



Morgan Stanley Global Chemicals, Agriculture, and Packaging Conference

Elkem ASA

11 November 2021

Agenda

- Introduction and market update
- Appendix
 - About Elkem
 - Financial performance 3Q-2021
 - Strategy and projects

Speakers

- Morten Viga, CFO
- Odd-Geir Lyngstad, VP Finance & Investor Relations



Record results in the 3rd quarter

- Elkem is delivering its best quarterly result ever, benefitting from a strong business model and attractive market positions
- Strong market demand while supply has been hampered by capacity constraints and power curtailments. Elkem has kept normal production in the quarter
- Elkem announces a major investment of NOK 350 million in France strengthening Elkem's specialty business in EMEA & Americas
- Supply-demand balance for Elkem's products expected to remain tight until the global energy situation eases

LTM as of 30 September 2021



Total operating income

NOK **30.4** bn.



EBITDA

NOK **5.7** bn.



EBITDA margin

19 %



Head office in Norway

29 plants worldwide



Employees worldwide

~ **6,800**



R&D centres in Norway, France and China

>450 R&D people



ESG – a key priority



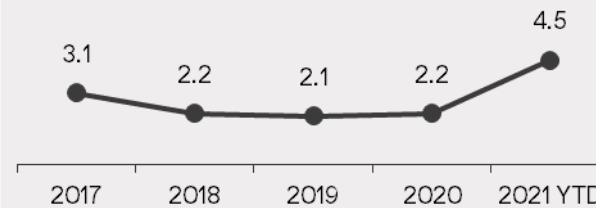
A clear focus on ESG

- Received A rating from CDP in 2020, ranking Elkem in the world's top 5% on climate
- Received Gold sustainability rating from EcoVadis in 2020



Safety

Ambition: Zero injuries



Social

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

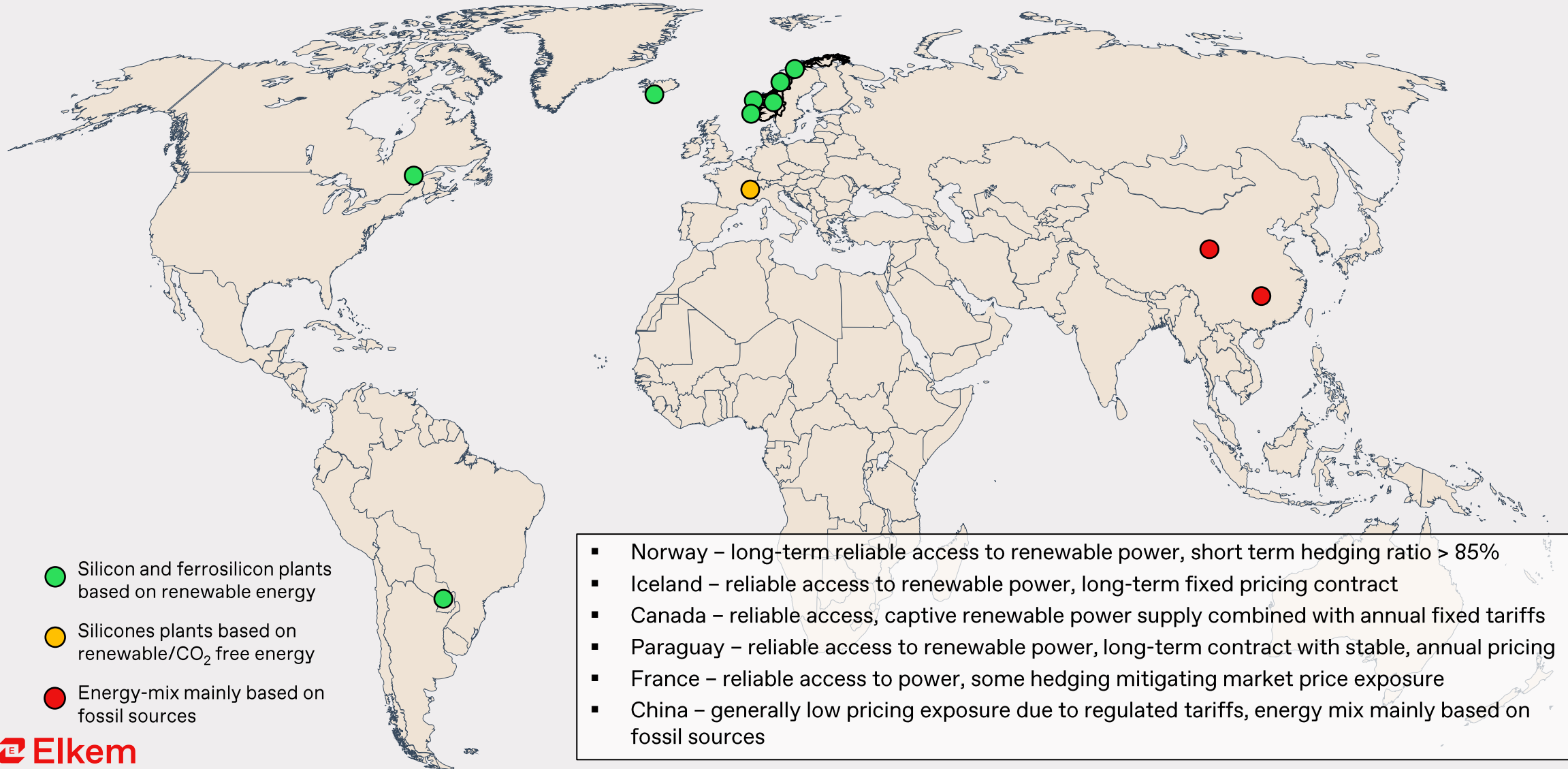
Environment

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

Governance

- TCFD framework for climate risk management implemented in 2021
- Advanced level of anti-bribery training. Code of Conduct signed by 98% of employees

Well positioned with long-term renewable energy contracts

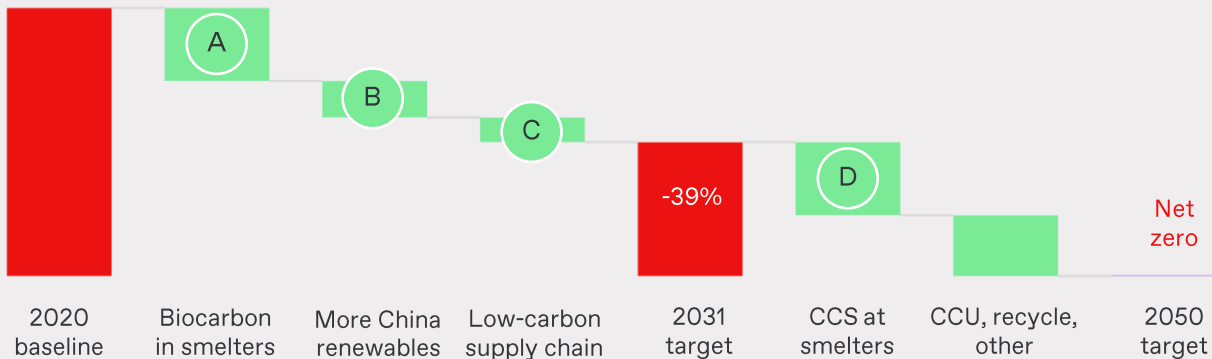


Reducing the carbon footprint 39% by 2031

- New ambitious climate strategy approved by the board
- **By 2031:**
 - Reduce absolute emissions* by 28% from 2020-2031
 - Delivering 39% improvement in product footprint**
- **By 2050**
 - Achieving fully carbon neutral production globally

Our roadmap: Getting to zero

Elkem's carbon footprint (illustrative)



* Total fossil CO₂ emissions, scope 1 and 2
 ** Main products average fossil CO₂ emissions, scope 1-3

A. Changing to biomass in production

- Production of silicon and ferrosilicon require a carbon source as reduction material (to reduce oxygen from the quartz)
- Elkem's strategy is to reduce scope 1 emissions through replacing fossil coal with renewable bio-based materials



B. Renewable power & energy recovery

- Silicon and ferrosilicon production require significant use of energy. While most of Elkem's production is based on renewable power the situation in China is different
- Elkem's strategy is to reduce scope 2 emissions through improved energy mix and possible energy recovery



