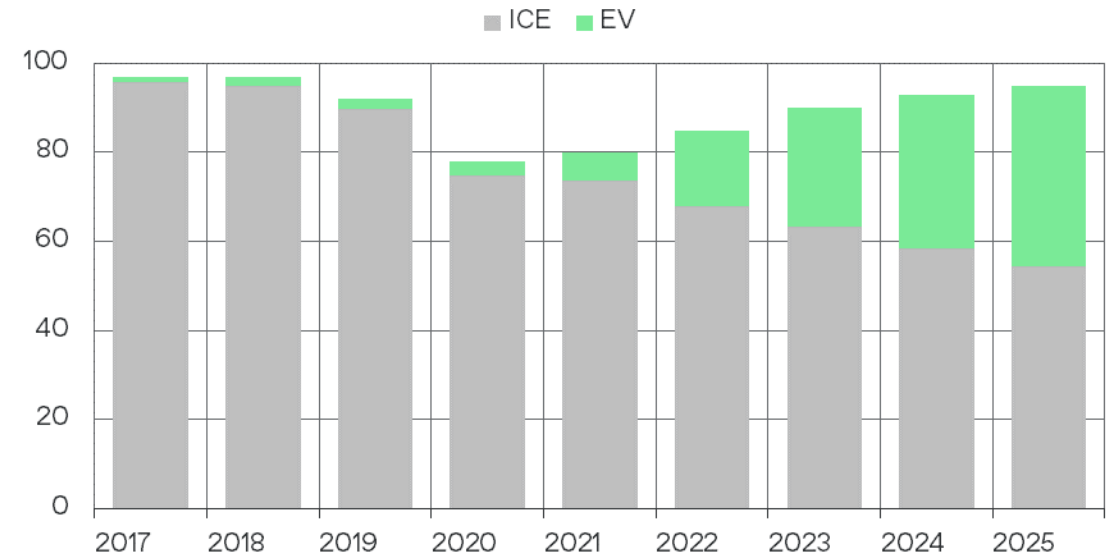


Automotive continues to decline, but attractive growth in EV

- Global sales of light vehicles were around 80 million in 2021, which was 13% below pre-covid level
- Global light vehicle sales YTD-2022 continuing down 10% from YTD-2021
- In Europe, light vehicle sales were down 18% YTD-2022 from YTD-2021
- Despite global supply chain struggles, EV sales have been rising strongly in 2022, with 2 million EVs sold globally in 1Q-2022, up 75% from 1Q-2021
- For Elkem this development is compensating for reduced total production, as EVs contain approx. 4 times more silicones than regular cars



Light vehicles sales (in million)



Stable prices and good demand in EMEA and US, China impacted by Covid restrictions

- The demand for specialty products is strong, particularly in Europe and US, but also in China the demand is good from EV and healthcare
- Prices for specialties in Europe and US remain stable
- Extensive Covid restrictions in China have affected demand, particularly for downstream producers
- Weak Chinese demand for upstream silicones, combined with new capacity additions, have resulted in increased stock levels and subsequent price decline



DMC reference price China (CNY/mt)

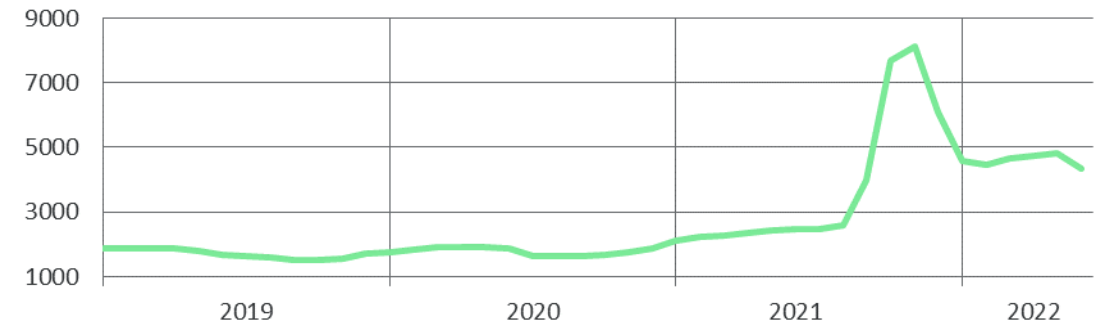


Continued strong price momentum

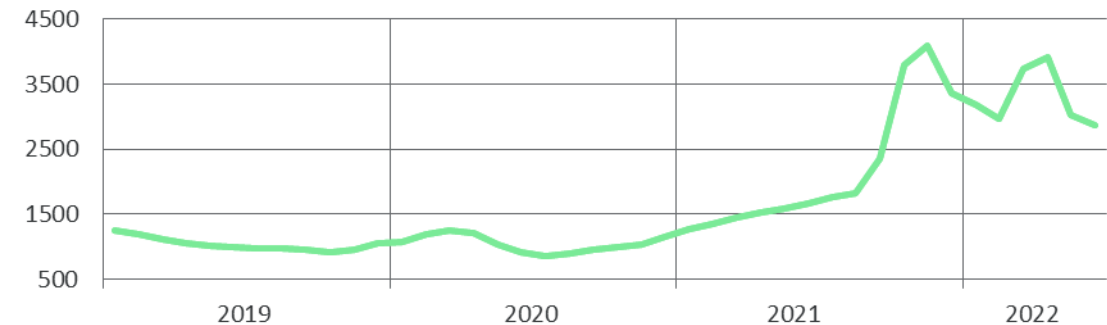
- Market prices for silicon and ferrosilicon have remained at attractive levels in the second quarter
- Increasing cost pressure for raw materials going forward, mainly coal and coke
- Still high energy costs in all major regions, combined with transportation constraints, give limited potential for lower market prices
- Elkem continues to see robust demand across all product lines, despite the weakness in automotive



