Elkem

First quarter results 2023

Agenda

Business update

By CEO Helge Aasen

Financial performance

By CFO Morten Viga

Outlook

By CEO Helge Aasen

Elkem

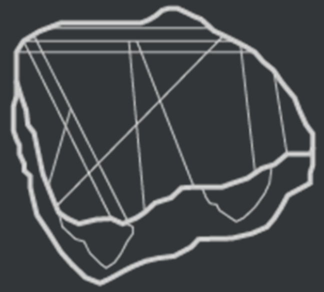
Good results, but impacted by more challenging markets

- Elkem delivered an EBITDA of NOK 1,565 million (16% margin) in the first quarter 2023
- Strong results for Silicon Products and Carbon Solutions, based on superior cost and markets positions
- Weak results for the Silicones division due to challenging markets. Actions taken to optimise costs, production and investments
- Given the market situation, Elkem will move forward planned maintenance and temporarily reduce production at Silicon Products' Thamshavn and Rana plants
- In the first quarter, Elkem signed new long-term power agreements for the Salten, Rana and Bremanger plants at competitive terms

Total operating income
MNOK 9,934

EBITDA
MNOK 1,565

EBITDA margin
16%



Rated among the world's leading companies

Delivering on carbon footprint reductions

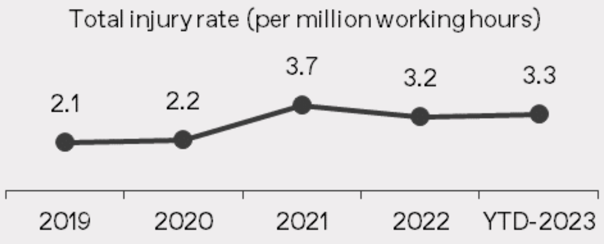
- Product carbon footprint reduced by 7% from 2021 to 2022
- World's first carbon capture pilot for smelters inaugurated at Elkem Rana
- Awarded double A- scores from CDP for the company's efforts on climate and forests. B score on water security

CDP

A-	A-	B
Climate Change 2022	Forests 2022	Water Security 2022

Safety

Ambition: Zero injuries



Environmental

- Target to reduce product carbon footprint by 39% by 2031
- Biodiversity mapping project to be conducted in 2023

Social

- Company-wide human rights risk assessment & global employee engagement survey in 2022
- New upgraded HSE training programme developed

Governance

- 45% of revenue in 2022 defined as EU Taxonomy eligible
- Comprehensive analysis of climate risk according to TCFD prepared in 2023

Dual-play growth & green leadership – a balanced strategy for changing markets

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_2
- → Growing supplies to green transition & creating green ventures

Silicones	Silicon products	Carbon solutions
→ Balanced geographical growth → Improve cost position → Higher degree of specialisation	→ Selective growth → Secure leading cost positions → Lower carbon emissions	→ 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_2 -28% 2020-31	**Net zero** By 2050

Supplying the green transition

Strong growth prospects for EV and hybrids

- Elkem has a strong positions towards the EV market
- EVs tend to contain about four times more silicones than conventional cars
- In 2022, Elkem Silicones’ share of revenue to EV was 5%
- Growth forecast from independent market analysts indicate a continued strong growth potential for EVs

Silicones are critical components EVs:

Power-train sealing

Electronic control units (ECU)

Battery modules & packs

Connectors

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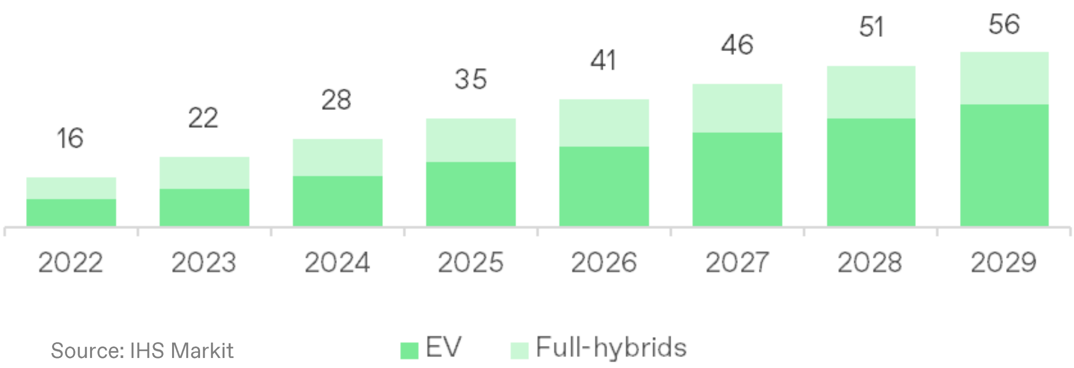
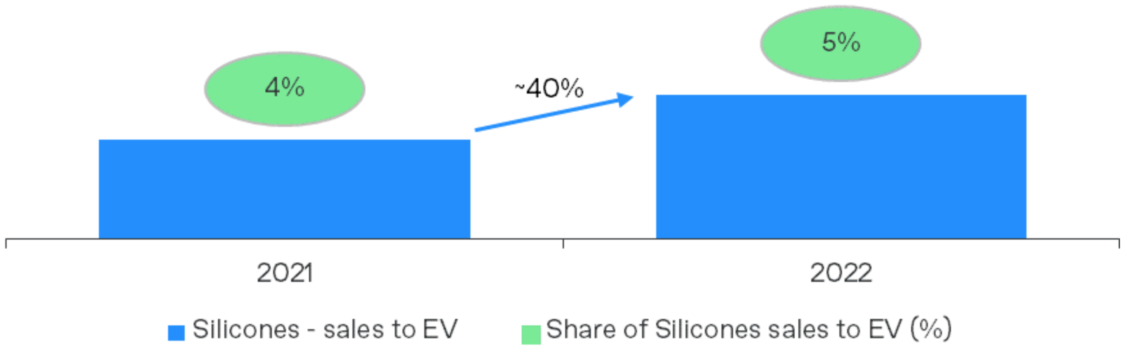
Global EV production forecast, 2023-2029 (in million)



Source: IHS Markit

Silicones content per car

Silicones sales to EV market 2022 vs 2021



European Green Deal implies opportunities for Elkem

- EU's Green Deal Industry Plan & Net Zero Industry Act aims to offer financial incentives for clean technologies – this could drive demand for both silicones and silicon
- EU's Solar Energy Strategy aims to bring online over 320 GW of solar photovoltaic by 2025 and almost 600 GW by 2030
- Target is to ensure investment opportunities, diversify supply chains, and retain more value in Europe to deliver GDP of BEUR 60 per year and creation of more than 400,000 new jobs
- The European Critical Raw Materials Act aims to significantly increase and diversify critical raw materials supply
- Silicon defined as a critical raw material on EU's list

EU Green Deal:

Clean technology incentives

EU Solar energy strategy

600 GW by 2030

EU Critical raw materials act

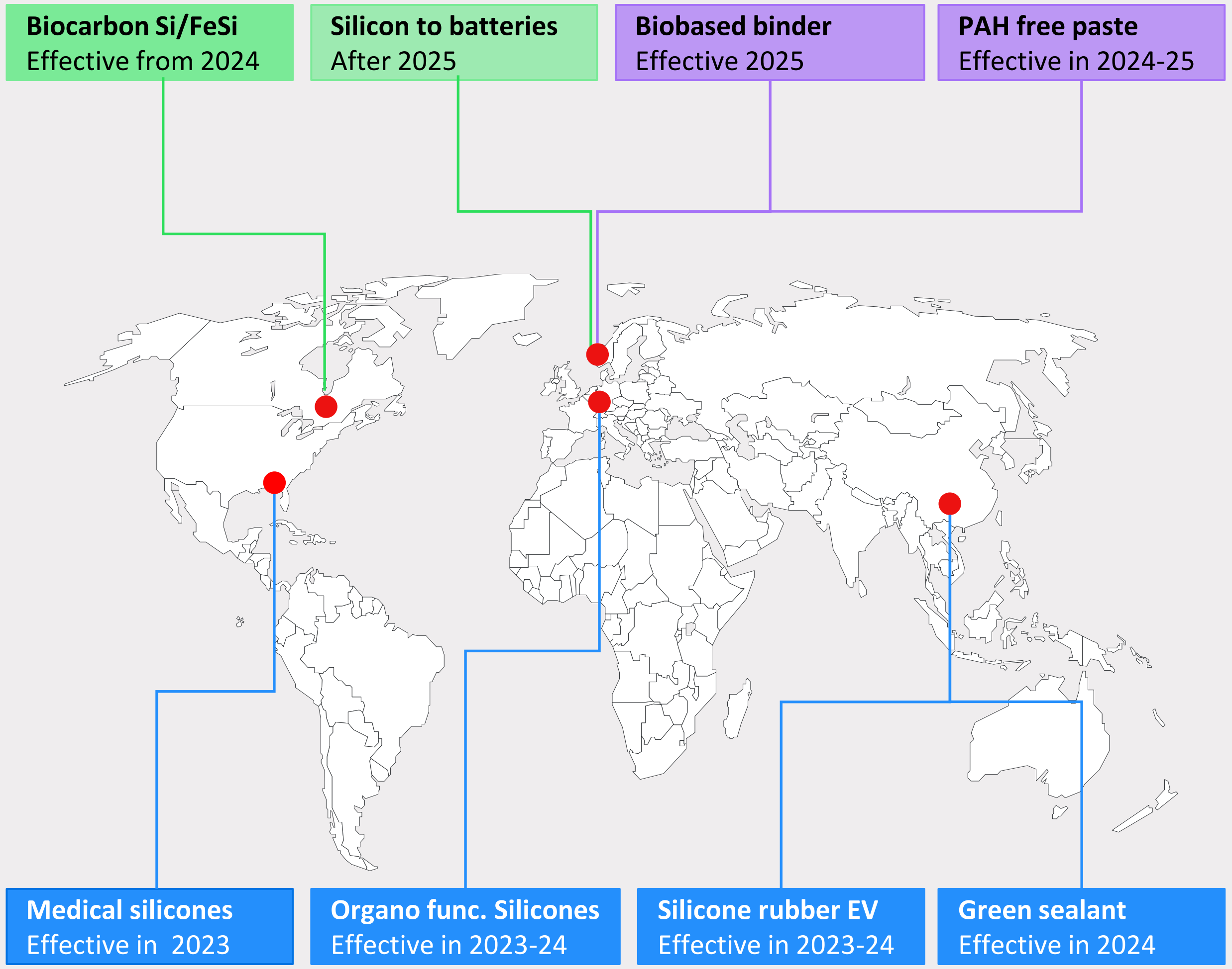
Silicon metal included

Specialisation strategy

Sustainable specialisation strategy addressing attractive markets

- Specialisation of the product portfolio through differentiation in order to increase and stabilise margins through the cycle
- Global research and innovation centres in Norway, France and China
- Addressing markets with high potential where Elkem already has good positions, e.g. silicon, carbon products, silicones to healthcare, consumer and packaging, transportation and construction
- Strong market position in Silicon Products and Carbon Solutions based on high quality and specialised products
- 25% of the Silicones division's sales from products < 5 years

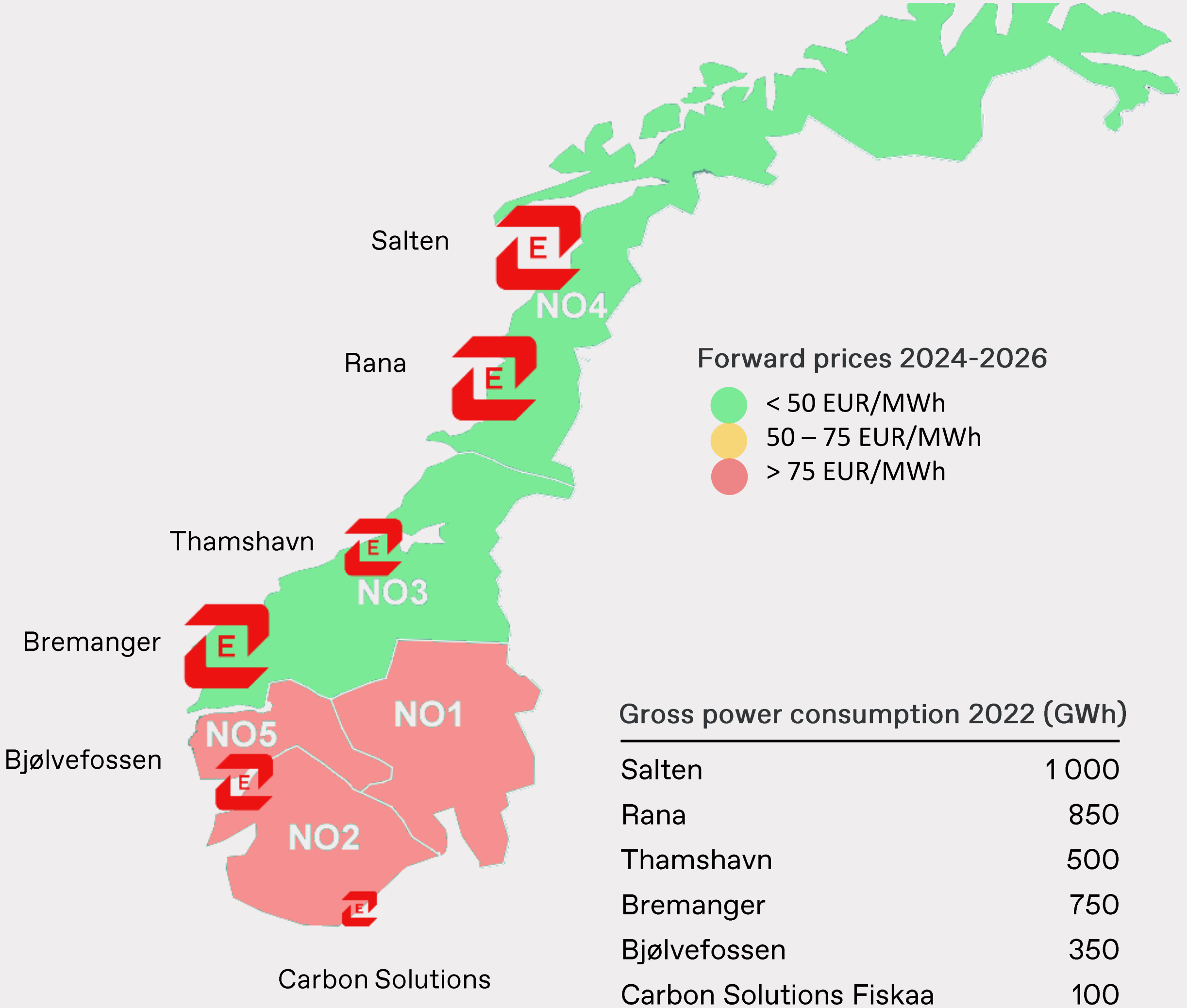
ONGOING SPECIALISATION PROJECTS



New long-term power contracts signed in 1Q-2023

- Elkem is well-positioned with long-term power contracts in Norway with more than 80% of the electricity supply secured at competitive rates until 2026. After 2026, the hedging ratio is gradually declining
- Elkem is continuously evaluating the market conditions for new long-term contracts
- In first quarter 2023, Elkem secured competitive access to power by entering into new contracts for up to 11 years, totaling 520 GWh p.a.
- The new contracts are covering Elkem's plants in Bremanger, Rana and Salten in price area NO3 and NO4