C. Low-carbon supply chain

- Purchased goods and services constitute part of a product's carbon footprint
- Elkem's strategy is to reduce scope 3 emissions by sourcing of renewable-based silicon metal as well as emission-free logistics



D. Carbon capture at smelters

- To reach the goal of carbon neutral production (zero fossil emissions) by 2050 Elkem will explore both Carbon Capture & Utilisation (CCU) and Carbon Capture & Storage (CCS) at our smelters

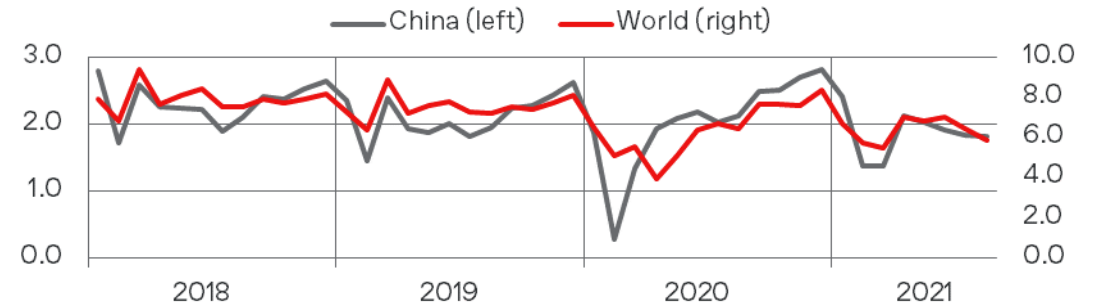


Semiconductors hampering automotive, EV sales up

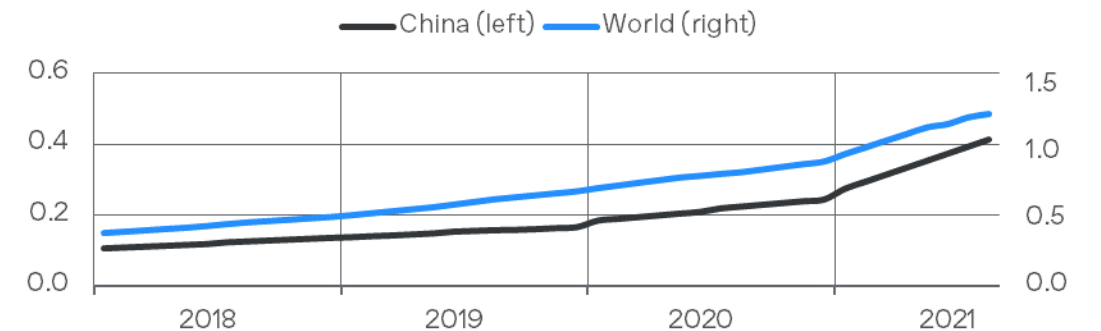


- Post-pandemic strong demand from construction sector in all major regions. Risk that activity may slowdown in China from next year
- Automotive markets impacted by lack of semiconductors, constrained transportation capacity and covid shutdowns in Asia
 - Good underlying demand but significant drop in sales in Europe, China and US for July and August compared to last year
- However, sales of EVs increasing compared to last year
 - Global sales for 2021 expected increase by 49% compared to 2020. EV sales in China expected to increase by 80%
 - The development is supporting Elkem's silicones sales as EVs contain approx. 4 times more silicones than regular cars

Automotive – units sold per month (million)



Electric vehicles (EV) – units per month (million - smoothed line)



Strong markets, normalisation expected

- Strong demand combined with supply disruptions have led to a tight supply-demand balance in all regions
- This resulted in a significant price spike in for silicones during 3Q
- The price level for DMC in China has now started to normalise, due to improved supply and lower raw material prices
- Significant price increases implemented worldwide for specialties, main impact from 2022



DMC reference price China (CNY/mt)



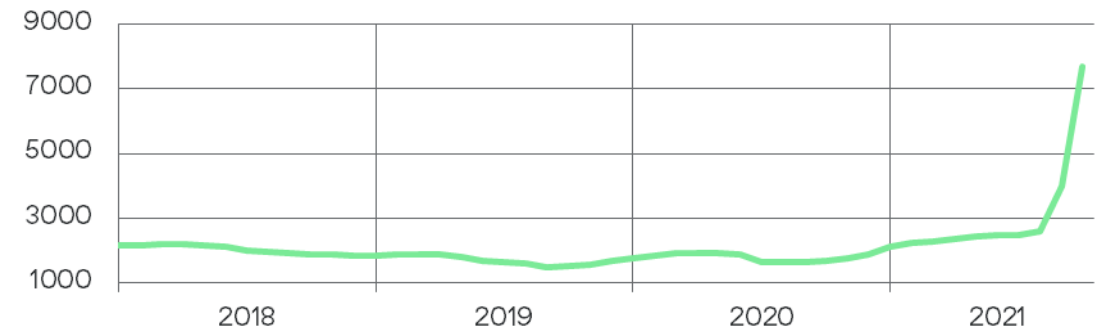
DMC reference prices are based on quotes incl. VAT and transportation.
Quotes may not always reflect accurate sales prices.

Prices reaching all-time high

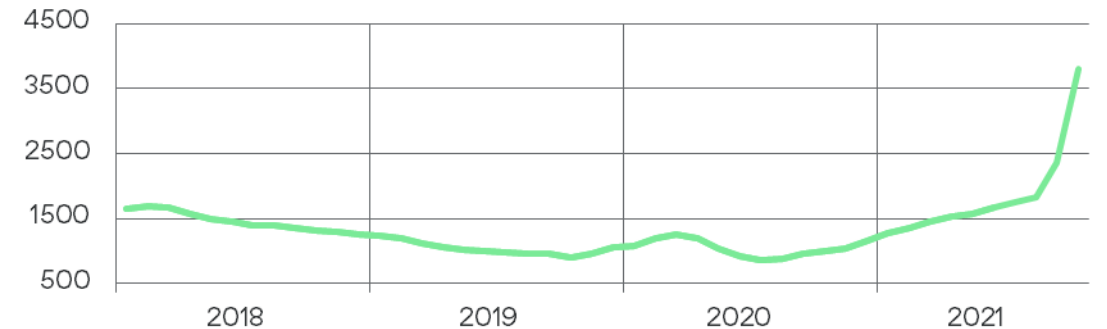
- Market prices in Europe have risen to new record levels in October both for silicon and ferrosilicon. Elkem is entering into contracts for 2022 at very attractive levels
- Lower automotive production will likely impact silicon and ferrosilicon demand but EU and US markets still tight
- Prices for silicon in China declined but still at high level
- Still possible that severe drought in Brazil could limit production of silicon metal and ferroalloys due to power curtailments



CRU silicon 99 price EU (EUR/mt)



CRU ferrosilicon 75 price EU (EUR/mt)



Outlook for the fourth quarter 2021

- Strong underlying demand for Elkem's products going into the fourth quarter. Industry supply hampered by energy and raw material constraints
- Elkem well positioned to benefit from current market conditions despite inflationary pressure, due to its integrated value chains in Asia and Europe/US
- Silicones markets expected to remain tight in the fourth quarter. Due to time lag versus market prices, Elkem expects to realise higher sales prices in the quarter both for commodities and specialities
- Market prices for silicon- and ferrosilicon-based products at all-time high. Elkem is benefitting from attractive positions and expects to realise higher sales prices due to time-lag in sales contracts
- Carbon products continues to benefit from strong steel and ferroalloys markets



Agenda

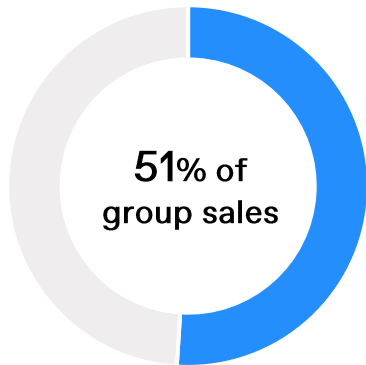
- Introduction and market update
- Appendix
 - About Elkem
 - Financial performance 3Q-2021
 - Strategy and projects



