



Third quarter results 2022

Agenda

Business update

By CEO Helge Aasen

Financial performance

By CFO Morten Viga

Outlook

By CEO Helge Aasen



Strong third quarter results, despite weaker market conditions

- Solid third quarter results, demonstrating Elkem's robust business model
- Challenging energy markets, particularly in EU, has resulted in lower steel and aluminium production affecting the demand for several of Elkem's products
- Elkem's plants continue to operate at full capacity, despite challenging markets
- Closing of agreement with Hydro and Altor, reducing Elkem's ownership in Vianode to 40%. Decision to build phase 1 production plant at Herøya
- Earnings per share (EPS) of NOK 4.81 in 3Q-2022 and NOK 13.68 YTD-2022 providing for an attractive dividend yield

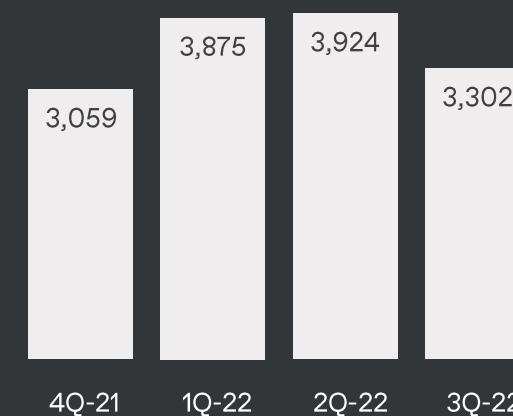


Total operating income
MNOK 11,293

EBITDA
MNOK 3,302

EBITDA margin
29 %

EBITDA last four quarters



ESG – a key priority



A clear focus on ESG

- Awarded Platinum sustainability rating from EcoVadis for 2022
- Ranked A in 2022 for ESG reporting by Position Green’s assessment of the top listed Norwegian, Danish and Swedish companies
- Elkem is ranked in the 90 percentile by S&P Global’s Corporate Sustainability Assessment for 2022

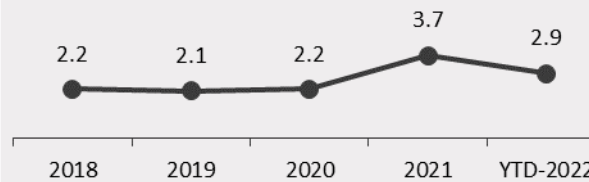


S&P Global



Safety

Ambition: Zero injuries



Social

- Human rights impact assessment to be finalised in 4Q-2022
- Focus on diversity, equality & inclusion (DEI) – implementing new global strategy

Environment

- 22% biocarbon in production
- > 80% of electrical consumption from renewable energy
- Report prepared, describing Elkem’s scope 3 emissions

Governance

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

Growth & specialisation

New medical grade silicones facility in the US

- In September, Elkem celebrated the grand opening of its new specialised silicones facility in York, S.C.
- The facility will produce high purity silicone materials meeting the strict requirements in medical implantable and pharmaceutical applications
- Elkem aims to be a leading silicone supplier to the healthcare industry and the new facility opens a potential BNOK 3 high margin market
- Elkem is the only fully integrated silicone supplier in this space, providing a strong platform based on technology and raw material access

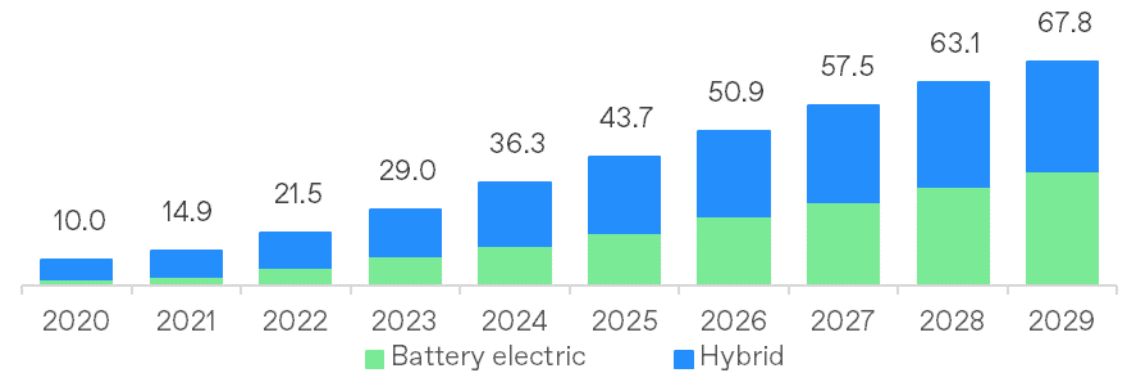


Strong growth prospects for EV and hybrids

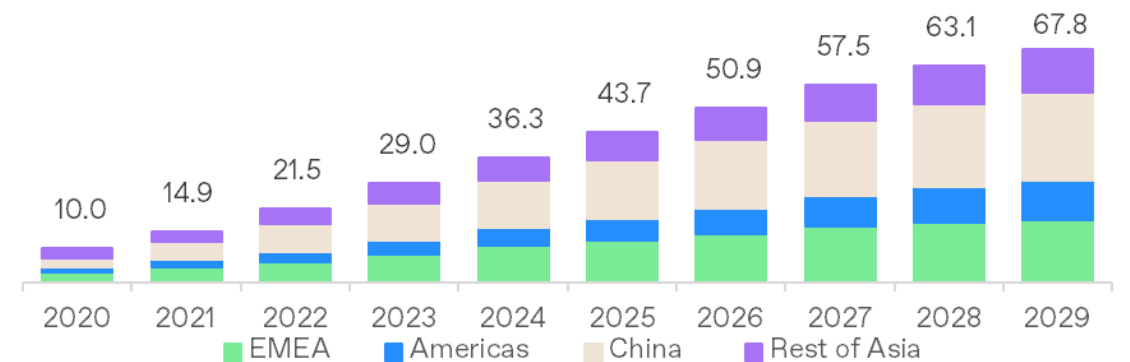
- Global sales of light vehicles were around 80 million in 2021
- The global sales of light vehicle in 2022 is expected to be flat versus 2021, and then climb by more than 5% in 2023
- EV sales have been rising strongly despite global supply chain struggles
- Forecasted EV sales continue to show strong growth
- For Elkem this development is positive, as EVs contain approx. 4 times more silicones than regular cars