CRU silicon 99 price EU (EUR/mt)



CRU ferrosilicon 75 price EU (EUR/mt)

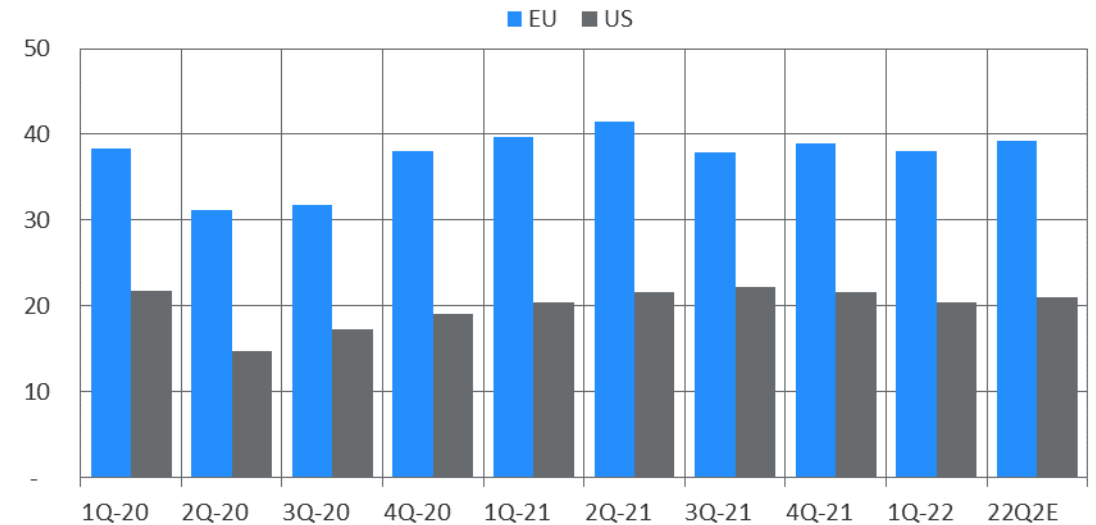


Strong product demand

- Global steel production estimated to decrease by 4% in 2Q-2022 compared to 2Q-2021, but increase by 7% compared to last quarter
- Steel production in Europe and US has been stable over the last quarters, but down by 5% and 3% respectively compared to 2Q-2021
- Demand for Elkem's carbon products has remained strong
- Increasing raw material costs have been passed on through increased sales prices



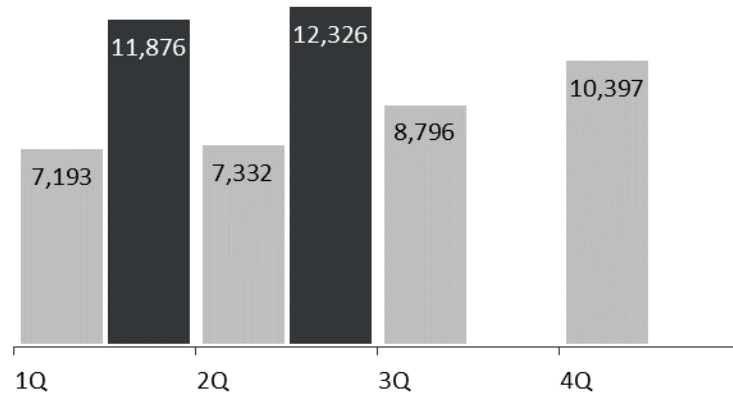
Steel production (million mt)



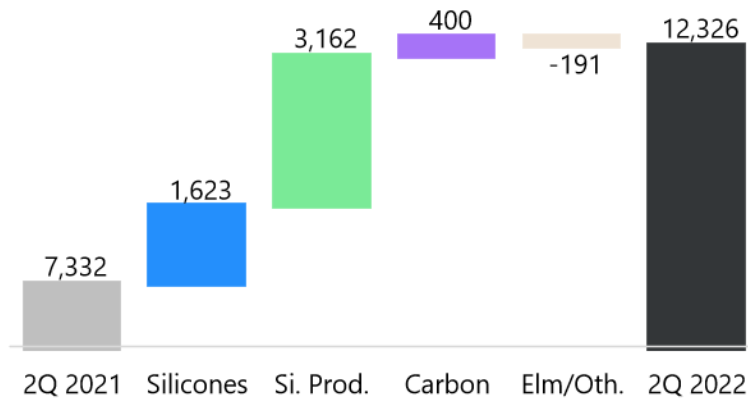
Another strong quarter driven by Silicon Products