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

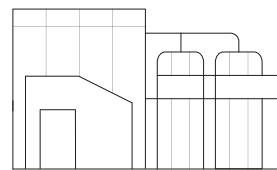
Silicones

Fully integrated silicones manufacturer with focus on specialities



Markets

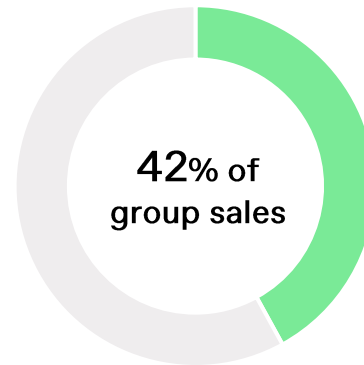
- Paper & film release
- Automotive
- Silicone rubber
- Chemical formulators
- Personal care
- Textile
- Healthcare
- Construction



12 plants worldwide

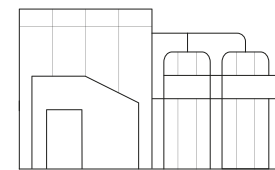
Silicon Products

Global producer and provider of silicon, ferrosilicon and specialties



Markets

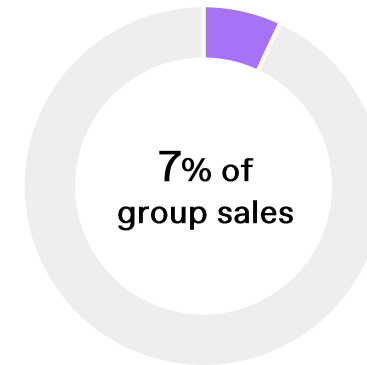
- Silicones
- Construction/Engineering
- Automotive
- Electronics
- Solar & wind
- Specialty steel
- Refractories
- Oil & gas



11 plants worldwide

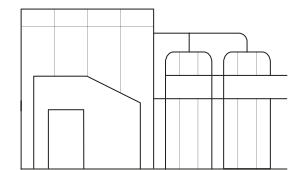
Carbon Solutions

Leading producer of electrode paste and specialty products



Markets

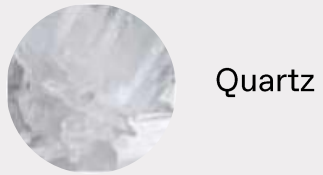
- Ferroalloys
- Silicon
- Aluminium
- Iron foundries



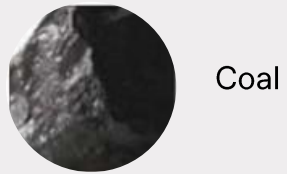
6 plants worldwide

Our products are vital for modern societies and you meet them in your life every day

