



## Second quarter 2022: Another record result

Oslo, 19 July 2022

**In the second quarter 2022, Elkem delivered the 7<sup>th</sup> consecutive quarter with improved EBITDA results, again reaching a new all-time high. The results were particularly driven by strong performance for the Silicon Products division. In addition, the Carbon Solutions division posted their best quarterly result ever. Elkem has continued to see strong demand in all major business segments. The outlook for the third quarter 2022 is good.**

Elkem's total operating income for the second quarter 2022 was NOK 12,326 million, which was all-time high and up 68% from the corresponding quarter last year. Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to NOK 3,924 million in the quarter, compared to NOK 1,371 million in the second quarter 2021. Earnings per share (EPS) was NOK 4.67 in the quarter and NOK 8.87 year-to-date.

"Elkem has continued to benefit from strong competitive positions, based on our integrated business model, operational excellence, favourable energy costs and access to critical raw materials. The strong results for the first half of the year provide for an attractive dividend yield for 2022, and the outlook is also good for the next quarter. We continue to develop the company in line with our strategy, with a focus on product specialisation and strong cost positions, and with a strong ESG profile," says Helge Aasen, Elkem's CEO.

The Silicon Products and Carbon Solutions divisions have delivered another strong quarter based on high quality products that Elkem's customers rely on. The Silicones division has been impacted by Covid restrictions in China and a delayed start-up after maintenance work in France. The Covid restrictions in China have resulted in reduced demand for silicones, which combined with new upstream capacity additions, have resulted in increased stock levels and a subsequent price decline. The delayed start-up in France had an estimated negative EBITDA impact of NOK 100 million in the quarter.

In June, Elkem acquired KeyVest Belgium S.A. enabling further growth within specialised silicon products, and improved service level and processing capabilities. The company also commissioned two climate-friendly ships for North Sea operation, enabling the use of green methanol as fuel, featuring high safety standards and backed by a strong business case.

Access to renewable power at competitive terms is a key requirement for sustainable upstream production of silicon and ferrosilicon. In the quarter, Elkem has entered into new 7-year power contracts in Norway starting from 2027 at an aggregate volume of 2.5 TWh. Elkem has now hedged approximately 80% of its power consumption in Norway until 2026 at competitive rates. In the quarter, CEO Helge Aasen was appointed as chair of a new industry association in The Federation of Norwegian Industries, which will work to secure competitive framework conditions for power-intensive businesses also in the longer term.

Vianode, Elkem's entity for production of advanced battery materials, is achieving international recognition for its potential to contribute to the development of a sustainable battery value chain in Europe. In the quarter, Elkem has presented Vianode to stakeholders including Germany's Minister for Foreign Affairs Annalena Baerbock, EU Commission Vice-President Maroš Šefčovič and members of the German Bundestag's Committee on Climate Action and Energy. 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.

Larry Zhang has been appointed as Elkem's new SVP for the Silicones division. Zhang was employed by Elkem in 2016 and has extensive experience from the Xinghuo Silicones plant in China. He will further strengthen Elkem's diverse global management team.

In the second quarter, Elkem signed a new loan facilities agreement of EUR 1,000 million. The loan agreement consists of a revolving credit facility (RCF) of EUR 500 million and a term loan of EUR 500 million. The loan facilities have a maturity of 5 years, with two one-year extension options for the RCF at the discretion of each lender. The loan facilities are for general corporate purposes and refinancing of Elkem's bank facilities maturing in February 2023. Elkem may request that the facility agreement be amended to include certain sustainability features based on proposed sustainability performance targets.

The group's equity as at 30 June 2022 amounted to NOK 25,870 million, which gave a ratio of equity to total assets of 52%. Net interest-bearing debt was NOK 4,051 million, which gave a ratio of net interest-bearing debt to EBITDA of 0.3x. Elkem had cash and cash equivalents of NOK 8,055 million as at 30 June 2022 and undrawn credit lines of more than NOK 5,000 million.

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.

**For further information, please contact:**

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

Fredrik Norman  
VP Corporate Communications & Public Affairs  
Tel: +47 918 66 567  
E-mail: [fredrik.norman@elkem.com](mailto:fredrik.norman@elkem.com)

**About Elkem**

Elkem is one of the world's leading providers of advanced material solutions shaping a better and more sustainable future. The company develops silicones, silicon products and carbon solutions by combining natural raw materials, renewable energy and human ingenuity. Elkem helps its customers create and improve essential innovations like electric mobility, digital communications, health and personal care as well as smarter and more sustainable cities. With a strong track record since 1904, its global team of more than 7,000 people has a joint commitment to stakeholders: Delivering your potential. In 2022, Elkem obtained a Platinum score from EcoVadis, which rated the company among the world's top 1% on sustainability transparency, and the company achieved an operating income of NOK 33.7 billion. Elkem is listed on the Oslo Stock Exchange (ticker: ELK). [www.elkem.com](http://www.elkem.com)