Total operating income

- New all-time high driven by high sales prices

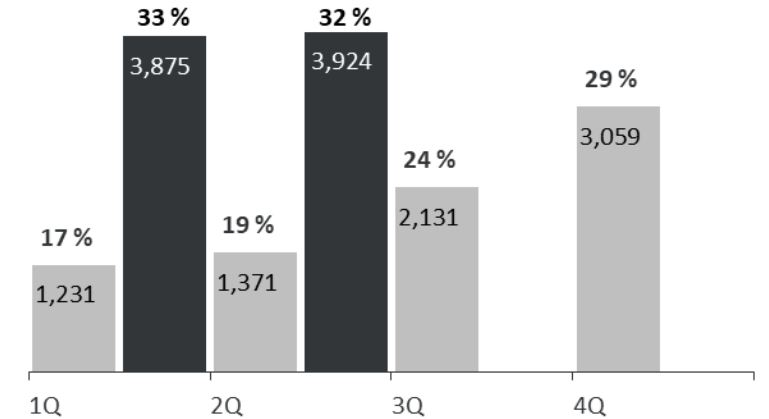


- Increased revenue generation in all divisions

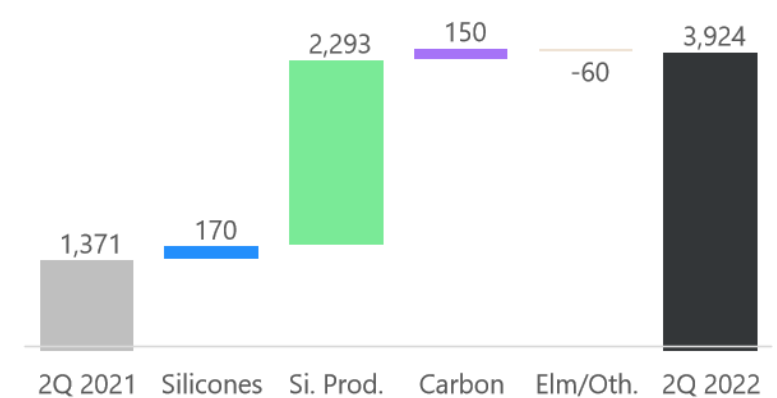


EBITDA

- Another record quarter



- Mainly driven by Silicon Products. New all-time high for Carbon Solutions



Overview financial ratios

- EBITDA MNOK 3,924
 - Segment Other included realised currency hedging losses of MNOK -12
- Other items MNOK 334
 - Mainly related to currency gain MNOK 314 on working capital items due to weaker NOK, net fair value gain of MNOK 21 related to acquisition and disposal of subsidiaries, and various other items of MNOK -1
- Net finance income (expenses) MNOK 10
 - Consist of net interest expenses MNOK -53, other financial expenses of MNOK -7, offset by currency gains of MNOK 71
- Tax MNOK -790
 - Resulting in a tax rate of 21% for the second quarter 2022
 - In line with expected tax rate for FY-2022 of approx. 22%

Consolidated key figures

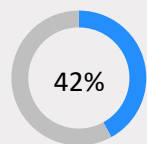
<i>(NOK million, except where specified)</i>	2Q 2022	2Q 2021	YTD 2022	YTD 2021	FY 2021
Total operating income	12,326	7,332	24,201	14,525	33,717
EBITDA	3,924	1,371	7,798	2,602	7,791
EBIT	3,428	841	6,827	1,646	5,899
Other items	334	18	311	-44	-114
Net finance income (expenses)	10	-70	42	-13	6
Profit (loss) before income tax	3,773	789	7,174	1,614	5,827
Tax	-790	-171	-1,522	-304	-1,163
Profit (loss) for the period ⁽¹⁾	2,962	609	5,621	1,293	4,628
Key ratios					
EPS (NOK per share)	4.67	0.98	8.87	2.15	7.49
Equity ratio (%)	52 %	46 %	52 %	46 %	47 %
Net interest bearing debt (NIBD) ⁽²⁾	4,051	5,630	4,051	5,630	4,827
Leverage ratio	0.3	1.4	0.3	1.4	0.6
Reinvestments % of D&A	74 %	73 %	64 %	67 %	91 %
ROCE (annualised) (%)	50 %	16 %	51 %	16 %	27 %

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

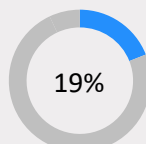
(2) Excluding receivables from related parties, loans to external parties, accrued interest income and non-current other restricted deposits

Good quarter, but impacted by maintenance stop

- Total operating income of MNOK 5,211, up 45% from the second quarter last year
 - Increased operating income driven by higher sales prices and higher sales volumes
- EBITDA of MNOK 743, up 30% from the second quarter last year
 - Improved EBITDA explained by higher sales prices, but negatively impacted by high raw material costs
 - Result was negatively impacted by delayed start-up after maintenance work in France – estimated EBITDA impact of MNOK 100
- Good demand in all regions, particularly for specialties in the US and Europe