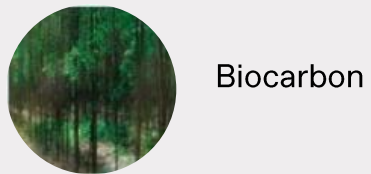
Low cost sustainable input factors



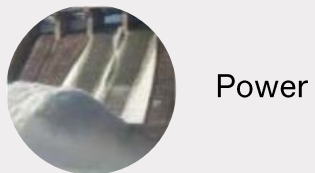
Quartz



Coal



Biocarbon



Power

High temperature/chemical production processes



Silicones

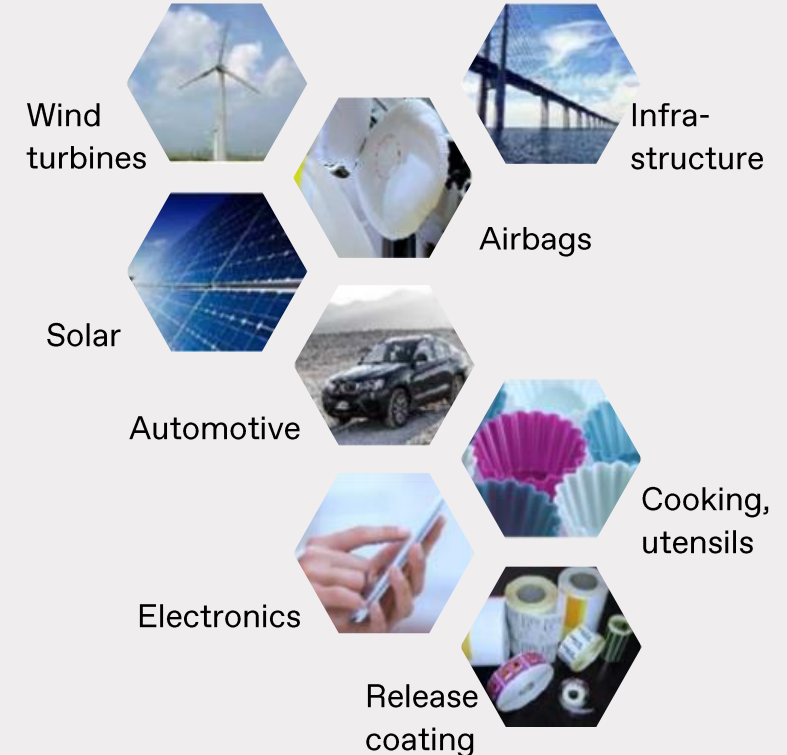


Silicon, foundry products and microsilica



Carbon solutions

Examples of high value applications and markets



Wind turbines

Infrastructure

Solar

Automotive

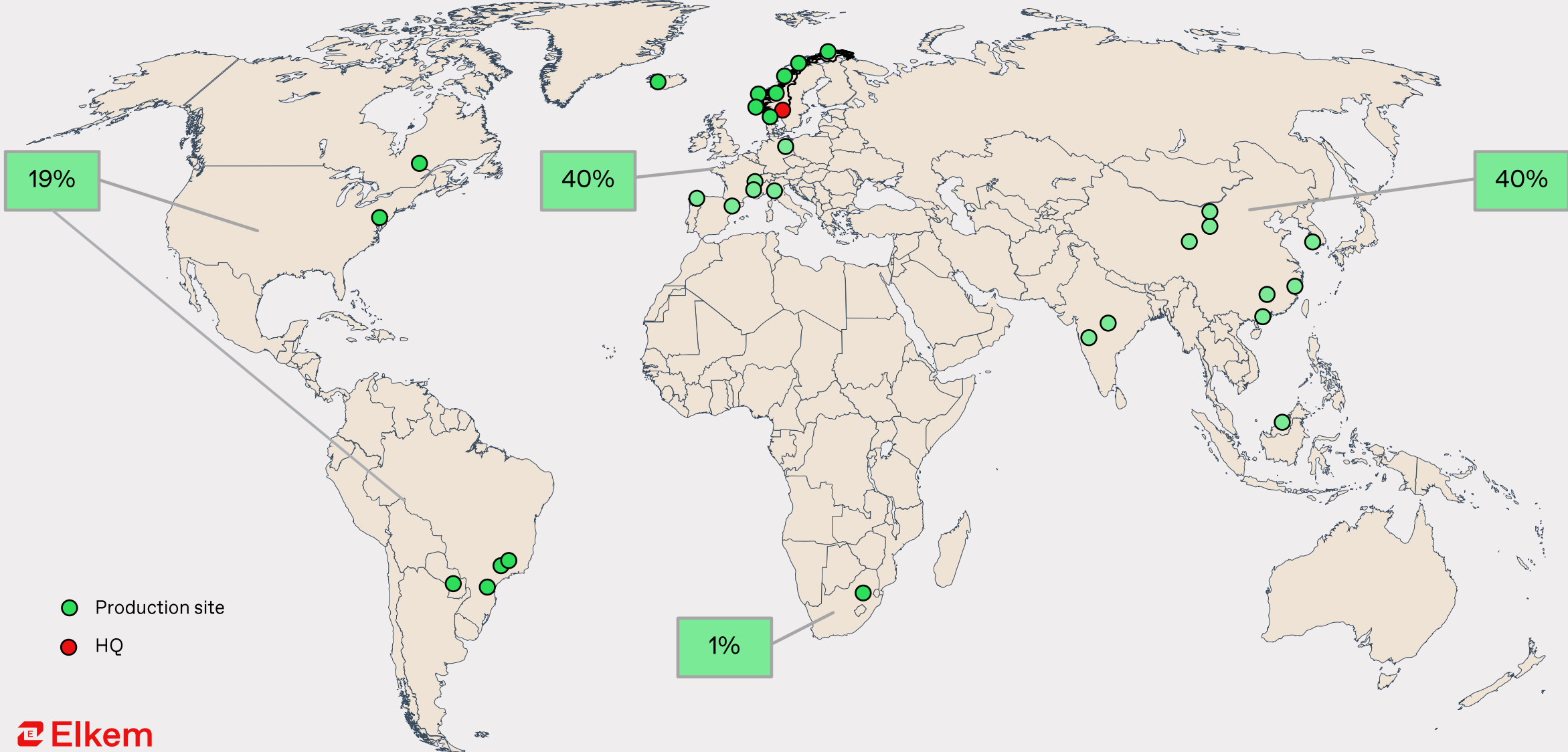
Airbags

Electronics

Release coating

Cooking, utensils

Global positions and strong geographical diversification



Agenda

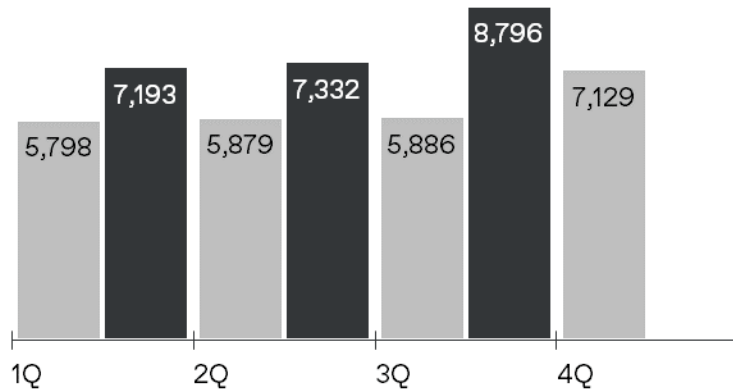
- Introduction and market update
- Appendix
 - About Elkem
 - Financial performance 3Q-2021
 - Strategy and projects



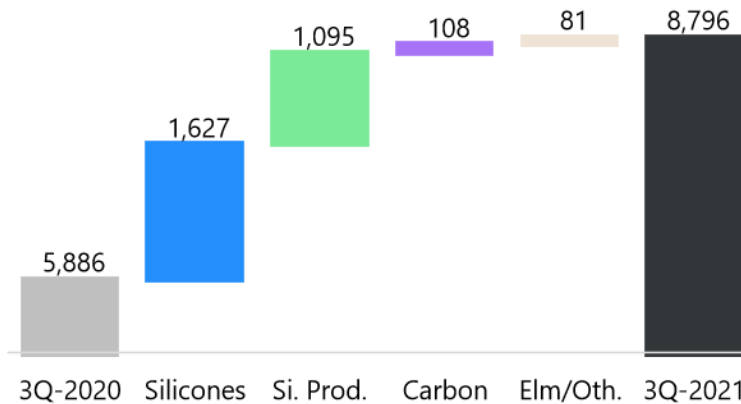
New record levels

Total operating income

- All-time high operating income

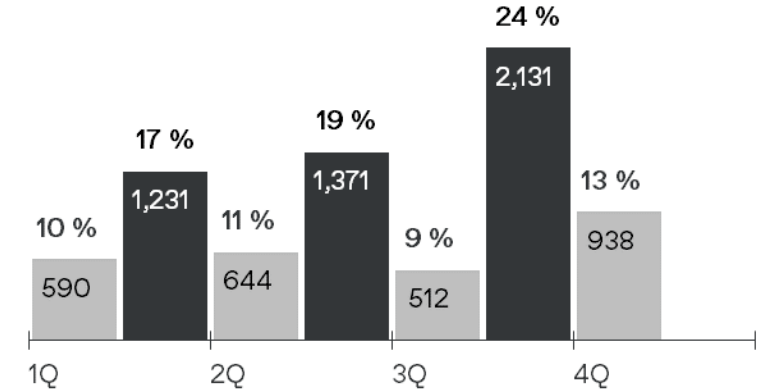


- ... driven by record prices for silicones, silicon and ferrosilicon

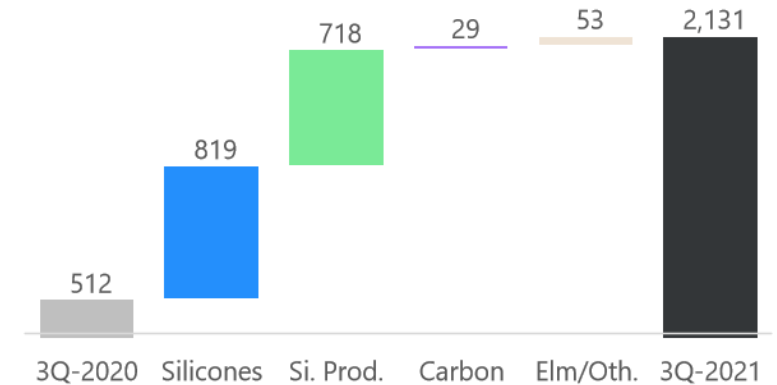


EBITDA

- All-time high group EBITDA



- ... driven by strong improvements in all divisions



Strong financial ratios

- EBITDA MNOK 2,131
 - Segment Other included realised currency hedging gains of MNOK 10
- The Productivity Improvement Programme continues according to plan
 - By end of 3Q-2021 the annualised run-rate was MNOK 304 versus target of MNOK 350 by end of 2021
- Other items MNOK 16
 - Mainly consisting of currency gains of MNOK 39 from working capital items, partly offset by negative effects from commodity contracts and embedded derivatives in power contracts of MNOK -22 and other net expenses of MNOK -1
- Net financial items MNOK -10
 - Consist of net interest expenses MNOK -59, other financial expenses of MNOK -2 and currency gains amounting to MNOK 52
- Tax MNOK -295
 - Giving a tax rate of 18% for the third quarter

Consolidated key figures

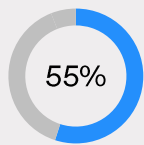
<i>(NOK million, except where specified)</i>	3Q 2021	3Q 2020	YTD 2021	YTD 2020	FY 2020
Total operating income	8,796	5,886	23,321	17,563	24,691
EBITDA	2,131	512	4,733	1,746	2,684
EBIT	1,666	99	3,313	508	957
Other items	16	-18	-29	4	-130
Net financial items	-10	-153	-23	-179	-229
Profit (loss) before income tax	1,675	-74	3,289	306	584
Tax	-295	-23	-599	-141	-306
Profit (loss) for the period ⁽¹⁾	1,371	-105	2,664	133	239
Key ratios					
EPS (NOK per share)	2.16	-0.18	4.34	0.23	0.41
Equity ratio (%)	46 %	40 %	46 %	40 %	41 %
Net interest bearing debt (NIBD) ⁽²⁾	5,421	8,571	5,421	8,571	8,058
Leverage ratio	1.0	3.8	1.0	3.8	3.0
Reinvestments % of D&A	83 %	65 %	73 %	67 %	81 %
ROCE (annualised) (%)	34 %	2 %	23 %	4 %	5 %

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

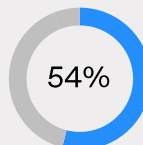
⁽²⁾ Excluding receivables from related parties, loans to external parties, accrued interest income and non-current other restricted deposits

Extraordinary markets

- Total operating income of MNOK 4,849, up 50% from the third quarter 2020
 - The increase in operating income was largely explained by higher sales prices, but also higher sales volumes
- EBITDA of MNOK 1,168, up 235% from the third quarter last year
 - Improved EBITDA mainly explained by higher sales prices and higher sales volumes
 - Higher raw material costs, mainly for silicon and methanol, partly offsetting the higher sales prices
- Strong sales volumes based on strong demand with stable and good production