Location of Elkem's plants in price areas

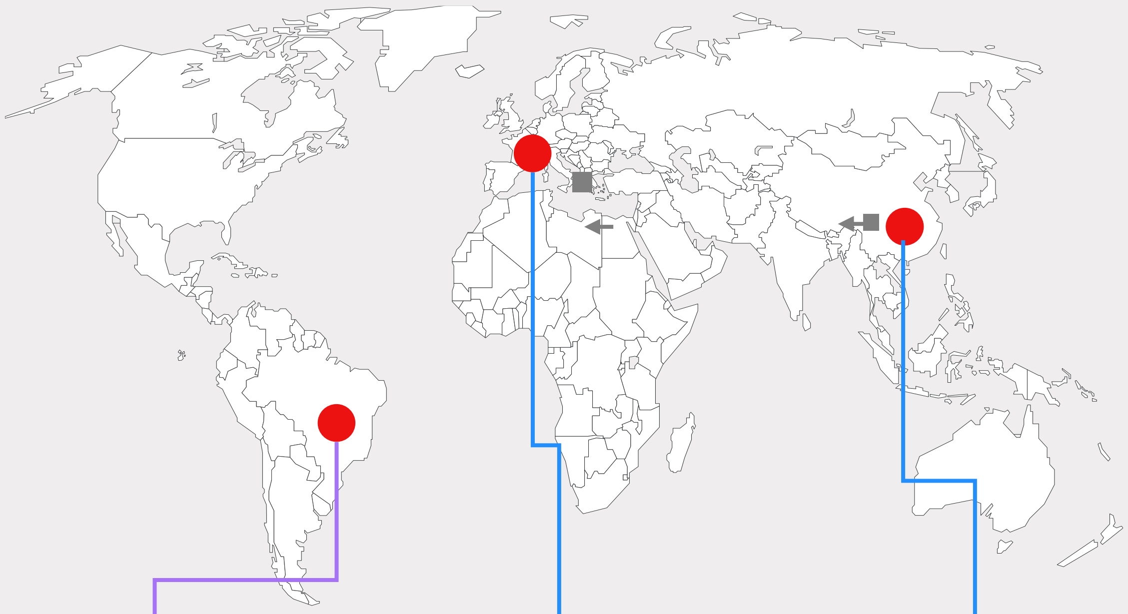


Gross power consumption 2022 (GWh)	
Salten	1 000
Rana	850
Thamshavn	500
Bremanger	750
Bjølvefossen	350
Carbon Solutions Fiskaa	100
SUM	**3 550**

Capacity expansions driving profitable top line growth from 2024

- Silicones expansion in China
  - Increasing capacity by ~120,000 mt (50%)
  - Start up 1Q-2024 – project is on cost and time
  - Expected additional annual sales of more than BNOK 4.0
- Silicones expansion in France
  - Increasing capacity by ~20,000 mt (25%)
  - Start up 4Q-2023 – project on schedule
  - Expected additional annual sales of more than BNOK 2.0
- Carbon Solutions expansion in Brazil
  - Increasing pitch capacity by 40%
  - Start up 3Q-2024
  - Expected additional annual sales of more than BNOK 0.3

Announced capacity expansion projects



Brazil

Capacity increase pitch: 40%
Investment MNOK 200
Start-up: 3Q 2024

Roussillon

Capacity increase: 25%
Investment MNOK 360
Start-up: 4Q 2023

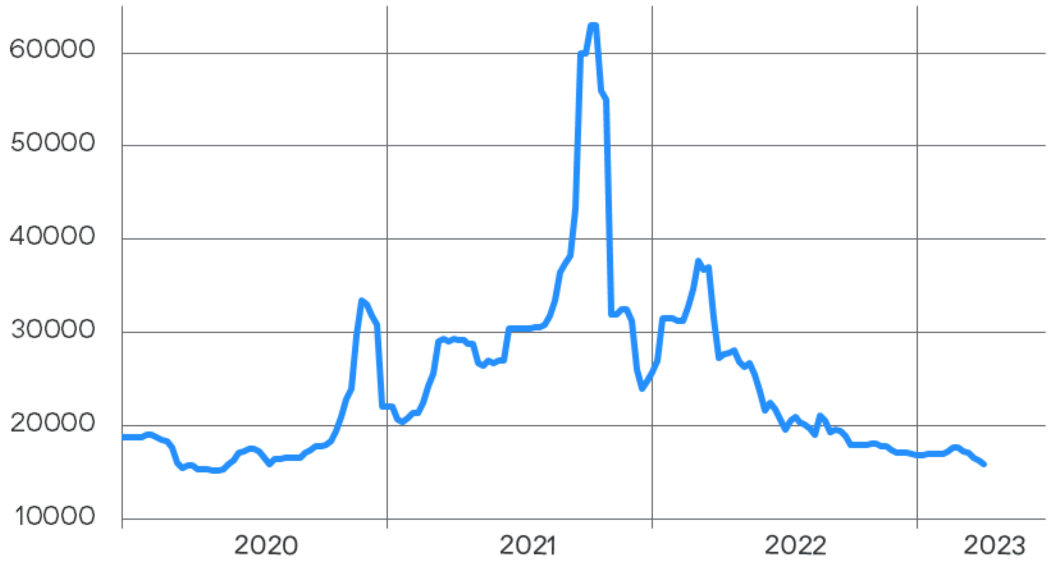
Xinghuo

Capacity increase: 50%
Investment MNOK 3,800
Start-up: 1Q 2024

Weak markets - slow demand and Chinese overcapacity

- The market sentiment for silicones products has remained weak in the 1Q-2023, impacted by weak macro economic sentiment. GDP growth estimates for US and EU being revised down
- Certain speciality grades e.g. EV, healthcare and consumer products holding up quite well
- Challenging market conditions for construction and other commodity grades
- Chinese silicones market seemed to improve after Chinese New Year, but demand increase not sufficient to support a price recovery

DMC reference price China (CNY/mt)

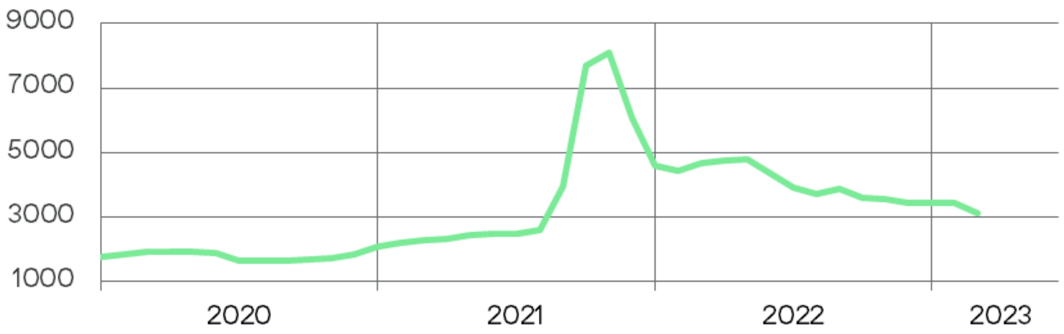


DMC reference prices are based on quotes incl. VAT and transportation.
Quotes may not always reflect accurate sales prices.