Share of operating income



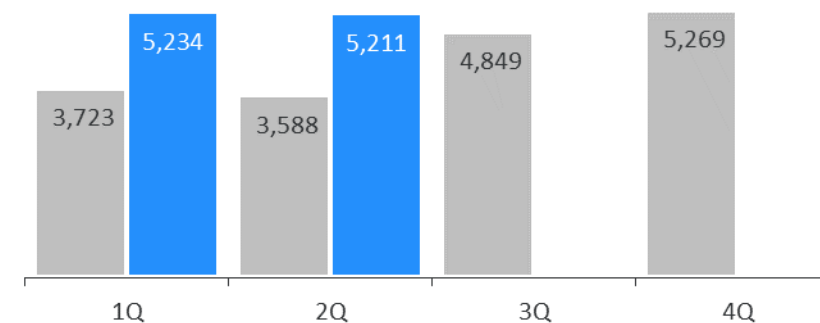
Share of EBITDA

Share of operating income from external customers ex. Other

Share of EBITDA ex. Other and Eliminations

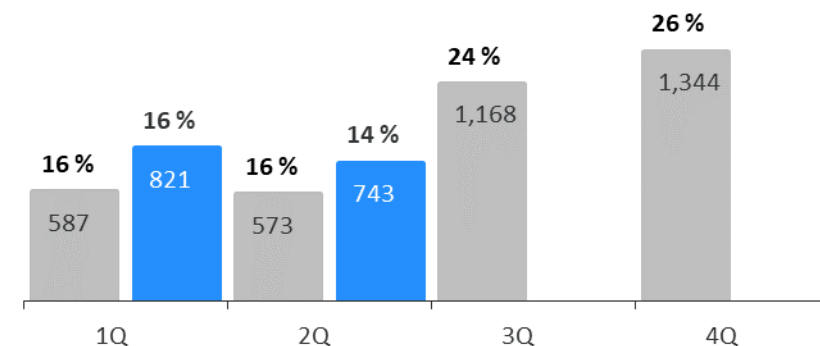
Total operating income

NOK million



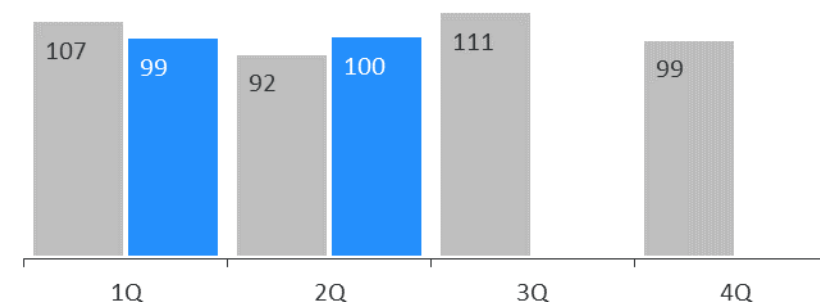
EBITDA and margin

NOK million and %



Sales volume

In 1,000 mt

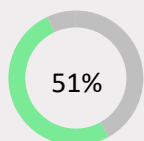


■ 2021

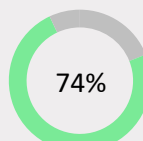
■ 2022

Another strong quarter

- Total operating income of MNOK 6,517 up 94% from the second quarter last year
 - Increased operating income driven by high sales prices
- EBITDA of MNOK 2,965, up 341% from second quarter last year
 - Strong EBITDA explained by higher sales prices and good operations
- The division continued to see robust demand, benefitting from strong market positions, good production performance and raw material positions