Share of operating income



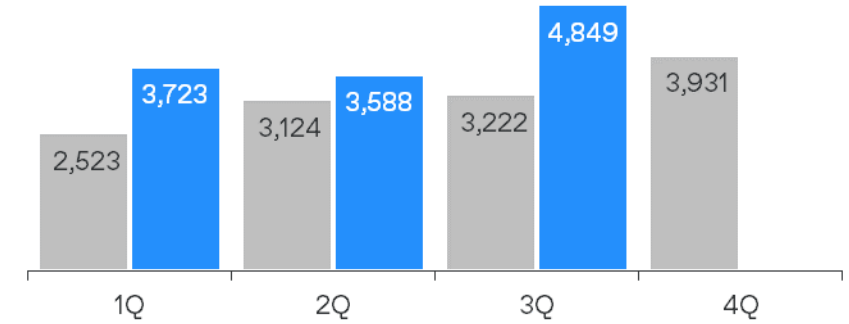
Share of EBITDA

Share of operating income from external customers ex. Other

Share of EBITDA ex. Other and Eliminations

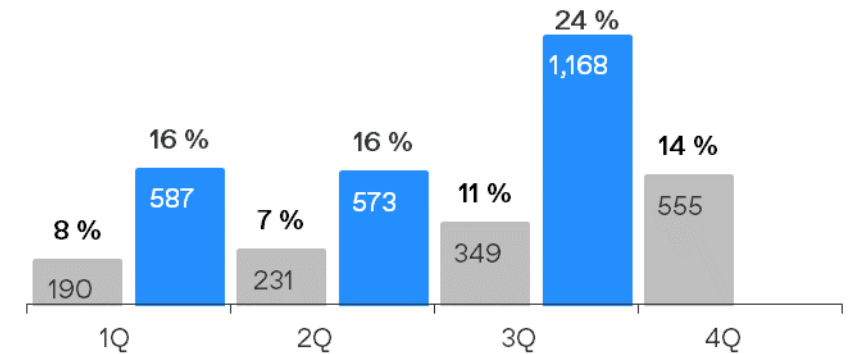
Total operating income

NOK million



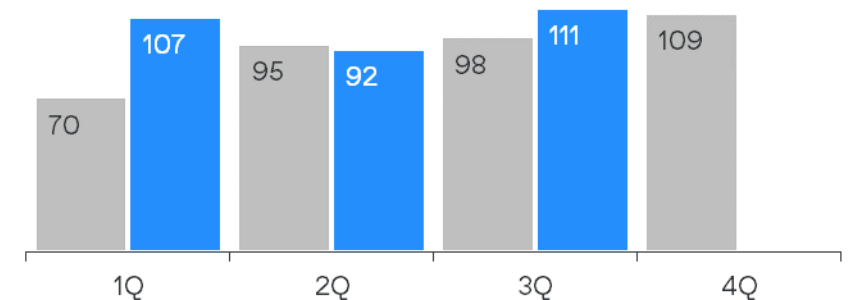
EBITDA and margin

NOK million and %



Sales volume

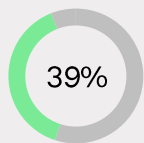
In 1,000 mt



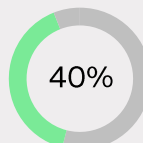
■ 2020
■ 2021

Excellent market positions

- Total operating income of MNOK 3,558 up 44% from the third quarter last year
 - Mainly explained by higher sales prices, with contribution from slightly higher sales volumes
- EBITDA of MNOK 858, up 513% compared to third quarter last year
 - Mainly explained by higher sales prices and slightly higher sales volumes
 - Raw material prices are increasing, particularly coal
- High and stable sales volumes reflecting good operations and strong demand in all main sectors



Share of operating income



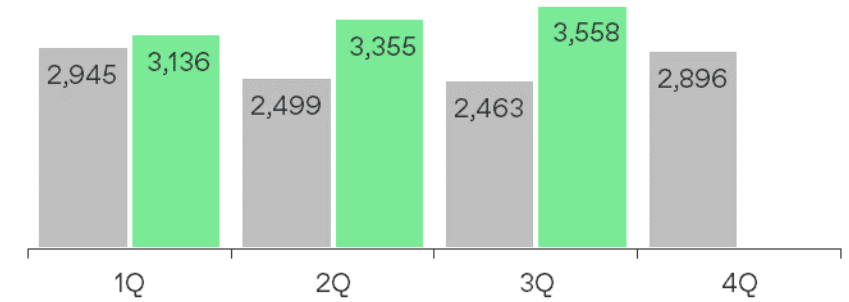
Share of EBITDA

Share of operating income from external customers ex. Other

Share of EBITDA ex. Other and Eliminations

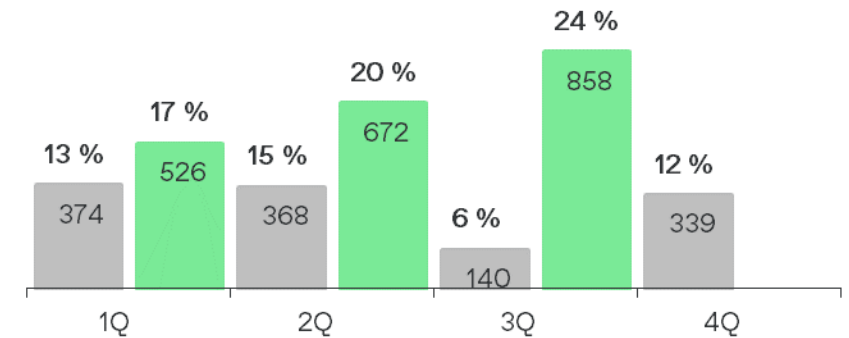
Total operating income

NOK million



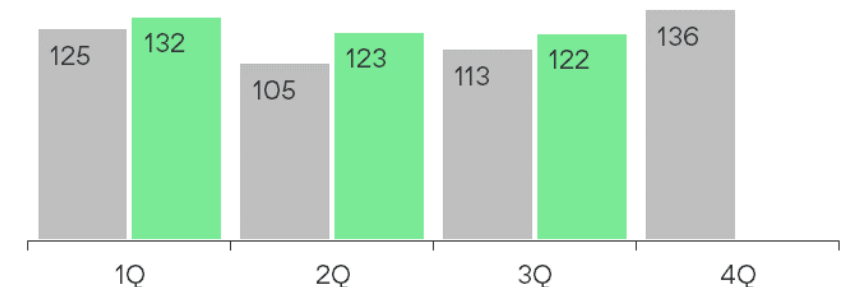
EBITDA and margin

NOK million and %



Sales volume

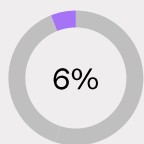
In 1,000 mt



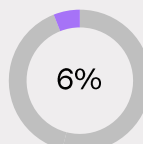
■ 2020
■ 2021

Record results

- Total operating income MNOK 560, up 24% from the third quarter last year
 - Higher operating income due to higher sales volumes and higher sales prices, partly offset by currency
- EBITDA of MNOK 140, up 26% from third quarter last year
 - Improved EBITDA mainly explained by higher sales volumes. Higher sales prices have been offset by higher raw material costs
- Strong sales volumes reflecting good underlying markets for steel and ferroalloys



