



Fourth quarter results 2022

Agenda

Business update

By CEO Helge Aasen

Financial performance

By CFO Morten Viga

Outlook

By CEO Helge Aasen



Highlights

Fourth quarter concludes a record year for Elkem

- Elkem delivered a good result for the fourth quarter, based on strong performance from Silicon Products and Carbon Solutions
- The market conditions have generally been weak, particularly in China, severely impacting the Silicones division
- Elkem's business model is robust against turbulent markets, based on a diversified product portfolio and balanced geographical positions
- In December, Elkem was awarded double A- scores from CDP for the company's efforts on climate and forests
- Earnings per share (EPS) was NOK 15.09 in 2022. The board has proposed a dividend of NOK 6.00 per share, equivalent to 40% of profit for the year



Total operating income
MNOK 10,404

EBITDA
MNOK 1,787

EBITDA margin
17%



ESG – rated among the world’s leading companies

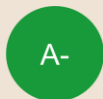


A clear focus on ESG

- Awarded double A- scores from CDP for the company’s efforts on climate and forests. Elkem also achieved a B score on water security
- Elkem has closed its first sustainability linked loan facility with KPIs on key sustainability goals
- World’s first carbon capture pilot for smelters inaugurated at Elkem in Rana, Norway



Climate Change 2022



Forests 2022

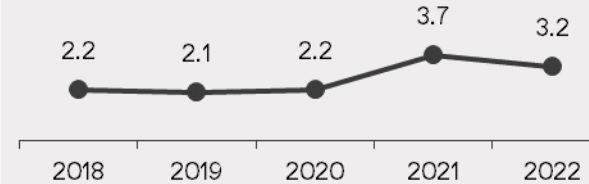


Water Security 2022

Safety

Ambition: Zero injuries

Total injury rate (per million working hours)



Social

- Human rights impact assessment completed in 4Q-2022
- Launching of a new system to strengthen HSE work

Environmental

- Target to reduce product carbon footprint by 39% by 2031
- > 80% of electrical consumption from renewable energy

Governance

- 54% of revenue in 2021 defined as EU Taxonomy eligible
- Conducting physical climate risk assessment according to TCFD

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 CO₂
→ Growing supplies to green transition & creating green ventures

Silicones

- Balanced geographical growth
- Improve cost position
- Higher degree of specialisation

Silicon products

- Selective growth
- Secure leading cost positions
- Lower carbon emissions

Carbon solutions

- 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 CO₂
-28% 2020-31

Net zero
By 2050

Investing in Brazil to expand attractive business

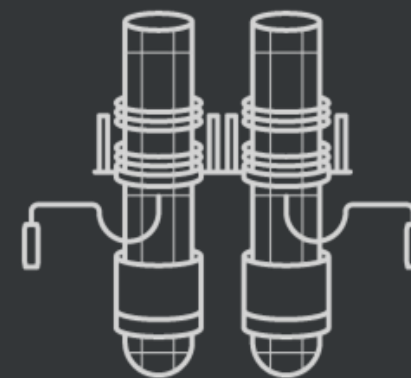
- Elkem will expand its production capacity for pitch in Brazil
- This is an example of Elkem's dual strategy with focus on diversified geographical growth across the value chain
- Pitch is based on by-products from the steel industry and is both a raw material in the electrode paste production and an end-product sold to external customers, mainly to the aluminium industry
- The increased production of high-quality pitch will mostly be supplied to a major customer on a long-term contract