Global EV* sales forecast by drivetrain (in million)



Global EV* sales forecast by region (in million)



Good demand for specialty silicones, weaker market for commodities

- Mixed market sentiment for silicones products in 3Q-2022
- Demand and prices holding up well for speciality grades e.g. EV, healthcare and consumer products
- Challenging market conditions for commodity grades due to macroeconomic uncertainty and slower growth
- DMC prices in China have been stable at around 20,000 CNY/t during 3Q-2022. Covid-restrictions and slower growth combined with new capacity additions have resulted in current oversupply



DMC reference price China (CNY/mt)

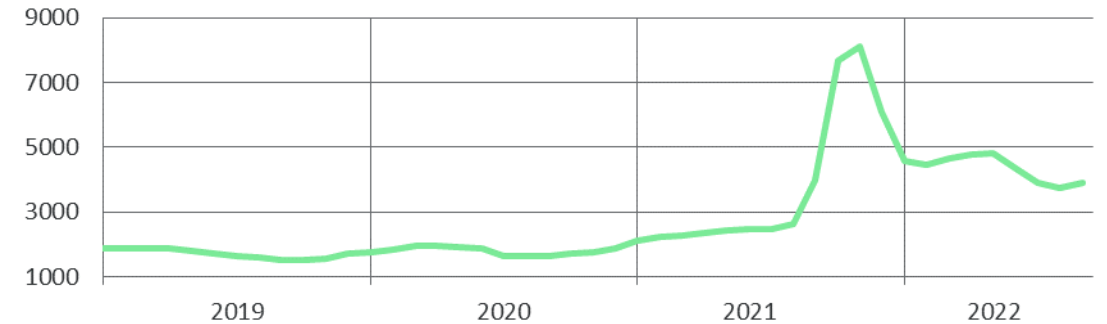


Prices down from peak levels, but still attractive

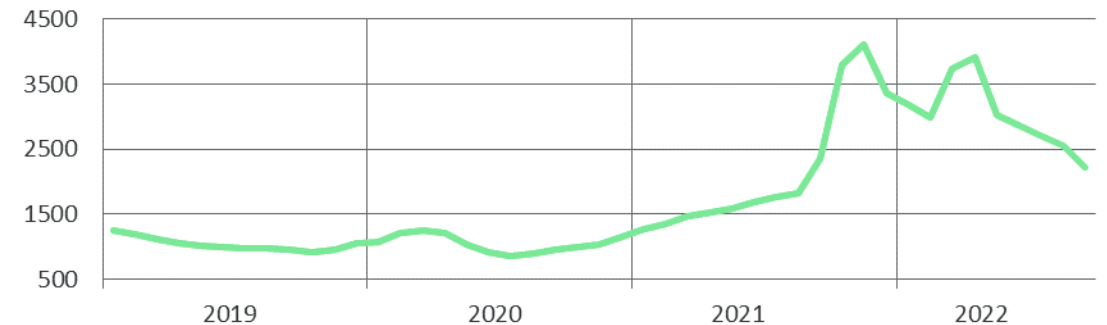
- Market prices for silicon and ferrosilicon down from peak levels, but still high in historical context
- Significant production capacity taken out in Europe due to energy situation. Current CRU prices not sufficient to cover spot electricity costs
- Recent price decline in Europe largely driven by imports, mainly from China and Brazil
- Energy costs still high in China, with increasing risk of power curtailments during dry-season



CRU silicon 99 price EU (EUR/mt)



CRU ferrosilicon 75 price EU (EUR/mt)