Share of operating income



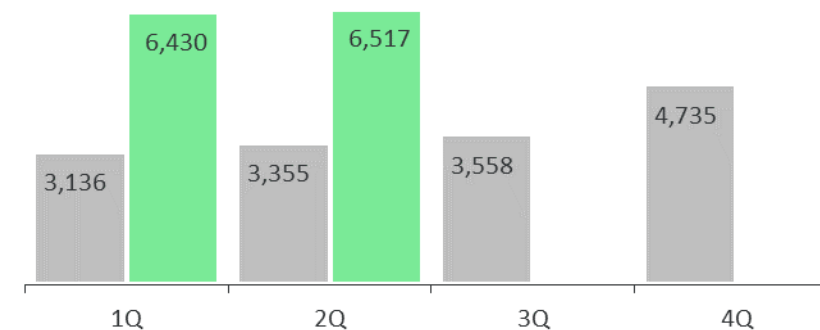
Share of EBITDA

Share of operating income from external customers ex. Other

Share of EBITDA ex. Other and Eliminations

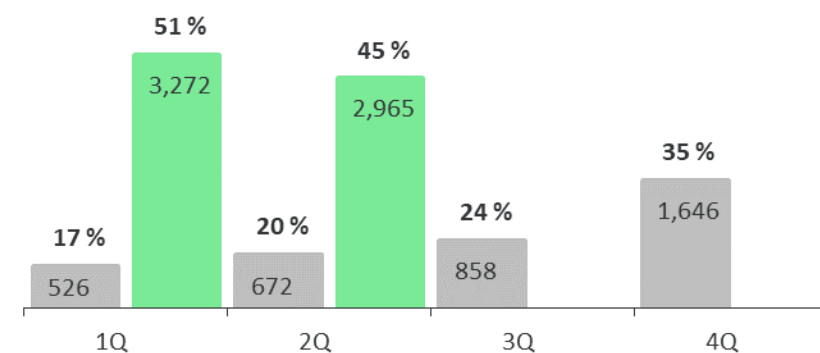
Total operating income

NOK million



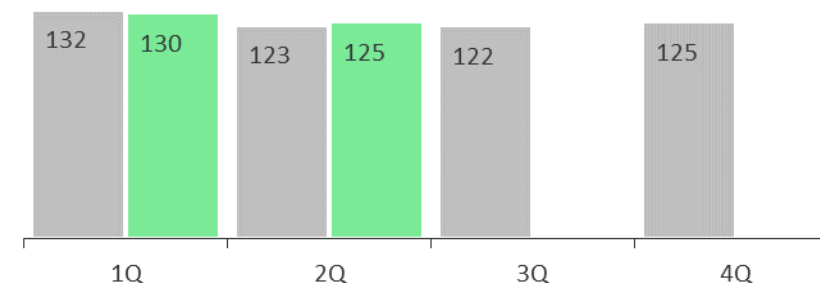
EBITDA and margin

NOK million and %



Sales volume

In 1,000 mt

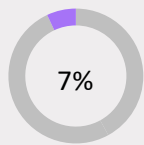


■ 2021

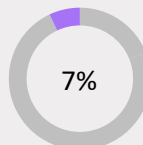
■ 2022

Record results driven by good operations and strong markets

- Total operating income MNOK 906, up 79% from the second quarter last year
 - Operating income reached all-time high, explained by high sales prices and higher sales volumes
 - Increase in sales prices mainly driven by higher raw material costs
- EBITDA of MNOK 268, up 127% from second quarter last year
 - EBITDA reached all-time high due to higher sales prices and higher sales volumes. This was partly countered by higher raw material costs
- Sales volume higher than corresponding quarter last year, mainly due to good underlying market for steel and ferroalloys