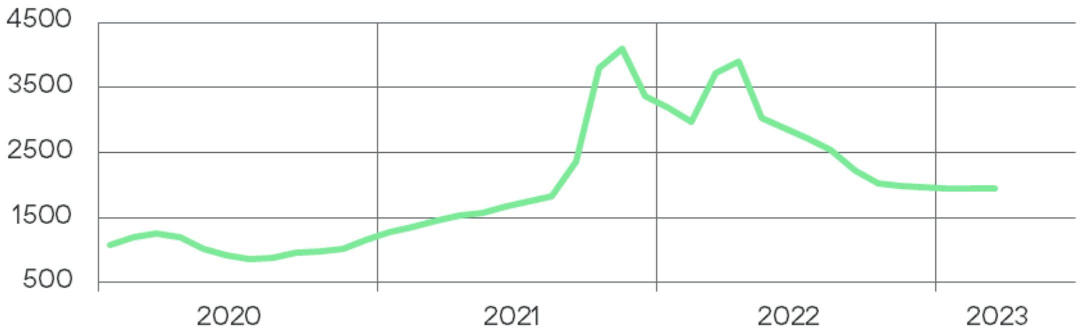
Still high price levels, but slightly decreasing

- Slow demand during the latter part of 2022 has carried over into early 2023
- Market prices for silicon and ferrosilicon have decreased slightly but remain at high levels
- Significant production capacity taken out in Europe as current prices are not sufficient to cover marginal cost on power and raw materials for competitors
- Chinese silicon market increased by approx. 20% in 2022, largely driven by solar, but energy costs remain high

CRU silicon 99 price EU (EUR/mt)



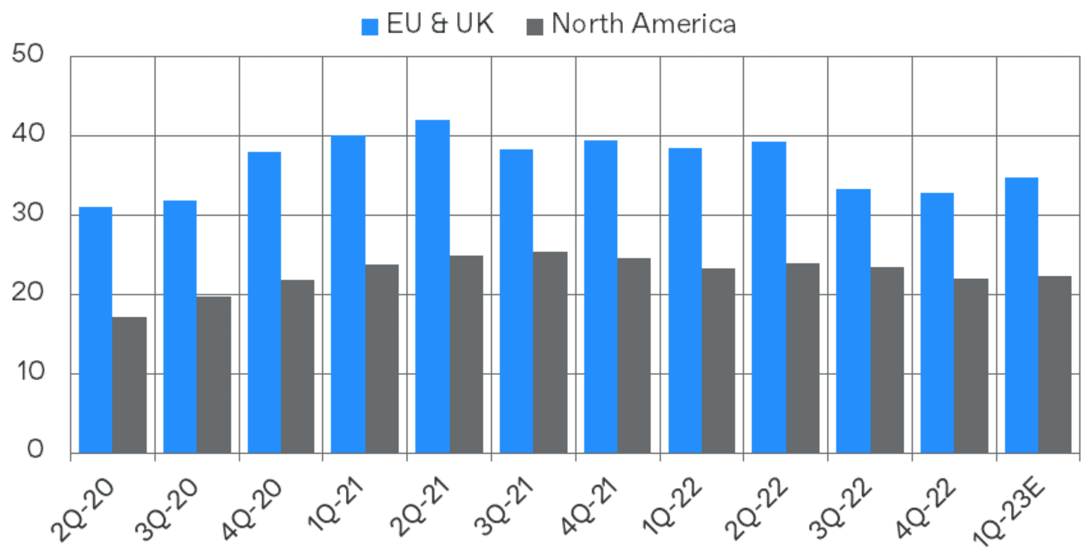
CRU ferrosilicon 75 price EU (EUR/mt)



Strong market positions mitigating weak demand

- Demand for carbon products varies by region driven by steel, ferroalloys, and aluminium
- Global steel production in 1Q-2023 is estimated up 7% vs. 4Q-2022
  - Increase driven by China, estimated up around 11%
  - Europe and North America estimated to be stable
- Despite stronger steel markets the demand for carbon products was weak in 1Q-2023, particularly in Europe. Elkem's global position provides stability due to regional market differences
- Raw material costs have stabilised at high levels

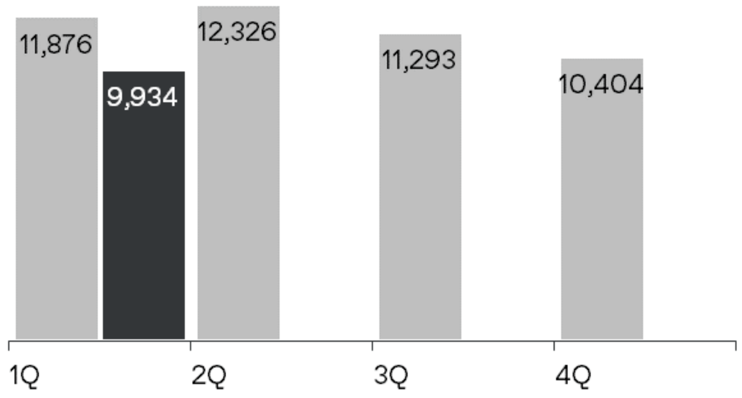
Crude steel production (million mt)



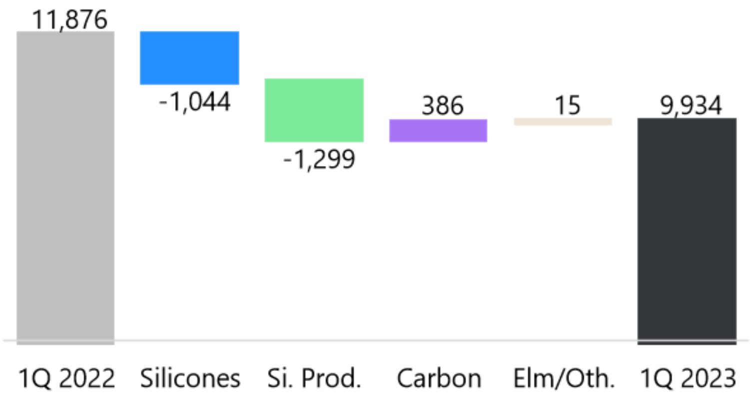
Strong performance by Silicon Products and Carbon Solutions, Silicones impacted by weak markets