Share of operating income



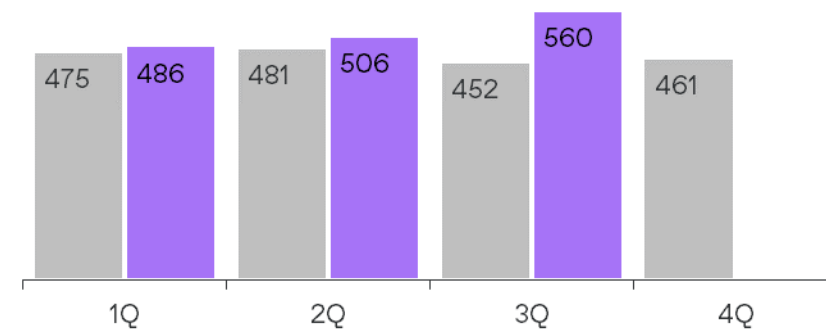
Share of EBITDA

Share of operating income from external customers ex. Other

Share of EBITDA ex. Other and Eliminations

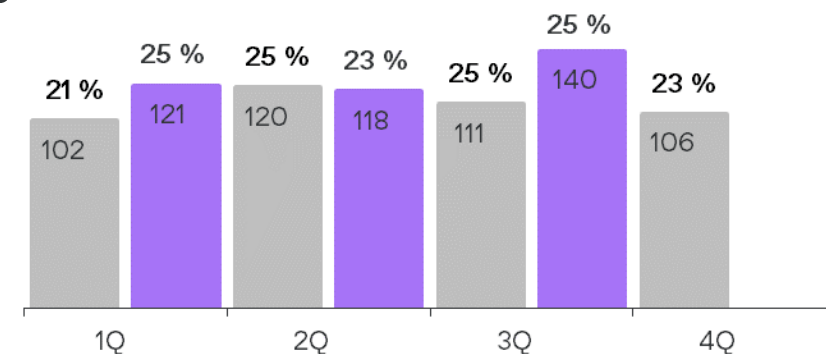
Total operating income

NOK million



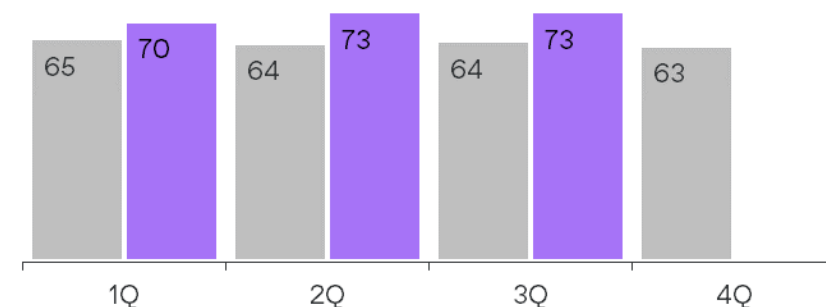
EBITDA and margin

NOK million and %



Sales volume

In 1,000 mt



■ 2020
■ 2021

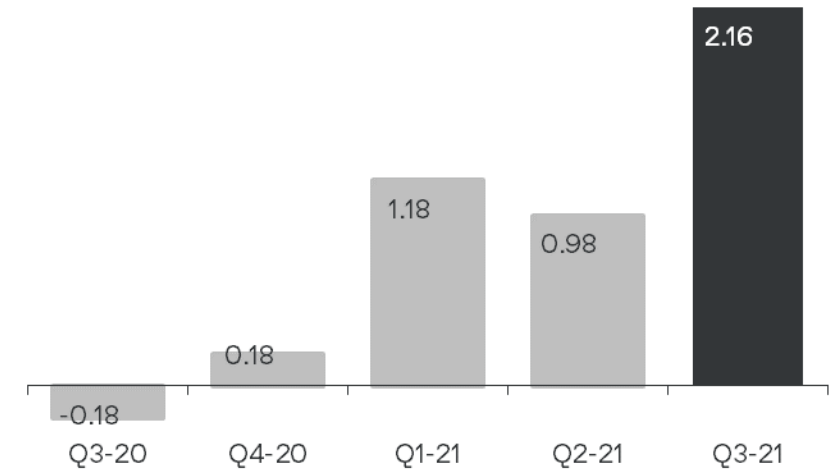
Excellent EPS and robust equity

- Earnings per share (EPS)
 - EPS amounted to NOK 2.16 in the third quarter and NOK 4.34 YTD-2021
 - EPS YTD-2021 clearly up from YTD-2020 due to strong improvement in results

- Total equity amounted to BNOK 17.5 as at 30 September 2021, up by BNOK 4.9 from year-end 2020
 - Increase in equity explained by capital increase of BNOK 1.9 in April 2021, profit YTD of BNOK 2.7 and effects through OCI
 - Equity ratio at 46%

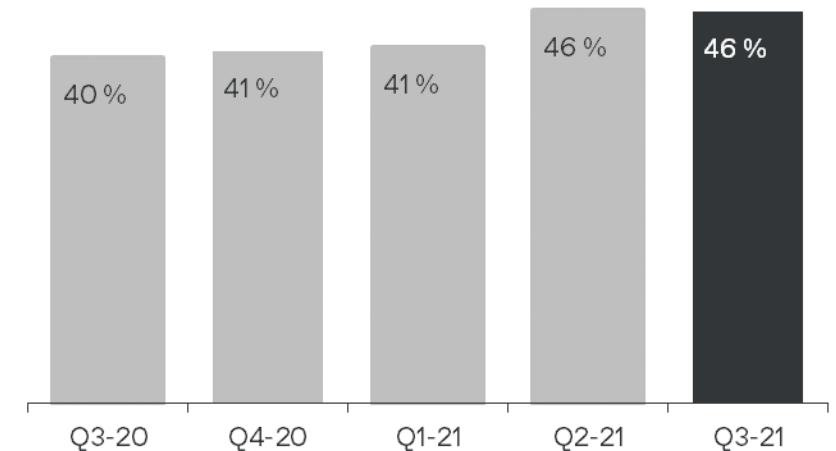
Earnings per share (EPS)

NOK per share



Equity ratio

In percent of total assets



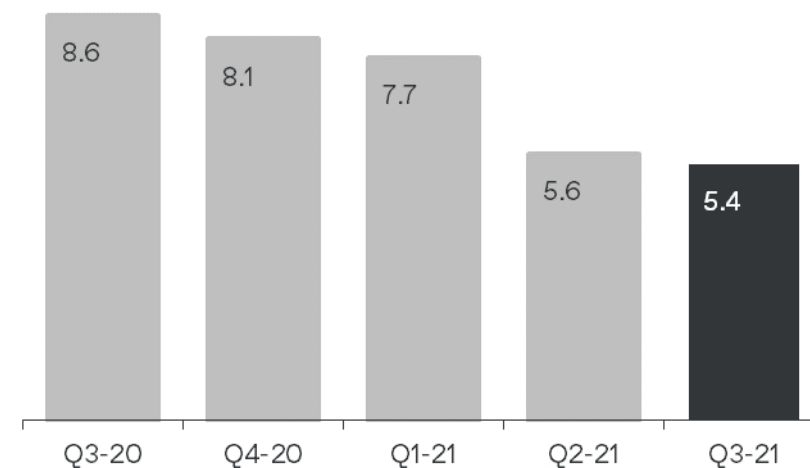
Financing position further improved

- Net interest-bearing debt (NIBD) of BNOK 5.4 as at 30 Sept. 2021
 - Leverage ratio of 1.0x based on LTM EBITDA of BNOK 5.7
 - Reduction in leverage ratio driven by improved LTM EBITDA and capital increase in April 2021

- Maturity profile further improved
 - Elkem successfully raised new bond loans in February and August 2021 totaling MNOK 2,500 for refinancing of debt maturities in 2021
 - The debt maturities in China mainly consist of local working capital financing, which are regularly rolled over

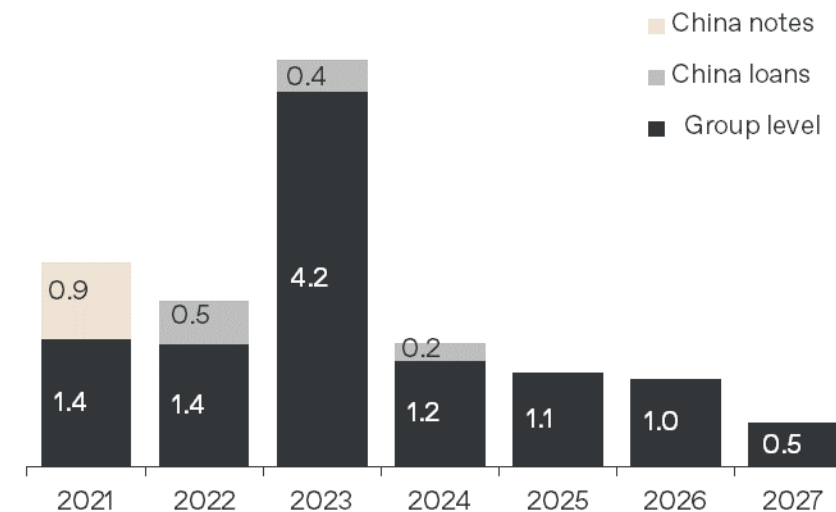
Net interest-bearing debt (NIBD)

NOK billion



Maturity profile

NOK billion



Strong cash flow – higher strategic investments

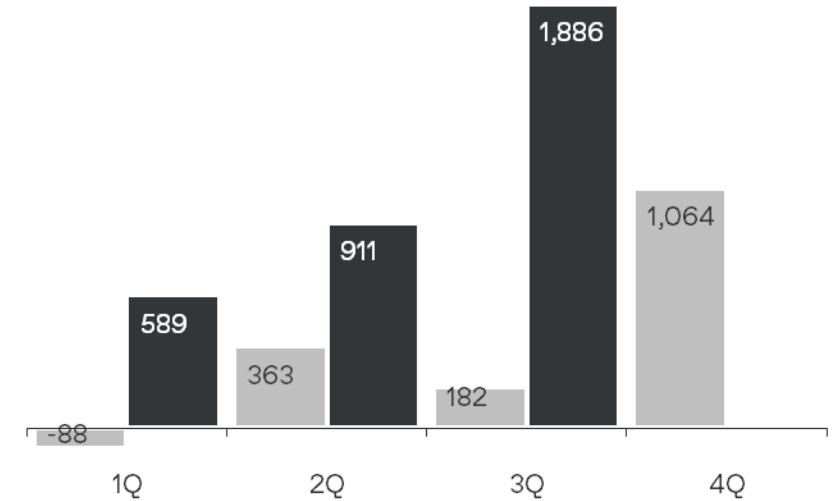
- Cash flow from operations⁽¹⁾ was MNOK 1,886 in the third quarter, up from MNOK 182 in the third quarter last year
 - The improvement was mainly driven by record high operating profit and improved working capital