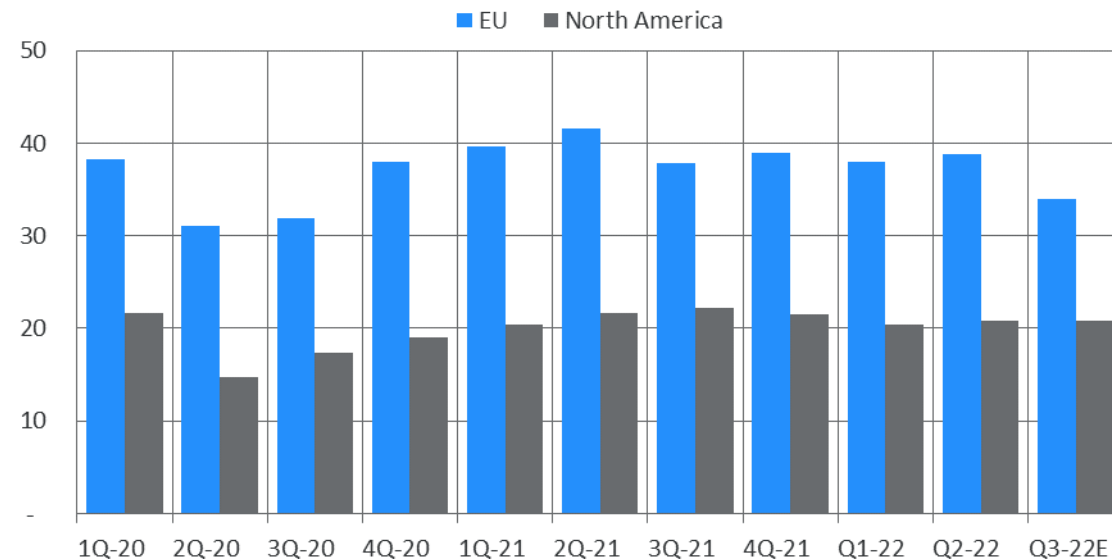


Demand down in EU and China, good sales in other regions

- Demand for carbon products mainly driven by steel and ferroalloys
- Global steel production estimated down 8% compared to 2Q-2022
 - Decline in China and EU estimated to around 11%
 - US and other regions have been stable
- Weaker demand for carbon products in EU and China due to weaker steel markets and idling of ferroalloy and aluminium production. Good sales in other regions
- Raw material costs have continued to increase leading to higher sales prices



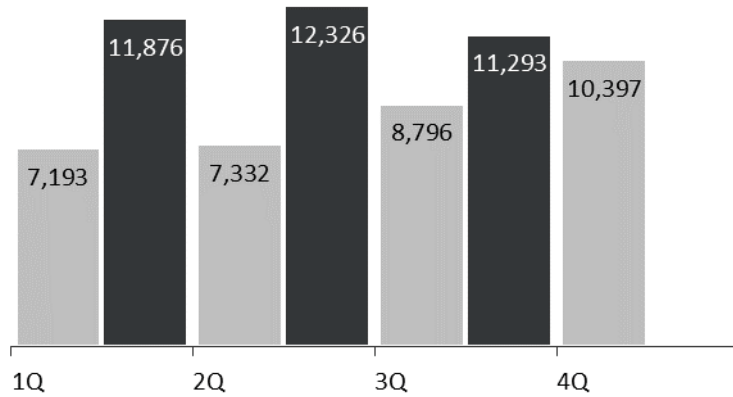
Crude steel production (million mt)



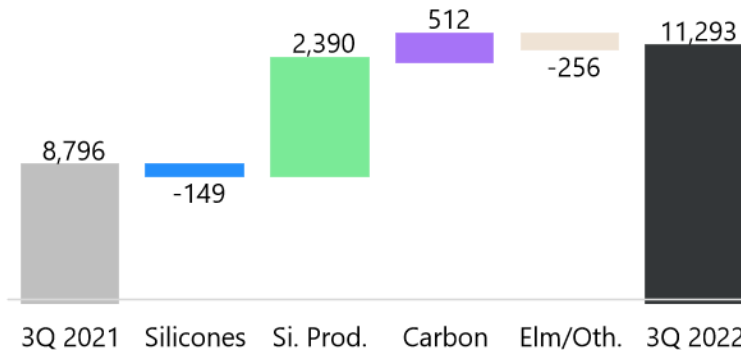
Silicon Products and Carbon Solutions deliver in unstable markets

Total operating income

- Up 28% from 3Q-2021

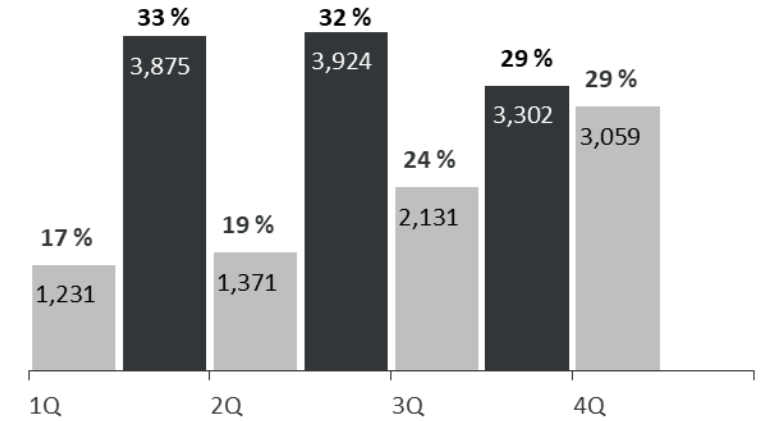


- Driven by higher sales prices for upstream products

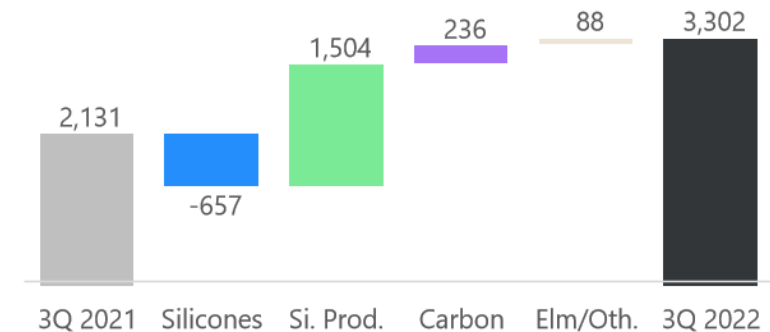


EBITDA

- Up 55% compared to 3Q-2021



- Strong result for Silicon Products and new all-time high for Carbon Solutions



Overview financial ratios

- EBITDA MNOK 3,302
 - Segment Other included realised currency hedging losses of MNOK -9
- Other items MNOK 1,075
 - Mainly explained by gain on power contracts MNOK 651 and currency gain on working capital items MNOK 320
- Net finance income (expenses) MNOK 5
 - Consist of net interest expenses MNOK -57, other financial expenses of MNOK -3, offset by currency gains of MNOK 65
- Tax MNOK -818
 - Resulting in a tax rate of 21% for the third quarter 2022
 - Tax rate YTD-2022 was 21%