Total operating income

- Down from 1Q-2022 due to lower sales prices

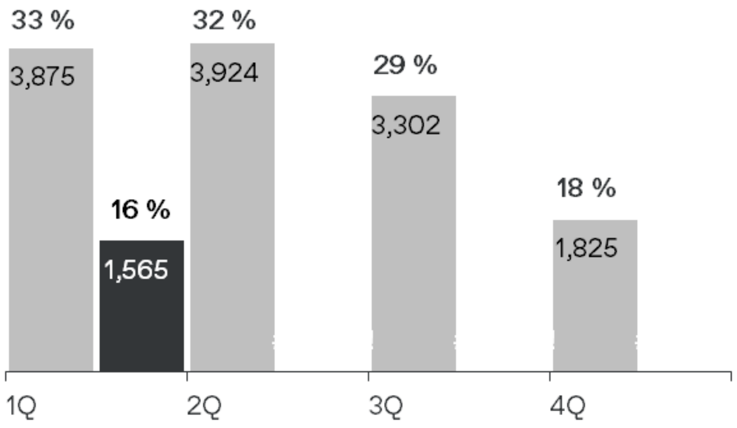


- Silicones and Silicon Products impacted

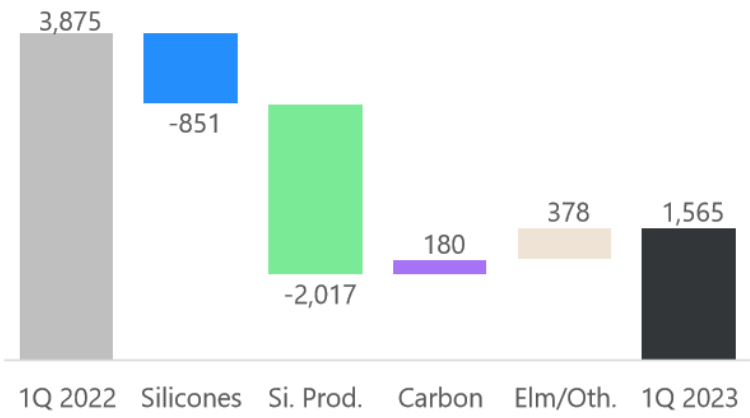


EBITDA

- Down from a historic record level in 1Q-2022



- Explained by lower sales prices for silicones, silicon and ferrosilicon



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Overview financial ratios

- EBITDA MNOK 1,565
  - Segment Other included realised currency hedging losses of MNOK -86
- Other items MNOK 553
  - Consisting of gain on power and currency derivatives MNOK 175 and currency gains on working capital items MNOK 377
- Net finance income (expenses) MNOK -109
  - Consist of net interest expenses MNOK -97, currency loss of MNOK -7 and other financial expenses of MNOK -5
- Tax MNOK -403
  - Resulting in a tax rate of 29% for the first quarter 2023
  - Losses that were not capitalised as deferred tax assets resulting in higher effective tax rate

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Consolidated key figures

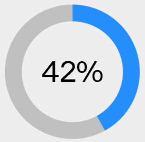
(NOK million, except where specified)	1Q 2023	1Q 2022	YTD 2023	YTD 2022	FY 2022
Total operating income	9,934	11,876	9,934	11,876	45,898
EBITDA	1,565	3,875	1,565	3,875	12,925
EBIT (1)	1,025	3,399	1,025	3,399	10,898
Other items	553	87	553	87	2,151
Net finance income (expenses)	-109	32	-109	32	-161
Profit (loss) before income tax	1,385	3,401	1,385	3,401	12,236
Tax	-403	-732	-403	-732	-2,594
Profit (loss) for the period (2)	952	2,658	952	2,658	9,561
Key ratios					
EPS (NOK per share)	1.50	4.20	1.50	4.20	15.09
Equity ratio (%)	53 %	51 %	53 %	51 %	55 %
Net interest bearing debt (NIBD) (3)	3,670	3,756	3,670	3,756	2,615
Leverage ratio	0.3	0.4	0.3	0.4	0.2
Reinvestments % of D&A	61 %	54 %	61 %	54 %	84 %
ROCE (annualised) (%)	13 %	53 %	13 %	53 %	41 %

(1) Operating profit before other items and hedge adjustments
(2) Owners of the parent's share of profit (loss)
(3) Excluding non-current restricted deposits and interest-bearing financial assets

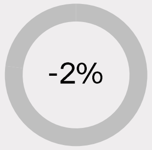
Silicones

Weak market sentiment and Chinese overcapacity

- Total operating income of MNOK 4,190, down 20% from the first quarter last year
  - Mainly explained by lower sales prices, particularly in China due to slow demand and overcapacity
- EBITDA was MNOK -30, clearly down from first quarter last year
  - Mainly explained by lower sales prices
  - Measures being implemented to reduce cost, adjust production and postpone investments
- Slow demand in all regions, but some improvement in China after Chinese New Year. Construction particularly weak



Share of operating income



Share of EBITDA

Share of operating income from external customers ex. Other

Share of EBITDA ex. Other and Eliminations

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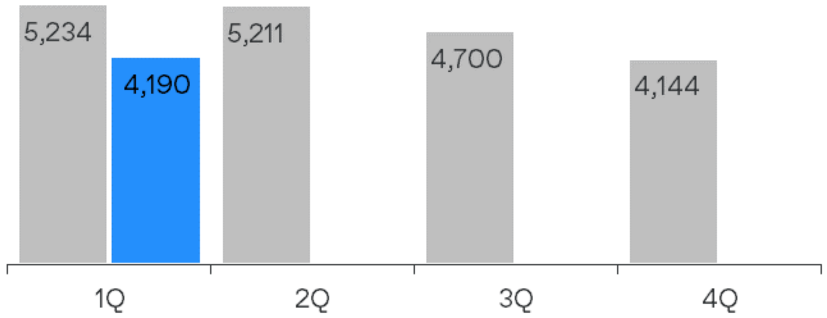
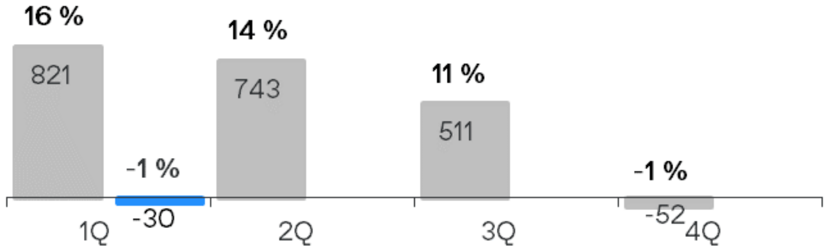
Total operating income

NOK million



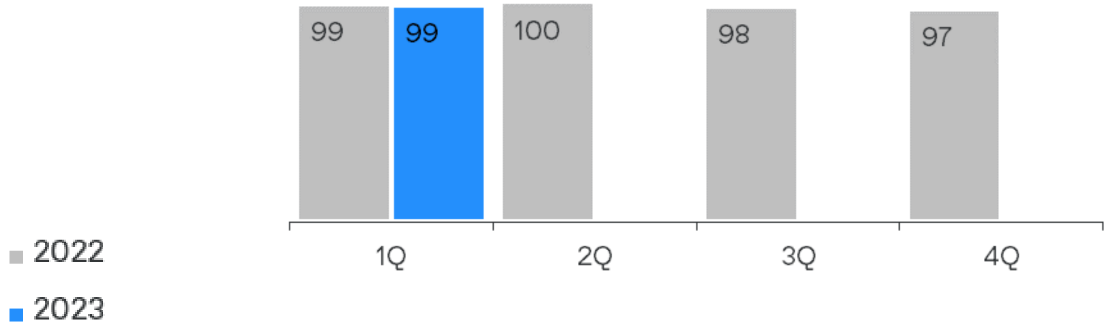
EBITDA and margin

NOK million and %



Sales volume

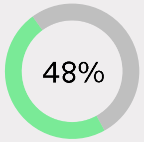
In 1,000 mt



Silicon Products

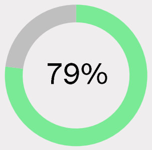
Continuing to benefit from strong market positions

- Total operating income of MNOK 5,134, down 20% from the first quarter last year
  - Explained by lower sales prices and lower sales volumes, primarily silicon and externally sourced material
- EBITDA of MNOK 1,257, down 62% from a record quarter last year
  - Lower EBITDA explained by lower sales prices and lower volumes
  - Margins still at attractive levels due to strong market positions and also supported by weak NOK
- Sales volumes down due to slow demand and destocking effects
  - Historic volumes restated to include externally sourced material