Investment amount
MNOK 200

Capacity increase
40%

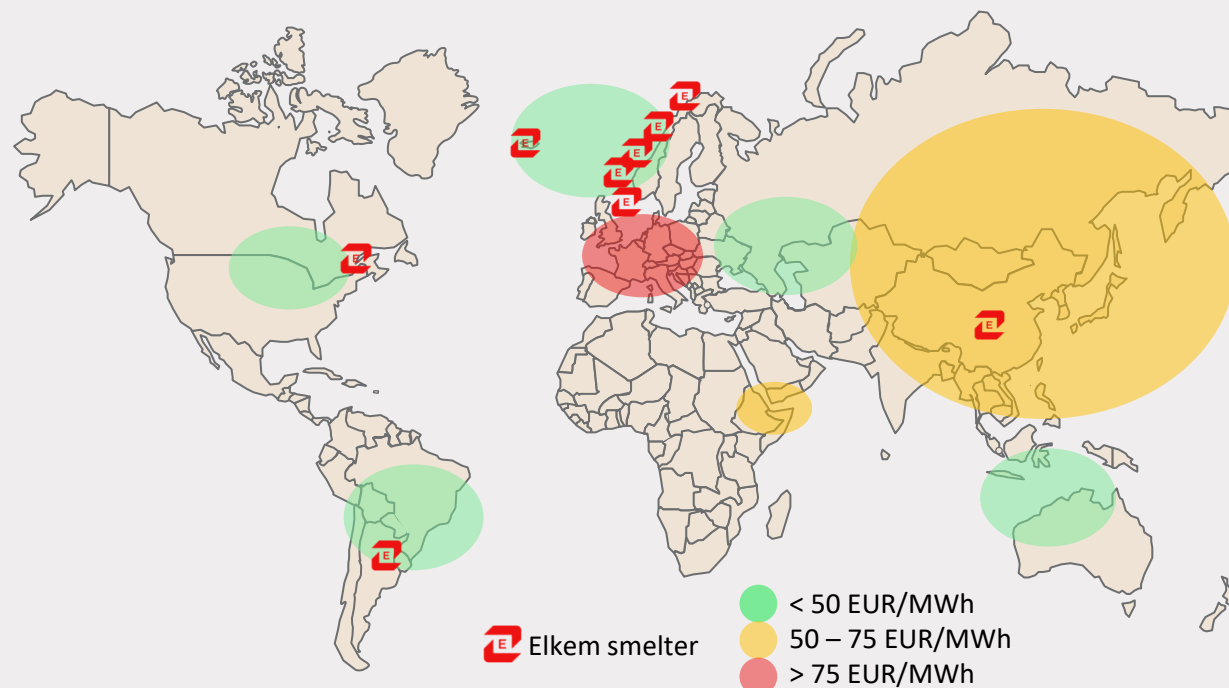
Additional annual sales
> MNOK 300



Competitive advantage with its unique geographic footprint

- European energy prices have come down over the past month, but forward prices still at a high level in a historical context
- A majority of the global production takes place in regions with medium to high energy price levels
- Elkem benefits of its unique global footprint and renewable energy exposure

Heat map – estimated power prices



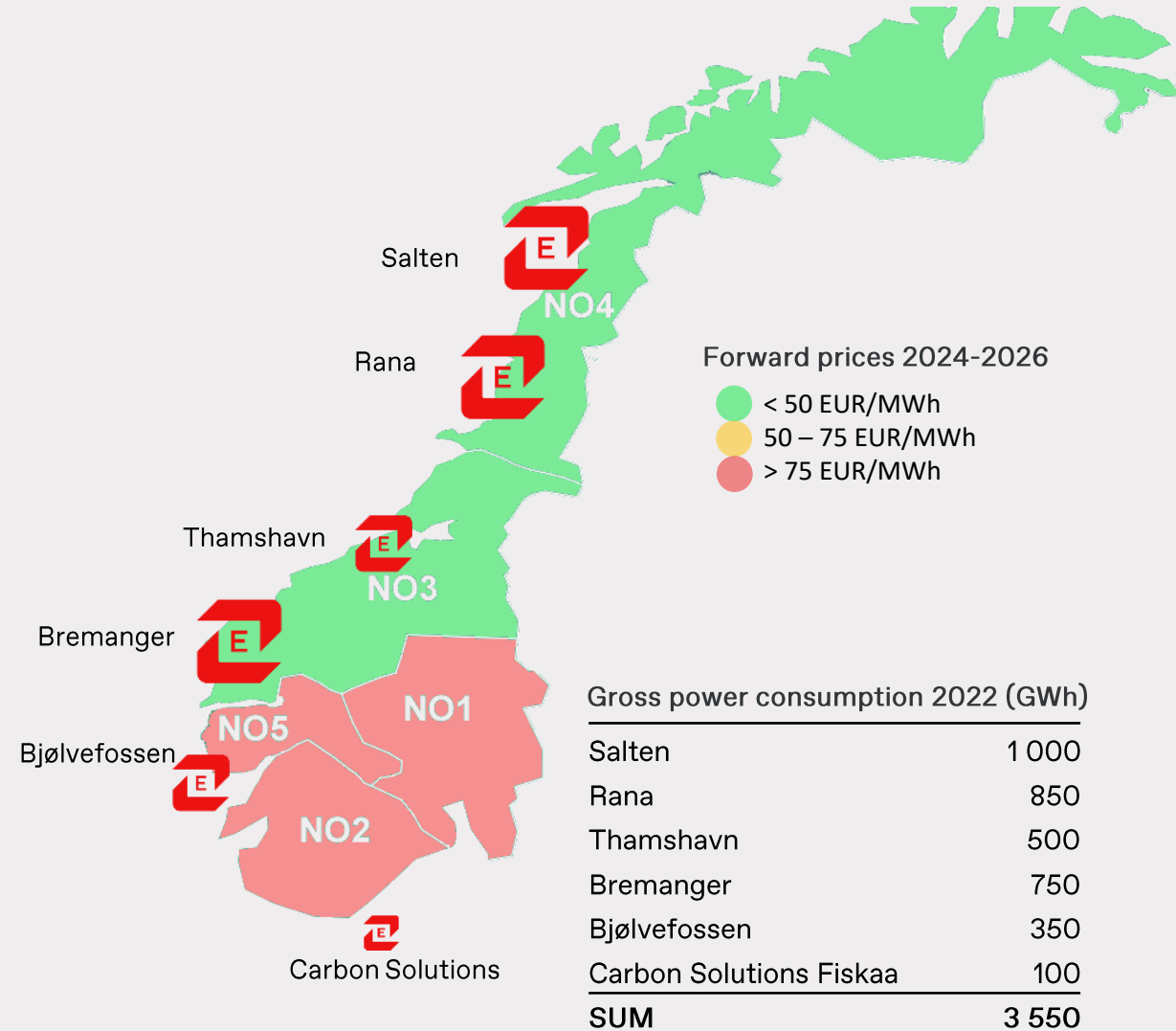
Production volumes for silicon and ferrosilicon in 2022 (% of total)