Consolidated key figures

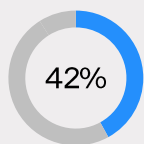
<i>(NOK million, except where specified)</i>	3Q 2022	3Q 2021	YTD 2022	YTD 2021	FY 2021
Total operating income	11,293	8,796	35,494	23,321	33,717
EBITDA	3,302	2,131	11,101	4,733	7,791
EBIT	2,804	1,666	9,631	3,313	5,899
Other items	1,075	16	1,386	-29	-114
Net finance income (expenses)	5	-10	47	-23	6
Profit (loss) before income tax	3,884	1,675	11,058	3,289	5,827
Tax	-818	-295	-2,340	-599	-1,163
Profit (loss) for the period ⁽¹⁾	3,046	1,371	8,667	2,664	4,628
Key ratios					
EPS (NOK per share)	4.81	2.16	13.68	4.34	7.49
Equity ratio (%)	54 %	46 %	54 %	46 %	47 %
Net interest bearing debt (NIBD) ⁽²⁾	2,845	5,421	2,845	5,421	4,827
Leverage ratio	0.2	1.0	0.2	1.0	0.6
Reinvestments % of D&A	56 %	83 %	61 %	73 %	91 %
ROCE (annualised) (%)	37 %	31 %	47 %	21 %	27 %

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

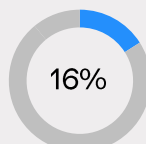
⁽²⁾ Excluding receivables from related parties, loans to external parties, accrued interest income and non-current other restricted deposits

Weak commodity markets

- Total operating income of MNOK 4,700, down 3% from the third quarter last year
 - Lower operating income mainly explained by lower sales volumes, combined with lower sales prices in China
- EBITDA of MNOK 511, down 56% from the third quarter last year
 - Reduced EBITDA explained by higher raw material costs, negative price effects from commodities and decrease of sales volumes
- Good demand for specialties, but weak market sentiment for commodities particularly in China



Share of operating income



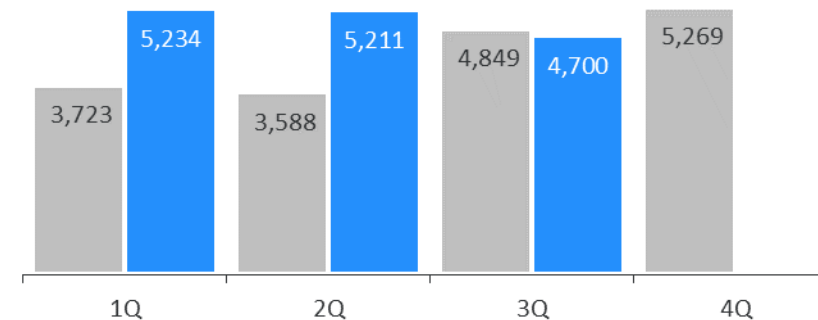
Share of EBITDA

Share of operating income from external customers ex. Other

Share of EBITDA ex. Other and Eliminations

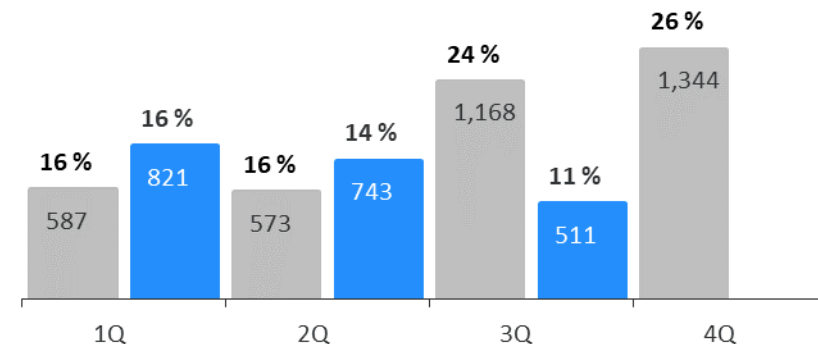
Total operating income

NOK million



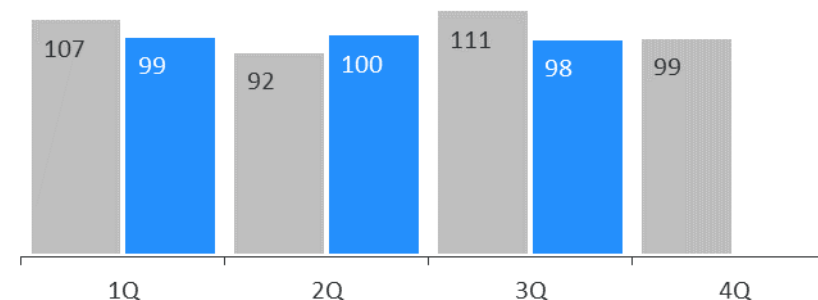
EBITDA and margin

NOK million and %



Sales volume

In 1,000 mt

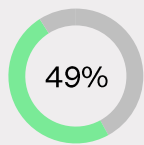


■ 2021

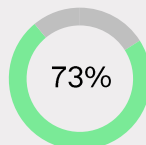
■ 2022

Strong quarter despite unstable markets

- Total operating income of MNOK 5,948 up 67% from the third quarter last year
 - Increased operating income driven by high sales prices
- EBITDA of MNOK 2,362, up 175% from third quarter last year
 - Strong EBITDA explained by higher sales prices and good operations
 - Raw material costs increasing, particularly for reduction materials
 - Negative impact from strike in Norway approx. MNOK 50
- Still good demand, but sales volumes impacted by the strike