Share of operating income

Share of operating income from external customers ex. Other



Share of EBITDA

Share of EBITDA ex. Other and Eliminations

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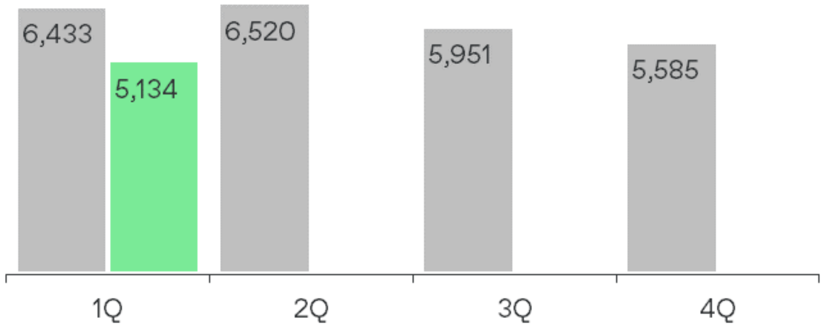
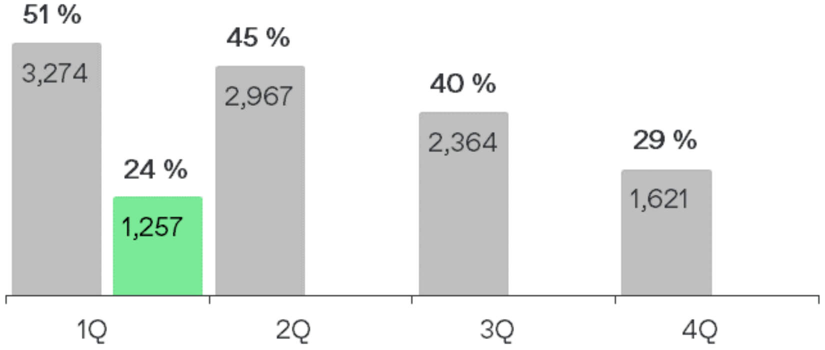
Total operating income

NOK million



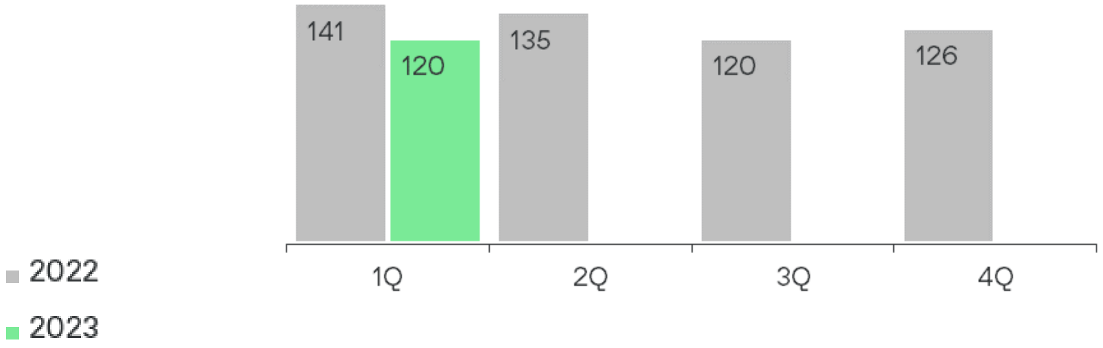
EBITDA and margin

NOK million and %



Sales volume

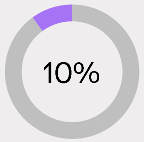
In 1,000 mt



Carbon Solutions

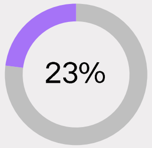
Yet another strong quarter

- Total operating income MNOK 1,113, up 53% from the first quarter last year
  - All-time high operating income explained by higher sales prices and weak NOK
- EBITDA of MNOK 374, up 93% from first quarter last year
  - Higher EBITDA mainly explained by higher sales prices, partly countered by higher raw material costs
- Sales volumes lower than first quarter last year, due to weaker silicon and ferroalloys market, and weaker aluminium market in EU



Share of operating income

Share of operating income from external customers ex. Other



Share of EBITDA

Share of EBITDA ex. Other and Eliminations

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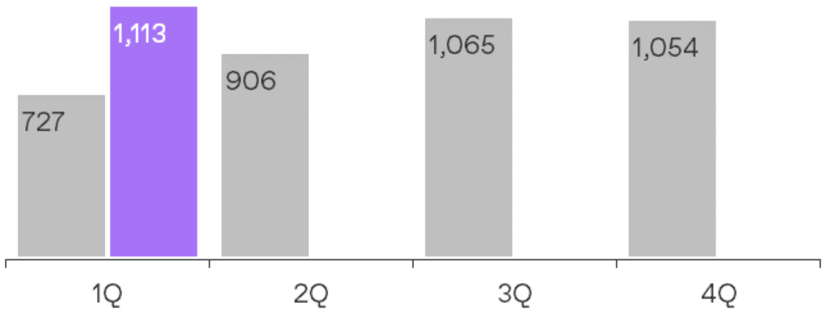
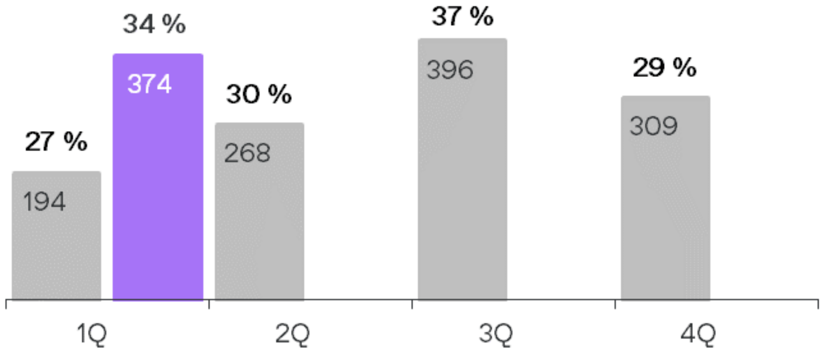
Total operating income

NOK million



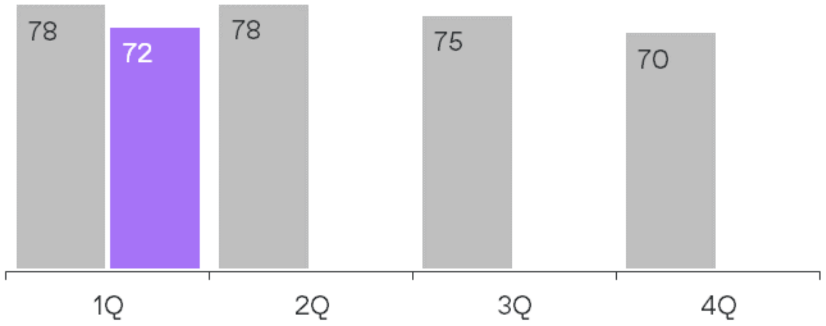
EBITDA and margin

NOK million and %



Sales volume

In 1,000 mt



2022

2023

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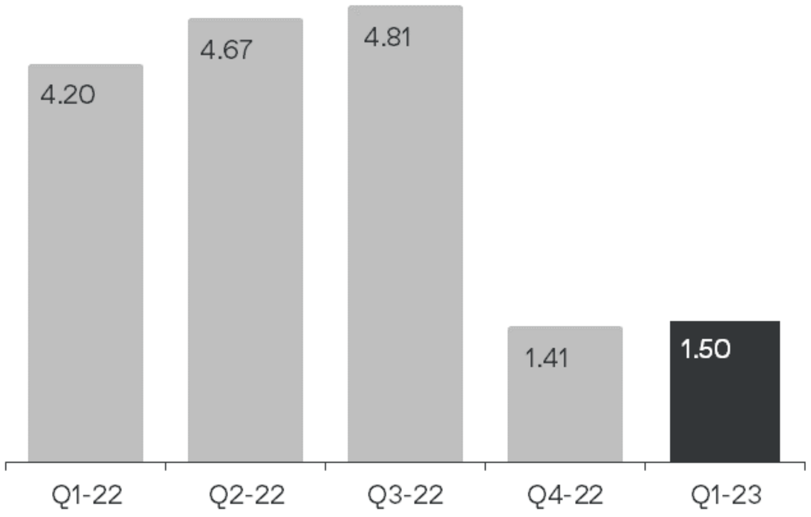
Solid equity position