Regions	Silicon	Ferrosilicon
EU	3,9 %	1,8 %
Norway & Iceland	6,6 %	3,6 %
North America	4,5 %	2,3 %
South America	5,9 %	4,5 %
China	74,5 %	72,5 %
Asia Pacific	3,5 %	5,0 %
Russia & Central Asia	1,0 %	7,9 %
Rest of the world	0,1 %	2,4 %
SUM	100,0 %	100 %

Flexibility in operations enables value creation in tight power markets

- Elkem is well-positioned with long-term power contracts securing electricity supply in Norway at competitive rates
- The power market in Norway is split into difference price areas with Elkem’s smelters favourably located
- In 4Q-2022, Elkem decided to partially curtail its production in Norway by temporarily stopping two furnaces - one at Thamshavn and one at Rana
 - Flexibility to optimise operations by curtailing production and selling power at prevailing spot price
 - Gain of MNOK 40 from discontinuation of hedging, not included in EBITDA for 4Q-2022
 - Thamshavn and Rana are restarted, but Elkem will continuously monitor the situation based on the overall market conditions

Location of Elkem’s plants in price areas

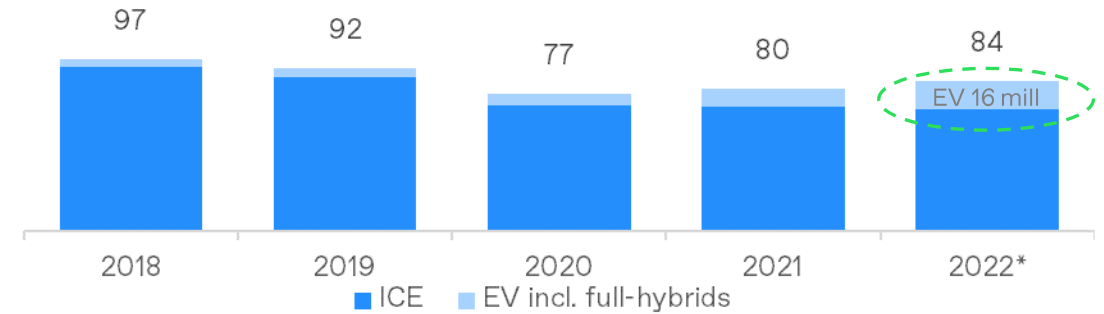


Deflation in automotive market, but strong growth prospects for EV and hybrids

- Global sales of light vehicles have declined by approx. 15% after 2019 due to covid-19 impact and supply chain disruptions
- Markets have not yet recovered, and sales have been fairly flat at around 80 million for the last three years
- For 2023, the expected growth is moderate (approx. 4%), affected by global supply chain issues and economic uncertainty
- Despite a weak overall automotive market, production of EVs has been rising strongly - current estimates shows 16 million in 2022, which is expected to increase to 22 million in 2023
- For Elkem this development is positive, as EVs contain approx. 4 times more silicones than regular cars

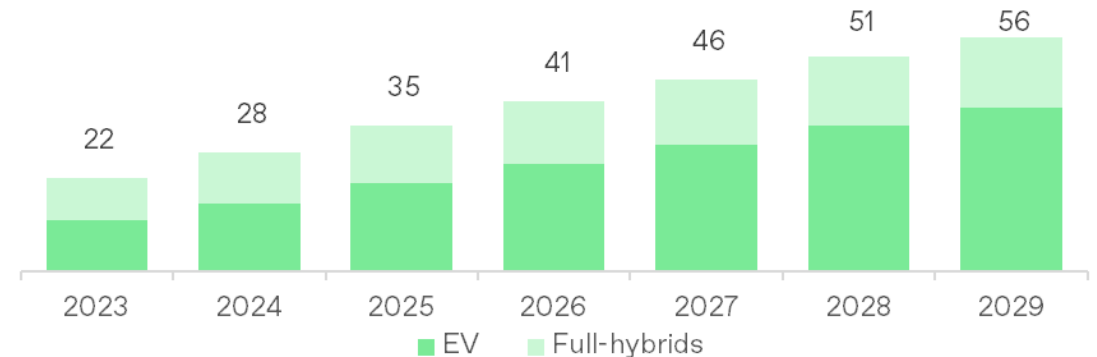


Global light vehicles production, 2018 – 2022 (in million)