Share of operating income



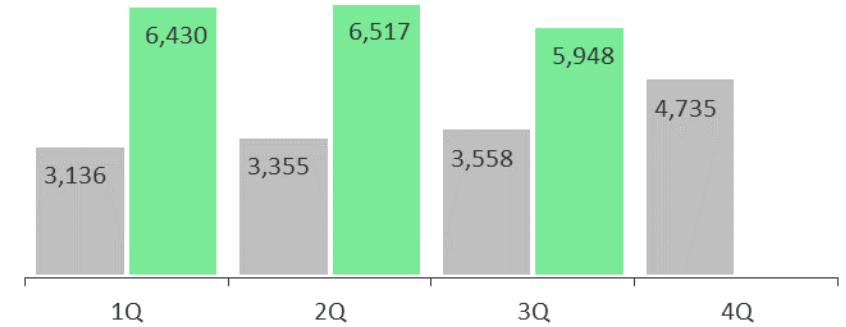
Share of EBITDA

Share of operating income from external customers ex. Other

Share of EBITDA ex. Other and Eliminations

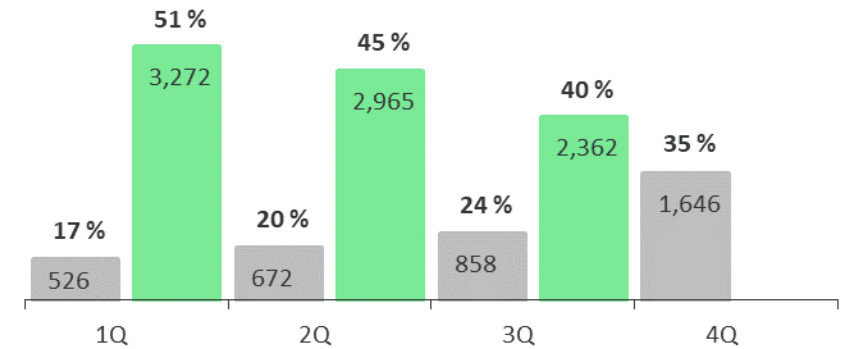
Total operating income

NOK million



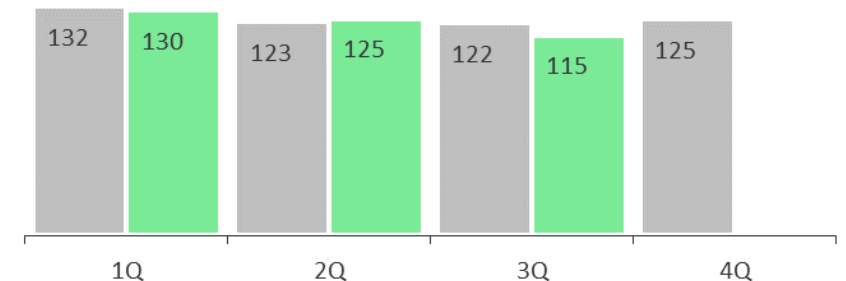
EBITDA and margin

NOK million and %



Sales volume

In 1,000 mt

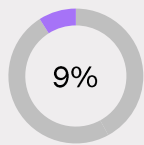


■ 2021

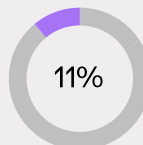
■ 2022

New all time high result driven by strong competitive position

- Total operating income MNOK 1,072, up 91% from the third quarter last year
 - Operating income reached all-time high, mainly explained by high sales prices
- EBITDA of MNOK 376, up 169% from third quarter last year
 - EBITDA reached all-time high mainly due to higher sales prices, but partly offset by higher raw material costs
- Stable sales volumes, but weaker markets for steel and ferroalloys towards the end of the quarter