- Earnings per share (EPS) amounted to NOK 1.50 in the first quarter

- Total equity amounted to BNOK 29.9 as at 31 March 2023, up BNOK 1.1 from year-end 2022
    - Equity to total assets (equity ratio) of 53%, slightly down following higher assets values and weak NOK
    - Adjusted for proposed dividend for 2022 the equity would be BNOK 26.0 giving an equity ratio of 49%

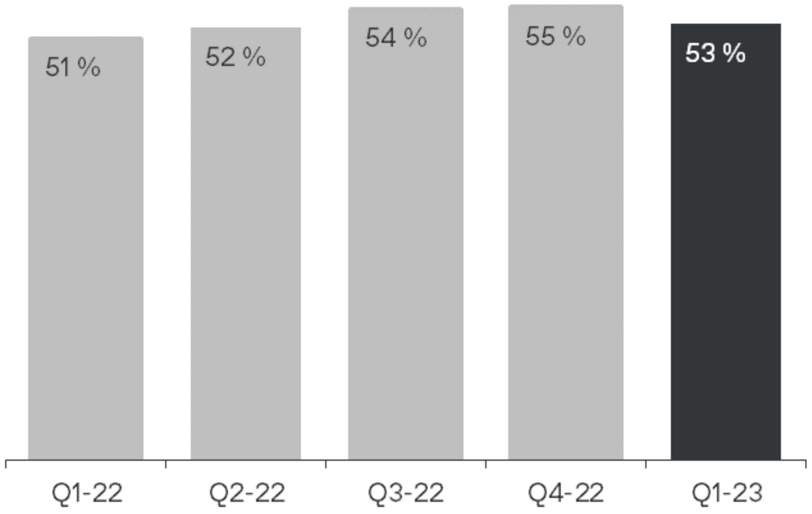
Earnings per share (EPS)

NOK per share



Equity ratio

In percent of total assets



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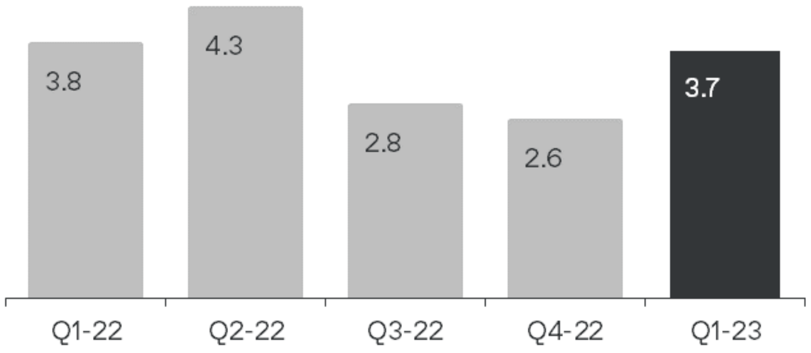
Strong financing position

- Net interest-bearing debt (NIBD) of BNOK 3.7 as at 31 March 2023
  - Leverage ratio of 0.3x based on LTM EBITDA of BNOK 10.6
  - Adjusted for proposed dividend for 2022 the leverage ratio would be 0.7x

- Strong financing position
  - Well managed and distributed debt maturity profile
  - Debt maturities in 2023 in China consist of local working capital financing, which are regularly rolled over

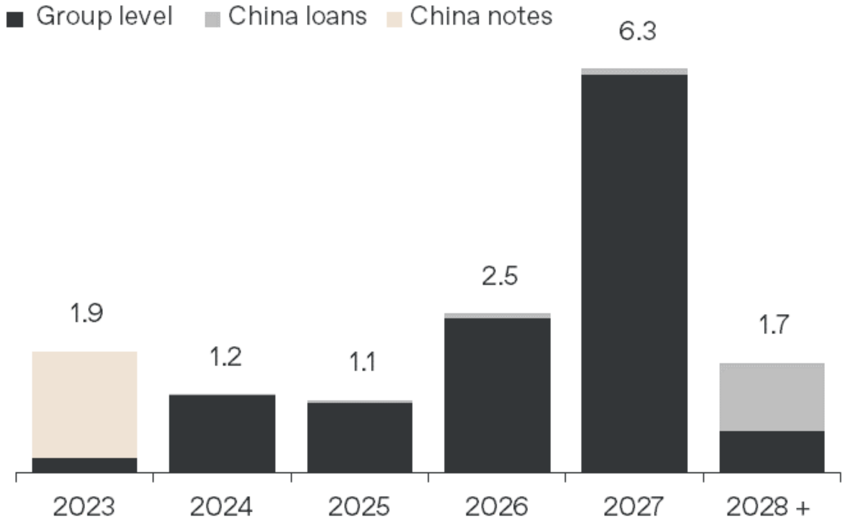
Net interest-bearing debt (NIBD)