- Investments ex. M&A amounted to MNOK 825 in the third quarter 2021, up from MNOK 454 in the third quarter 2020
 - Reinvestments was MNOK 385 in the quarter, amounting to 83% of D&A and in line with group target of 80-90%
 - Strategic investments of MNOK 440. Increased strategic investments mainly driven by Silicones Xinghuo expansion. Other strategic investments include silicones specialisation projects, silicon furnace upgrades and the battery materials project

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

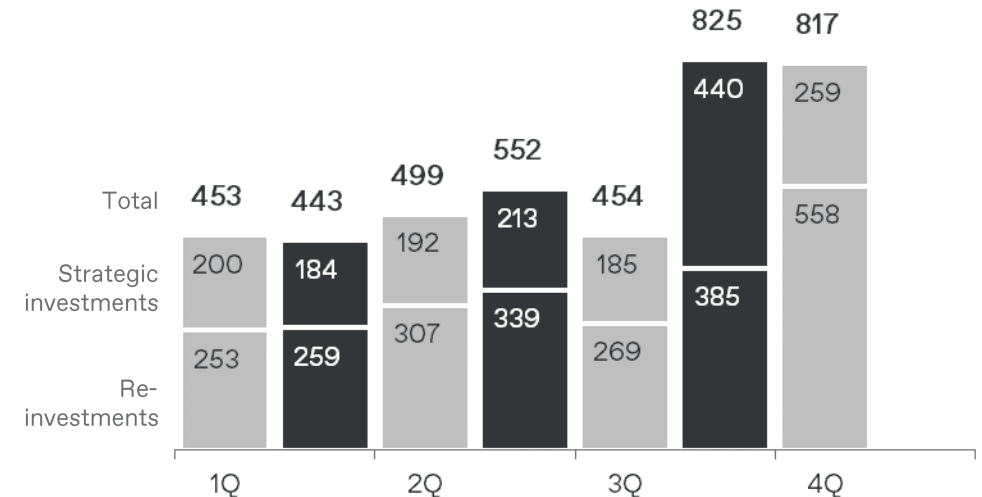
Cash flow from operations

NOK million



Investments ex. M&A

NOK million



■ 2020
■ 2021

Agenda

- Introduction and market update
- Appendix
 - About Elkem
 - Financial performance 3Q-2021
 - Strategy and projects





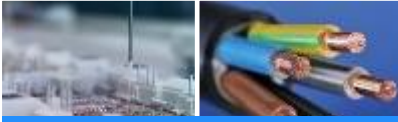
Growth driven by operational excellence and increased specialisation

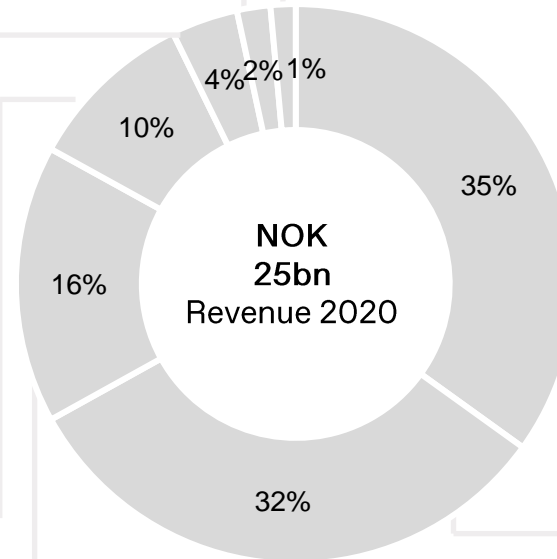
Elkem benefits well from a multitude of global megatrends underpinning a higher and increasingly diversified demand





Several global megatrends...

....driving demand for silicones across a range of end-markets

 Sustainability	
 Growing energy demand	
 Rapid urbanisation	
 Increased standard of living	
 Ageing and growing population	
 Digitalisation	
 Mobility and electrification	

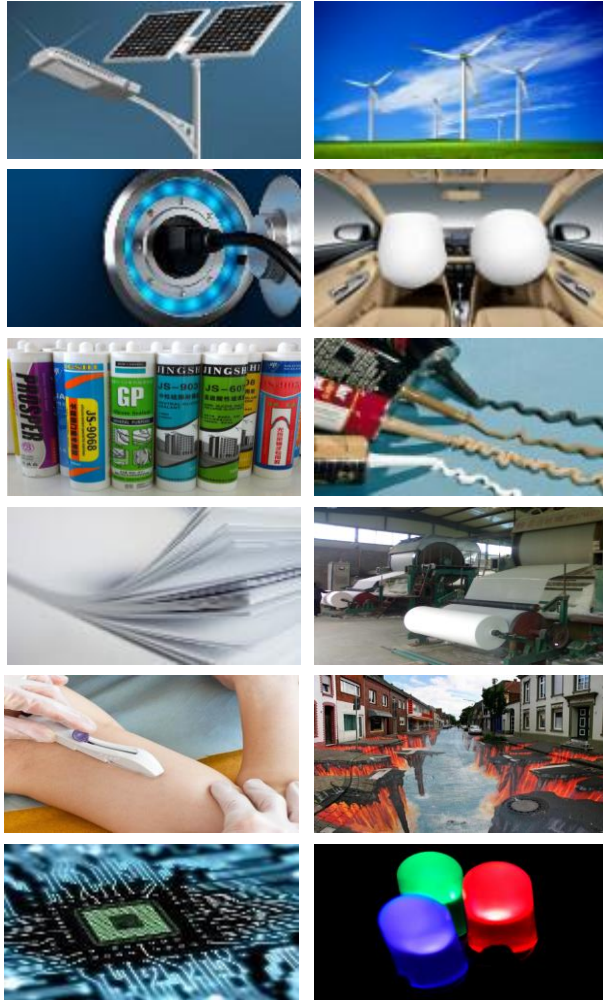
 Health & Personal Care
 Consumer goods
 Electronics



 Chemicals
 Transportation
 Construction
 Energy

Growth driven by operational excellence and increased specialisation

Significant investments in R&D capabilities and downstream silicones to accelerate specialisation



Organic projects (examples)



- Consumer goods products for tissue softening, hygiene and labels



- Power & Mobility products for encapsulation for electronics



- New products designated for 3D printing in health care & industrials



- Ultra-high purity silicones for long-term implants in life science (Silbione®)



- New investment in organo-functional silicones manufacturing plant, as well as in low viscosity silicones fluid capacity (2021)

Award winning products

PURESIL™ ORG01 wins 2020 Ringier Technology Innovation Award for Personal Care

New R&D centre in Lyon

operational in 2021 bringing together 130 researchers to reinforce innovation

Sizeable R&D centers

in all regions with +450 dedicated R&D employees working closely with customers

Downstream M&A

BaselChemie

- Tech driven downstream silicones producer
- High-end specialty portfolio for skin care, cosmetic applications, and water repellents for construction industry – focus on green, sustainable products

POLYSIL

- Strong silicones production & innovation platform
- Develops Polysil – a well-known brand in South China for applications in automotive, food, power, medical devices and PSA electronic

Expanding specialty business in EMEA & Americas

- The board has approved an expansion of Elkem's silicones plant in Roussillon, France
- The investment amounts to MNOK 350 and will be finalised in 3Q-2023
- The project will further develop and expand Elkem's specialty business in EMEA & Americas
 - EMEA & Americas expected to grow by of 6.5% and 5.9% respectively for the period 2020-2025
- EMEA is in structural deficit of upstream siloxane and further capacity is required to meet increasing demand
- The project is well synchronised with Elkem's expansion of Xinghuo Silicones in terms of execution and market positioning