Share of operating income



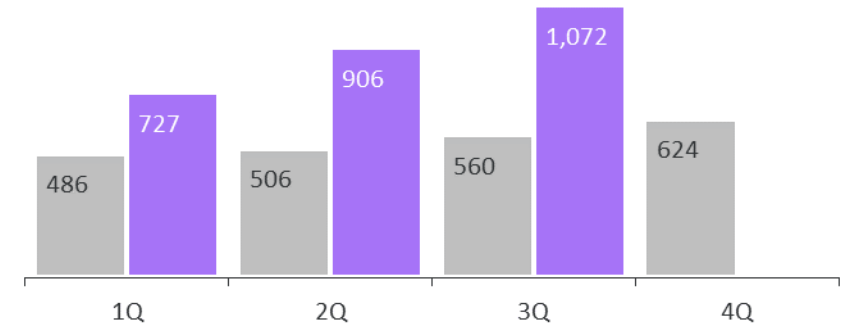
Share of EBITDA

Share of operating income from external customers ex. Other

Share of EBITDA ex. Other and Eliminations

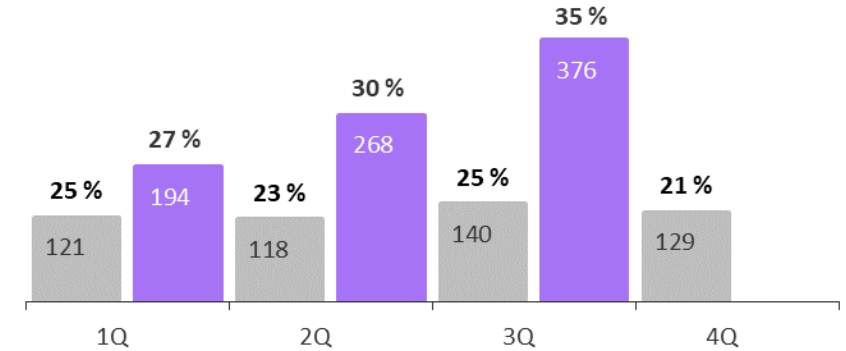
Total operating income

NOK million



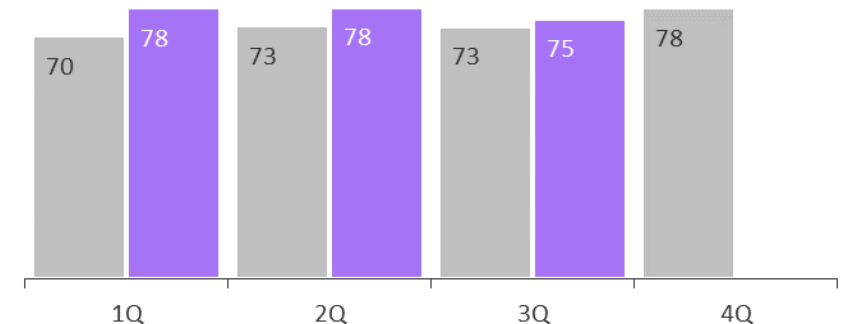
EBITDA and margin

NOK million and %



Sales volume

In 1,000 mt



■ 2021

■ 2022

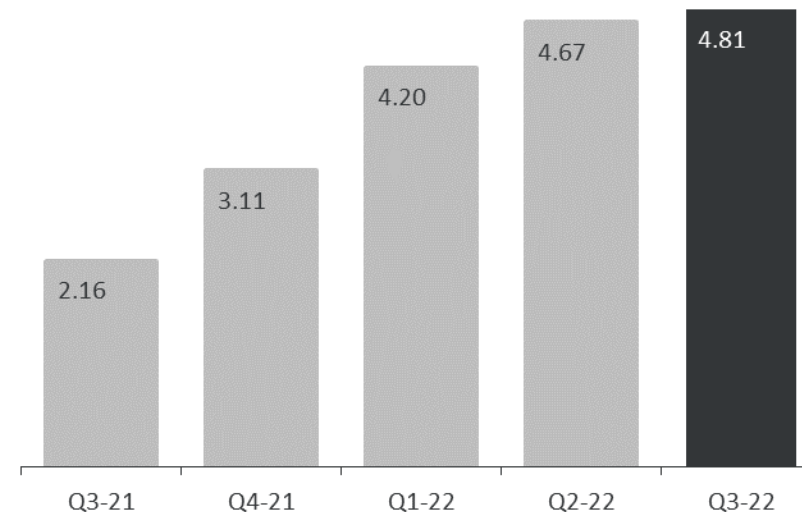
All-time high EPS and robust equity

- Earnings per share (EPS) amounted to NOK 4.81 in the third quarter
 - EPS reached another all-time high, explained by strong operating results and gains in other items, mainly related to power contracts
 - EPS YTD was NOK 13.68 providing for an attractive dividend yield for 2022

- Total equity amounted to BNOK 29.2 as at 30 September 2022, up BNOK 9.3 from year-end 2021
 - Equity to total assets (equity ratio) of 54%
 - The equity increased by BNOK 3.3 in 3Q-2022, mainly related to profit for the period and positive effects recognised in other comprehensive income

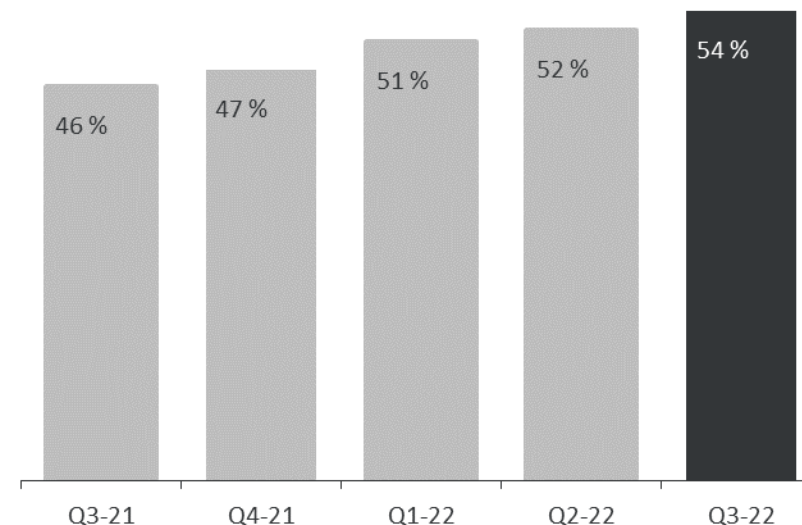
Earnings per share (EPS)