Share of operating income



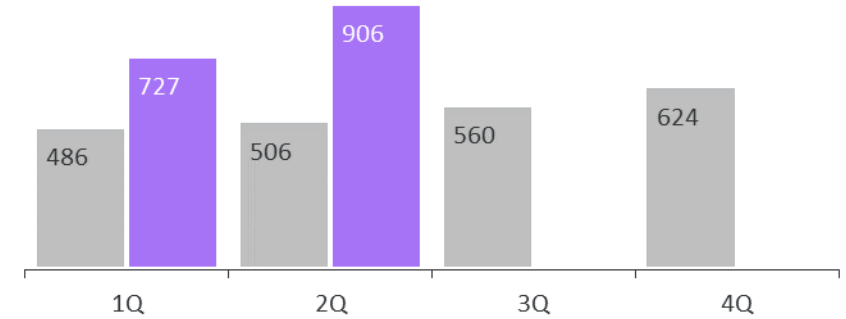
Share of EBITDA

Share of operating income from external customers ex. Other

Share of EBITDA ex. Other and Eliminations

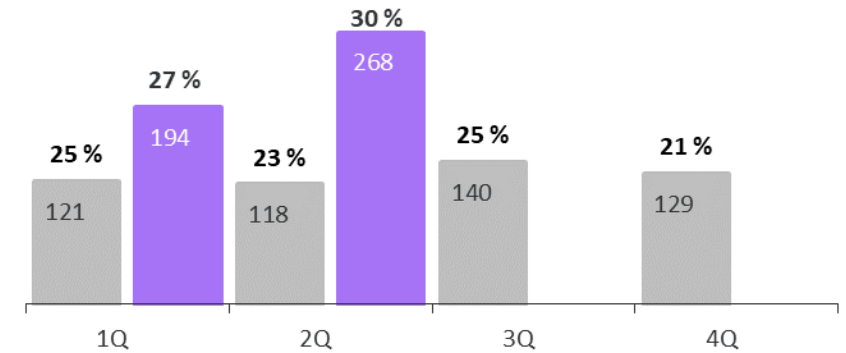
Total operating income

NOK million



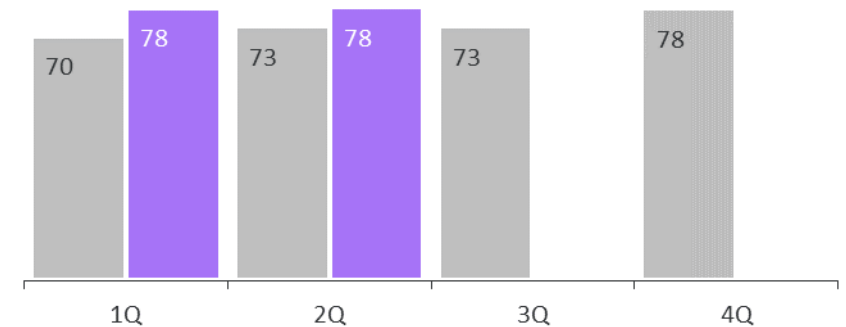
EBITDA and margin

NOK million and %



Sales volume

In 1,000 mt



■ 2021

■ 2022

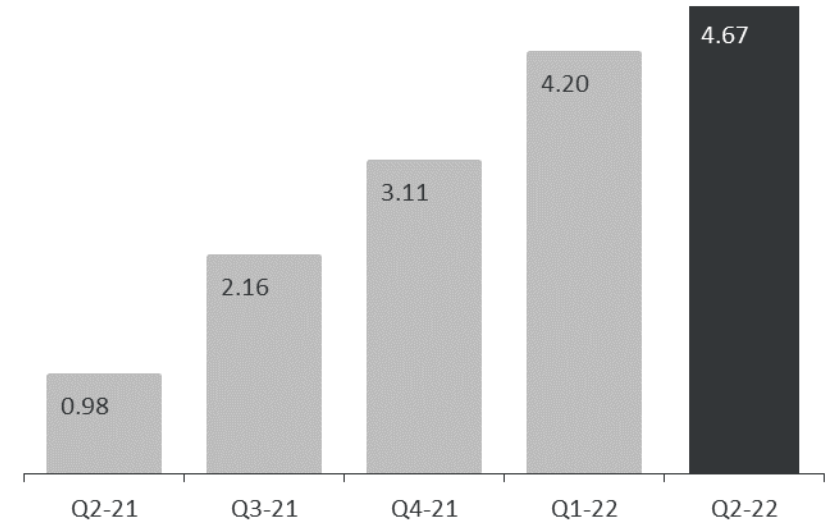
Strong EPS and robust equity

- Earnings per share (EPS) amounted to NOK 4.67 in the second quarter
 - EPS was all-time high, explained by strong results
 - EPS YTD of NOK 8.87 providing for an attractive dividend yield for 2022

- Total equity amounted to BNOK 25.9 as at 30 June 2022, up BNOK 6.0 from year-end 2021
 - Equity to total assets (equity ratio) of 52%
 - The equity increased by BNOK 3.0 in 2Q-2022, of which BNOK 1.3 was due to increased value of a power contract within the scope of IFRS 9
 - This effect was recognised in other comprehensive income (OCI)

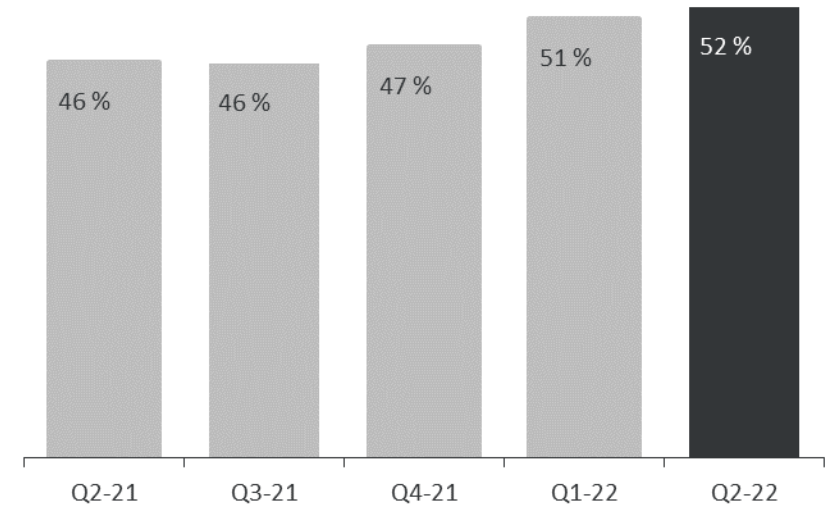
Earnings per share (EPS)

NOK per share



Equity ratio

In percent of total assets



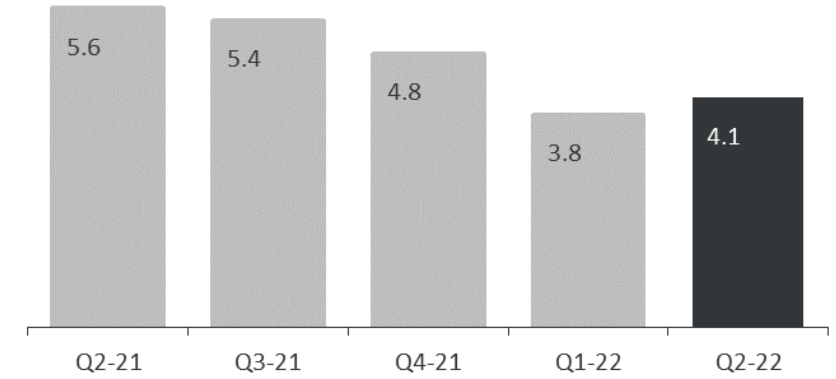
Low leverage, refinancing of bank facilities

- Net interest-bearing debt (NIBD) of BNOK 4.1 as at 30 June 2022
 - Leverage ratio of 0.3x based on LTM EBITDA of BNOK 13.0

- Refinancing of bank facilities to secure long-term maturity profile
 - The bank facilities with maturity in 2023 have been refinanced and upsized in 2Q-2022
 - New RCF of MEUR 500 and term loan of MEUR 500 with tenors of 5 years. The RCF has two 1-year extension options
 - The debt maturities in 2022 in China consist of local working capital financing, which are regularly rolled over