Designed to deliver higher capacity, improved cost position and better environmental performance

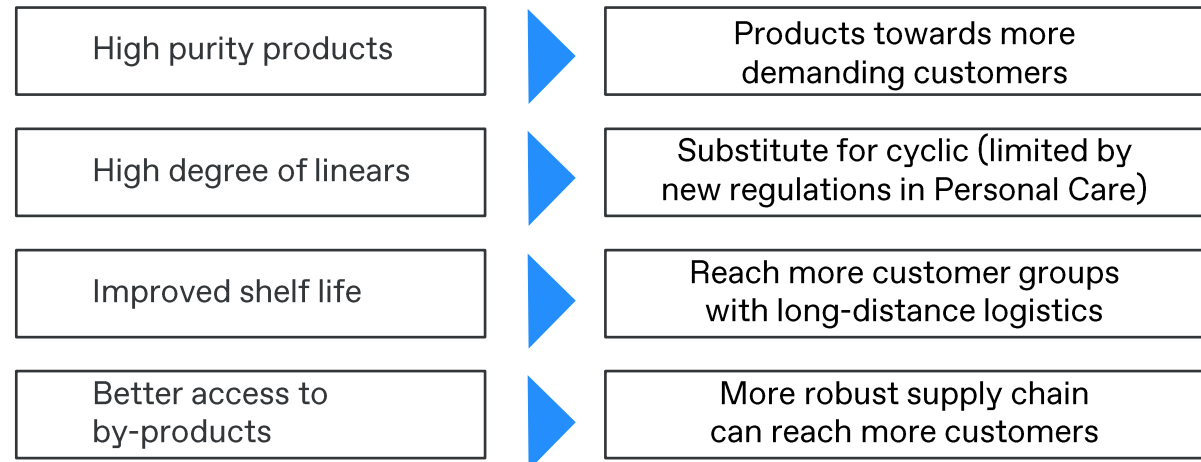
- Production capacity expanded by 20,000 tonnes to 100,000 tonnes
- Improved cost position through debottlenecking, more efficient processes and improved reliability
- Improved environmental performance through better energy efficiency and upgraded wastewater treatment

Leveraging on growth and specialisation in Asia

- The expansion of Silicones Xinghuo has started and the cornerstone for the project was laid in April 2021. The project is scheduled to be completed within 3 years
- Integral part of Elkem's growth and specialisation strategy
 - Raising profitability with EBITDA margin of +35%
 - Enhanced environmental performance based on lower emissions, lower raw materials use and reduced waste
 - Better product quality with higher purity and improved properties
- Strengthening Elkem's position in the main growth markets. Asia Pacific is expected to grow by ~7% in 2021 and Elkem is well placed with its silicones operations in China, Korea and India



Supporting the specialisation strategy

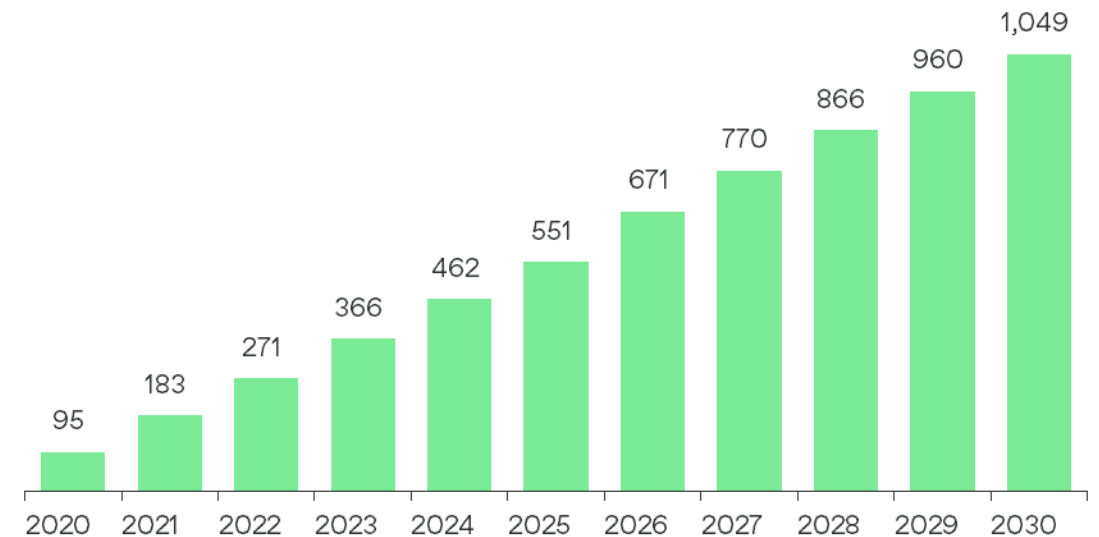


Vianode – enabling efficient, sustainable energy storage for a cleaner world

- Vianode developing as a newly established company and brand for production of sustainable anode materials
 - Environmentally friendly and cost competitive process/location reducing total emissions by ~94%
- Industrial pilot in operation from April 2021
 - Advanced dialogues with battery value chain participants
 - Signed 3 MOUs with customers, several ongoing dialogues
- Vianode's plant at Herøya to be financed in two stages, with the process towards potential partners ongoing
 - First stage to be fully funded with equity and Elkem targeting majority ownership (>50%) post completion
 - Investment decision for the first stage expected in 2021

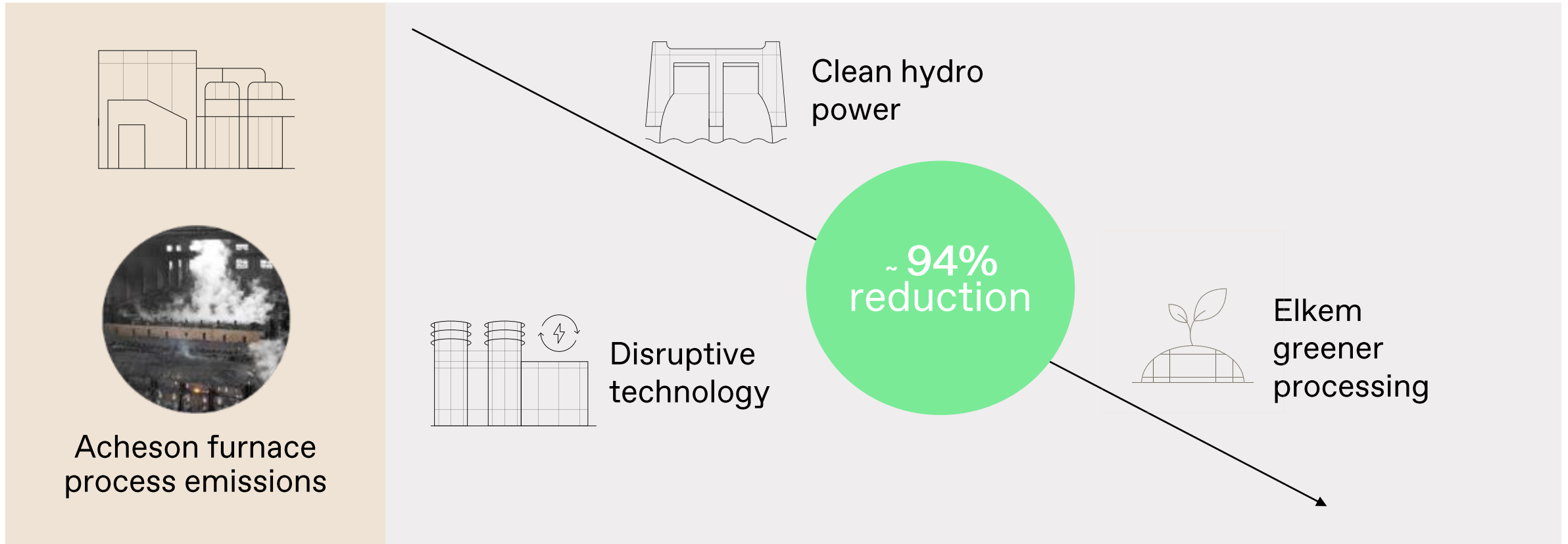


Anode material demand in Europe and North America (thousand tonnes)



Elkem's disruptive technology and access to clean hydropower enable close to zero emissions

Emission reductions vs market standard production process¹



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.





Delivering your potential