NOK per share



Equity ratio

In percent of total assets



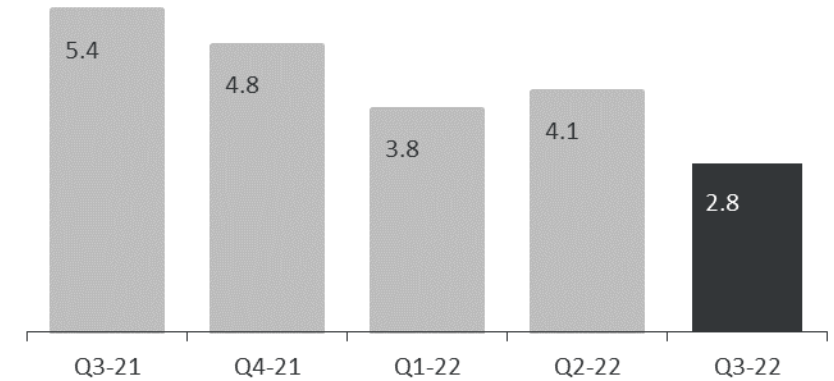
Low leverage, good debt maturity profile

- Net interest-bearing debt (NIBD) of BNOK 2.8 as at 30 September 2022
 - Leverage ratio of 0.2x based on LTM EBITDA of BNOK 14.2
 - Retaining a strong capital structure to ensure financial flexibility and capacity for growth and M&A

- Well managed maturity profile
 - New bank facilities of MEUR 1,000 signed in 2Q-2022 with tenors of 5 years. The RCF of MEUR 500 has two 1-year extension options
 - Remaining debt maturities in 2022 in China consist of local working capital financing, which are regularly rolled over
 - Financing of the Silicones plant expansion in China with instalment profile of 10 years

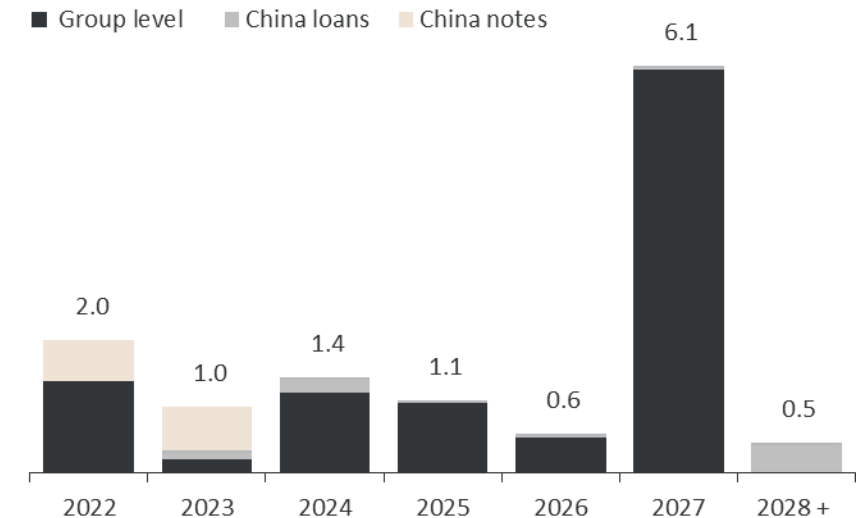
Net interest-bearing debt (NIBD)

NOK billion



Maturity profile

NOK billion



Strong cash flow despite working capital increase

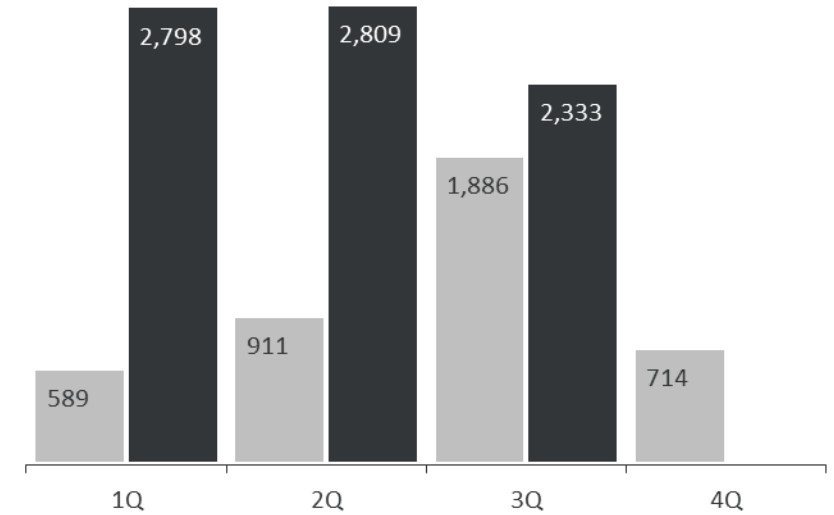
- Cash flow from operations⁽¹⁾ was MNOK 2,333 in the third quarter
 - Good results continue to drive strong cash flow generation
 - Working capital increased, mainly due to higher inventories explained by longer supply lead-times, currency effects, higher raw material prices and higher safety raw material stock

- Investments ex. M&A amounted to MNOK 817 in the third quarter 2022, in line with the corresponding quarter last year
 - Reinvestments were MNOK 276 in the quarter, 56% of D&A
 - Strategic investments were MNOK 541 in the quarter, mainly related to Silicones expansion projects in France and China
 - Maintaining disciplined capital spending, but higher investments expected in the fourth quarter