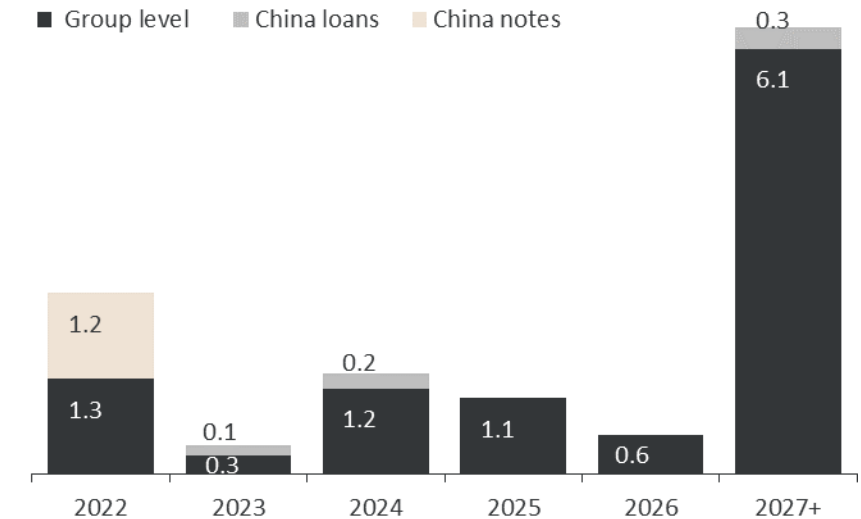
Net interest-bearing debt (NIBD)

NOK billion



Maturity profile

NOK billion



Strong cash flow generation

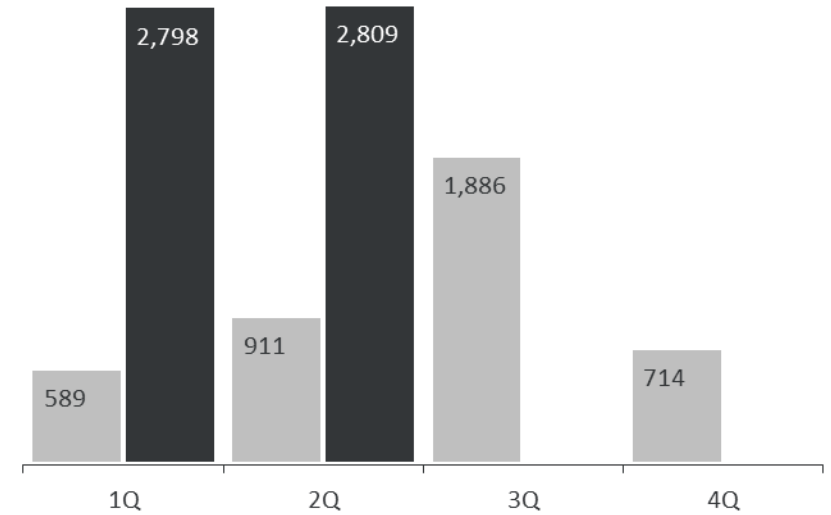
- Cash flow from operations⁽¹⁾ was MNOK 2,809 in the second quarter
 - Strong cash flow generation explained by high operating profit
 - Increase in working capital mainly explained by higher inventories

- Investments ex. M&A amounted to MNOK 862 in the second quarter 2022, up from MNOK 552 in the second quarter 2021
 - Reinvestments were MNOK 366 in the quarter, 74% of D&A
 - Strategic investments were MNOK 497 in the quarter, mainly related to Silicones expansion projects