NOK billion



Maturity profile

NOK billion



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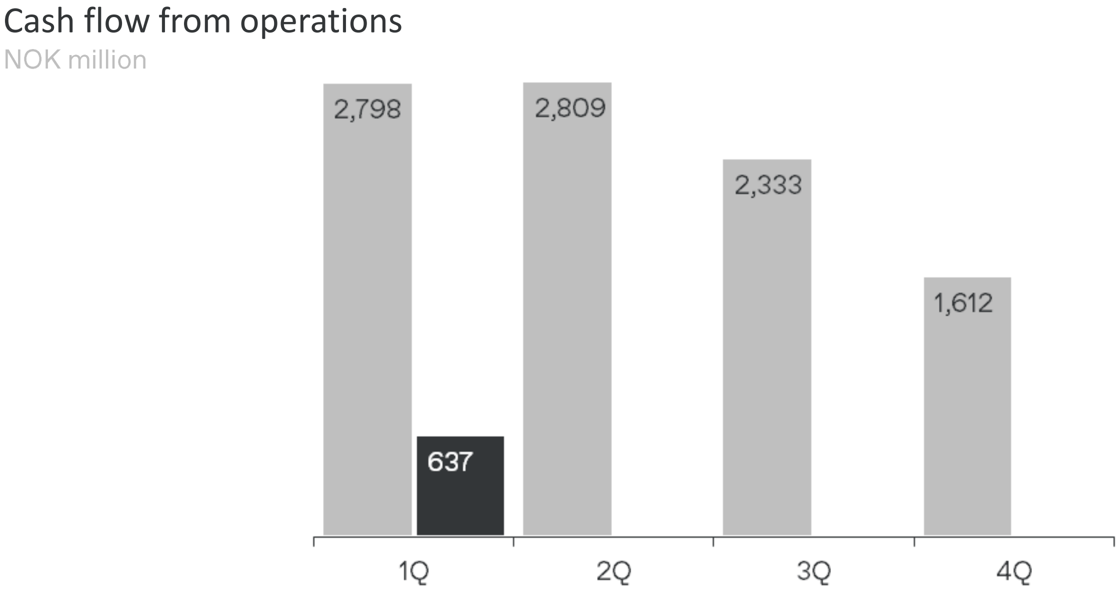
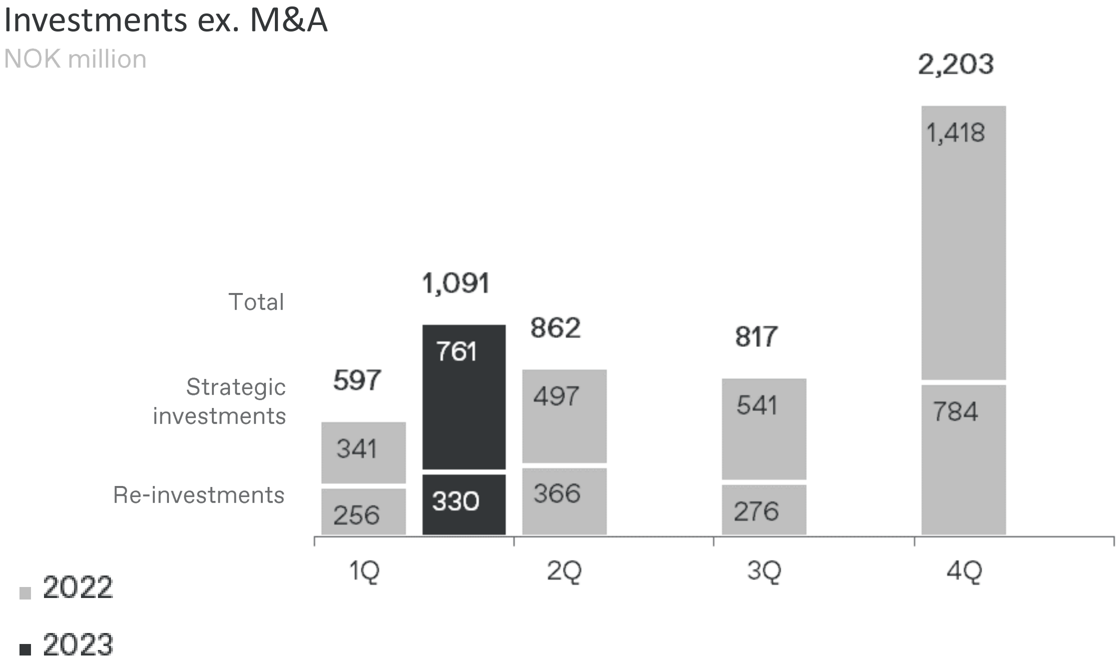
Good cash flow generation, increased investments

- Cash flow from operations[(1)] was MNOK 637 in the first quarter 2023
  - Lower cash flow compared to corresponding quarter last year was mainly due to lower EBIT

- Investments ex. M&A of MNOK 1,091 in the first quarter 2023
  - Reinvestments were MNOK 330 in first quarter, amounting to 61% of D&A. Target is 80-90% of D&A.
  - Strategic investments were MNOK 761 in the quarter, mainly related to Silicones projects in France and China





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

Outlook for the second quarter 2023

- Market sentiment still weak going into the second quarter, but Elkem benefits from strong market positions and robust financials
- Elkem accelerating planned maintenance positioning for expected demand recovery and improved market conditions
- Silicones markets remain challenging due to weak sentiment in EU and US, and overcapacity in China. Maintenance stop in China in May and June will impact sales in APAC
- Stable but weak markets for Silicon Products. Maintenance stops at Thamshavn and Rana expected to have modest impact on results. Raw material costs coming down, particularly for reduction agents
- Carbon Solutions could be impacted by lower demand, but performance expected to remain at a good level

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.

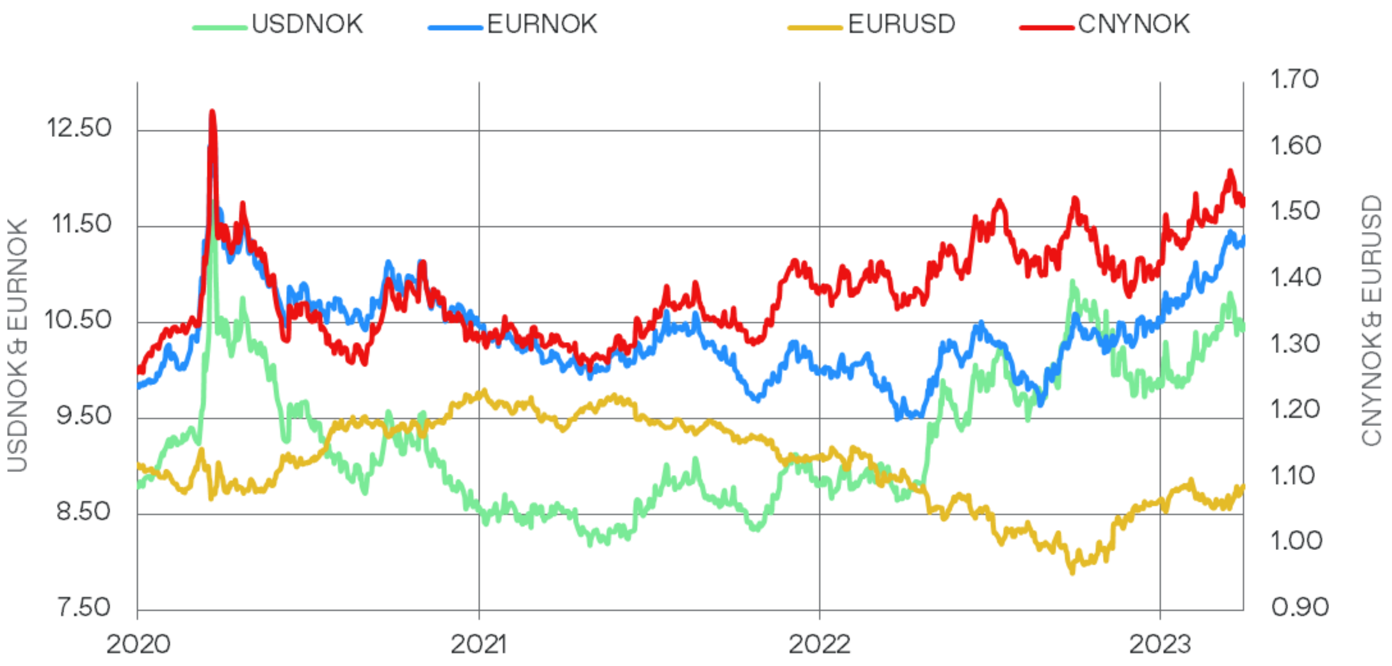
Appendix

Currency sensitivity

- The result and cash flow are exposed to currency fluctuations. The main currencies are EUR, USD and CNY
  - EUR - exposure approx. MEUR 550
  - USD - exposure approx. MUSD 175
  - 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 800 over the coming 12 months. CNY is not hedged



Currency development

- As of 31 March 2023, the NOK closed 8% weaker against the EUR, 6% weaker against USD, and 7% weaker against CNY compared to 31 December 2022
- In 1Q-2023, the NOK was on average 11% weaker against EUR, 16% weaker against USD, and 7% weaker against CNY compared to 1Q-2022

Elkem

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 2026. After 2026, 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 150 per year(*)
  - 10% price change on ferrosilicon is expected to affect result by approx. MNOK 500 per year(*)

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

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