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

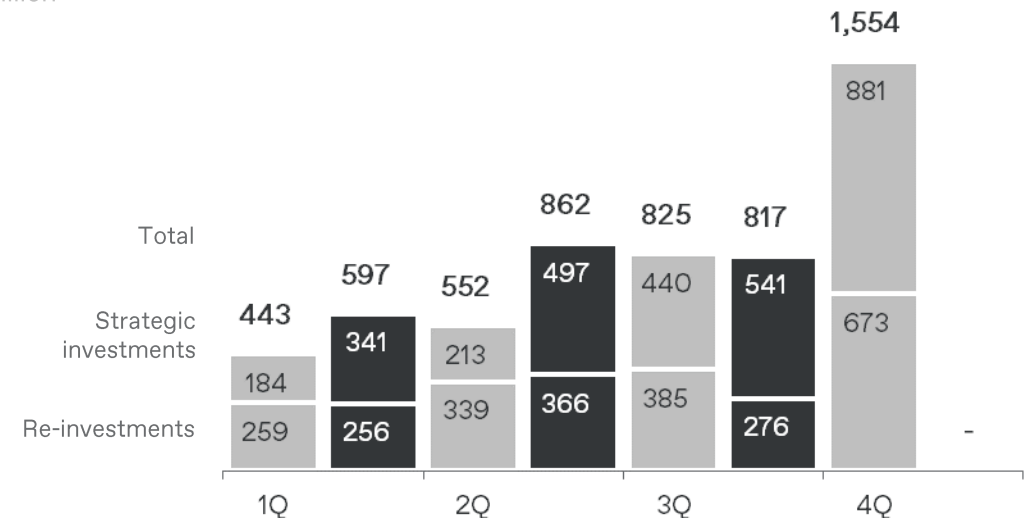
Cash flow from operations

NOK million



Investments ex. M&A

NOK million



■ 2021

■ 2022

Outlook for the fourth quarter 2022

- Market sentiment impacted by high energy prices in Europe, macroeconomic uncertainty and slower growth
- Silicones market in China is weak going into the fourth quarter. Demand and prices holding up for specialties in EMEA and the US
- Demand for silicon and ferrosilicon negatively impacted by closures in aluminium and steel industries, but Elkem capitalising on superior cost positions
- Carbon Solutions will likely see lower demand and possibly margin pressure due to closures in steel however, from a high level in the third quarter



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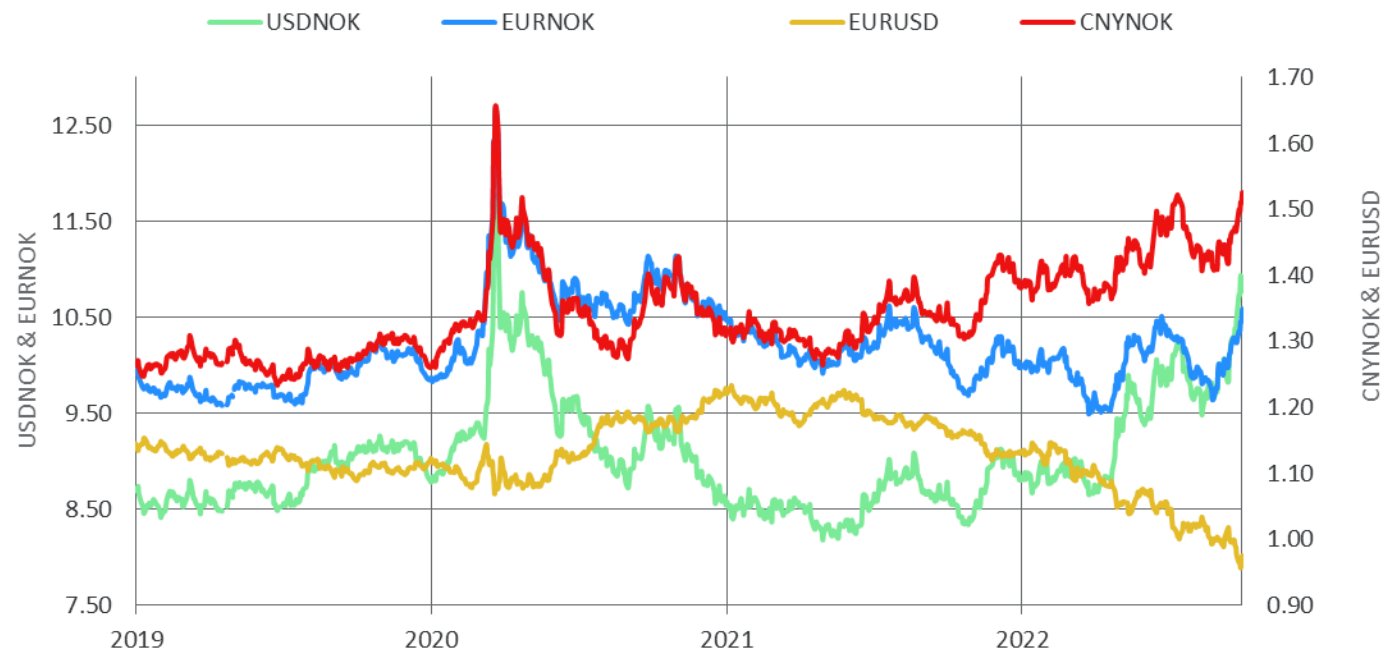
Information about past performance given in this presentation should not be relied upon as, and is not, an indication of future performance.



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 September 2022, the NOK closed 2% weaker against the EUR, 9% weaker against USD, and 3% weaker against CNY compared to 30 June 2022
- In 3Q-2022, the NOK was on average 3% stronger against EUR, 14% weaker against USD, and 8% weaker against CNY compared to 3Q-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 expected power consumption until 2025. After 2025, 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 690 per year^(*)

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



Delivering your potential