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

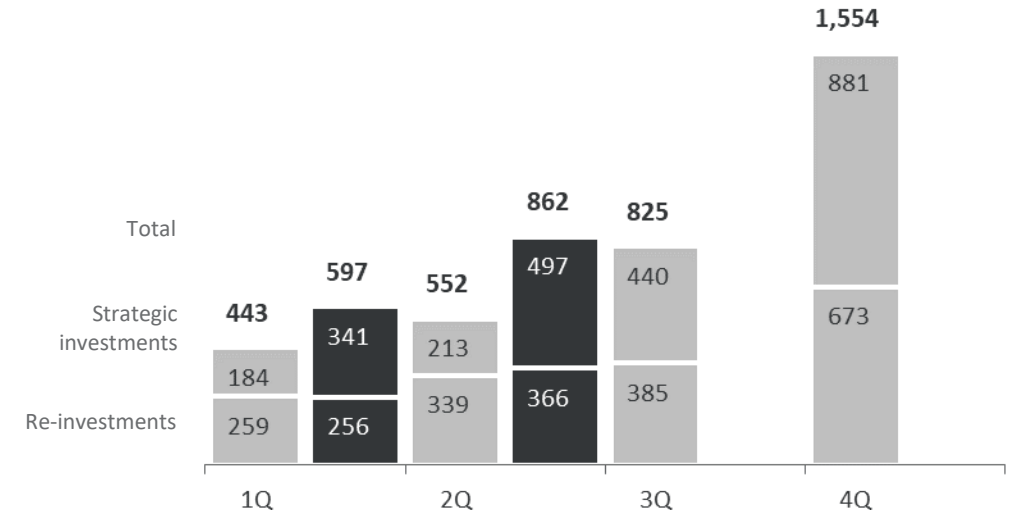
Cash flow from operations

NOK million



Investments ex. M&A

NOK million



■ 2021

■ 2022

Outlook for the third quarter 2022

- The market sentiment is impacted by macro-economic uncertainty, with inflation pressure and higher interest rates, but Elkem continues to see robust demand going into the third quarter
- Silicones demand in China is expected to gradually improve as Covid-restrictions are eased. In EMEA and the US, prices and demand for specialties are expected to remain stable
- Silicon Products will continue to benefit from good demand and high prices. Higher raw materials prices, particularly for reduction agents, will gradually impact the results
- Carbon Solutions continues to benefit from strong markets, but the situation is more challenging in terms of logistics and raw material supply



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.

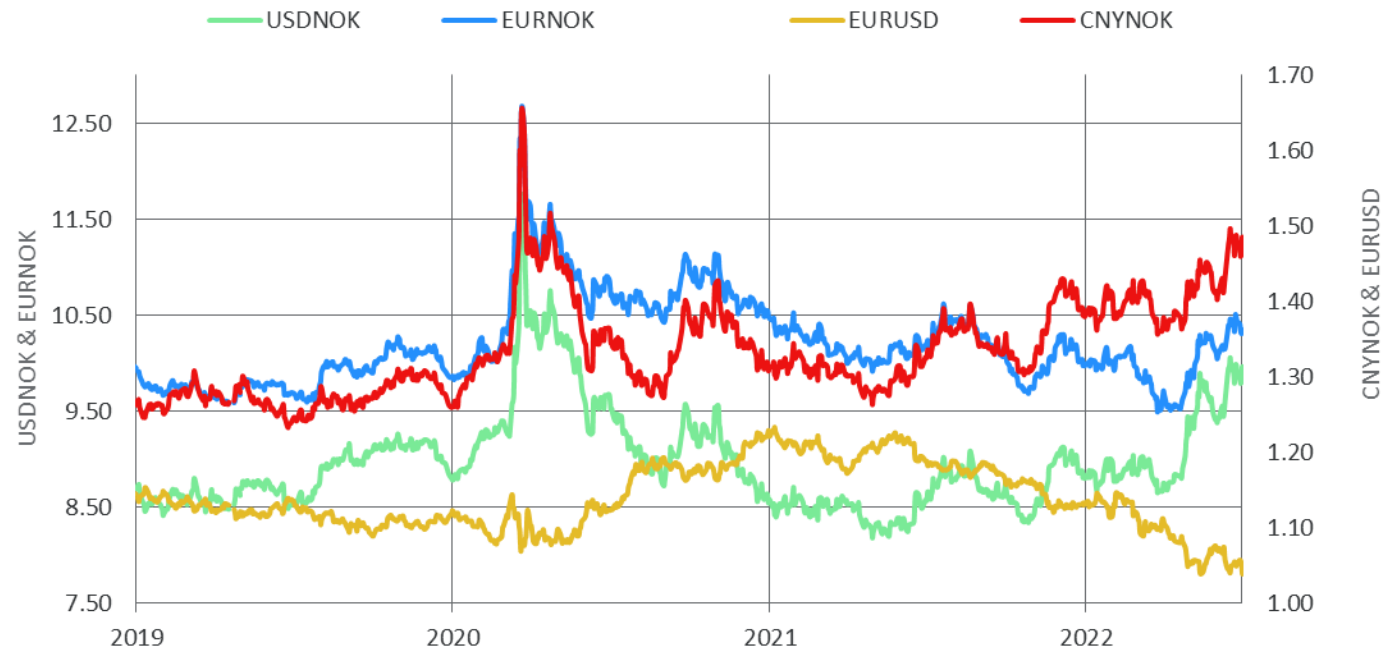
Information about past performance given in this presentation should not be relied upon as, and is not, an indication of future performance.



Appendix

Currency sensitivity

- The result and cash flow are exposed to currency fluctuations. The main currencies are EUR, USD and CNY
 - EUR - exposure approx. MEUR 430 in 2022
 - USD - exposure approx. MUSD 250 in 2022
 - CNY - exposure approx. MCNY 1,700 in 2022
- 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 900 over the coming 12 months. CNY is not hedged



Currency development

- As of 30 June 2022, the NOK closed 7% weaker against the EUR, 14% weaker against USD, and 8% weaker against CNY compared to 31 March 2022
- In 2Q-2022, the NOK was on average 1% stronger against EUR, 13% weaker against USD, and 10% weaker against CNY compared to 2Q-2021.

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. 3.7 TWh is in Norway. Near term exposure to spot power prices is limited
 - Norway, hedging programme mainly consisting of long-term contracts covering more than 80% of the maximum power consumption for 2022 and 2023. After 2023, 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 230 per year^(*)
 - 10% price change on ferrosilicon is expected to affect result by approx. MNOK 660 per year^(*)

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



Delivering your potential