* 2022 based on estimate

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



Source: IHS Markit

Covid situation severely impacting Chinese markets

- The Covid situation has impacted Chinese markets throughout 2022, with forecasted GDP growth down to approx. 3%
- Lock downs and travel restrictions have negatively impacted consumption and production, particularly for downstream silicones
- Covid restrictions were lifted late 4Q-2022, but infection rates soared, leading to even lower demand
- Construction and consumer markets have been hit particularly hard, due to economic uncertainty
- The situation has severely impacted the results for the Silicones division
- A recovery is expected after Chinese New Year. Chinese government likely to stimulate among others the construction sector. A recovery also expected in EV and consumer markets



Weak silicones markets, particularly in China

- The market sentiment for silicones products has weakened during 4Q-2022, impacted by weaker macro economic sentiment
- Demand and prices for speciality grades e.g. EV, healthcare and consumer products are still holding up well despite weaker markets
- Challenging market conditions for construction and other commodity grades
- DMC prices in China declining below 17,000 CNY/t late 4Q-2022
 - This is approx. 15% lower than the price for chemical grade silicon
 - Chinese silicones market severely impacted by Covid-situation



DMC reference price China (CNY/mt)

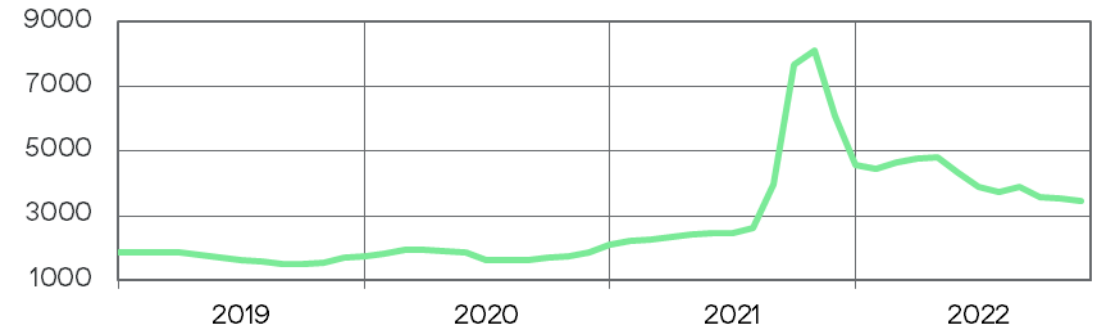


Still high price levels, but slightly decreasing

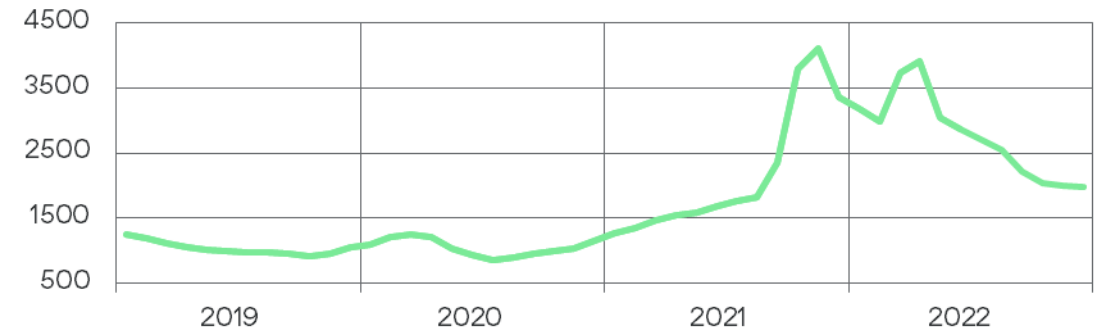
- Market prices for silicon and ferrosilicon have decreased slightly during 4Q-2022 but remain at high levels
- Significant production capacity taken out in Europe due to energy situation. Current CRU prices not sufficient to cover marginal cost on power and raw materials for competitors
- Despite challenging market conditions, the Chinese silicon market demand has increased by approx. 20% in 2022, largely driven by solar
- Energy costs in China remain high and have seasonally increased in 4Q-2022 due to dry season



CRU silicon 99 price EU (EUR/mt)



CRU ferrosilicon 75 price EU (EUR/mt)

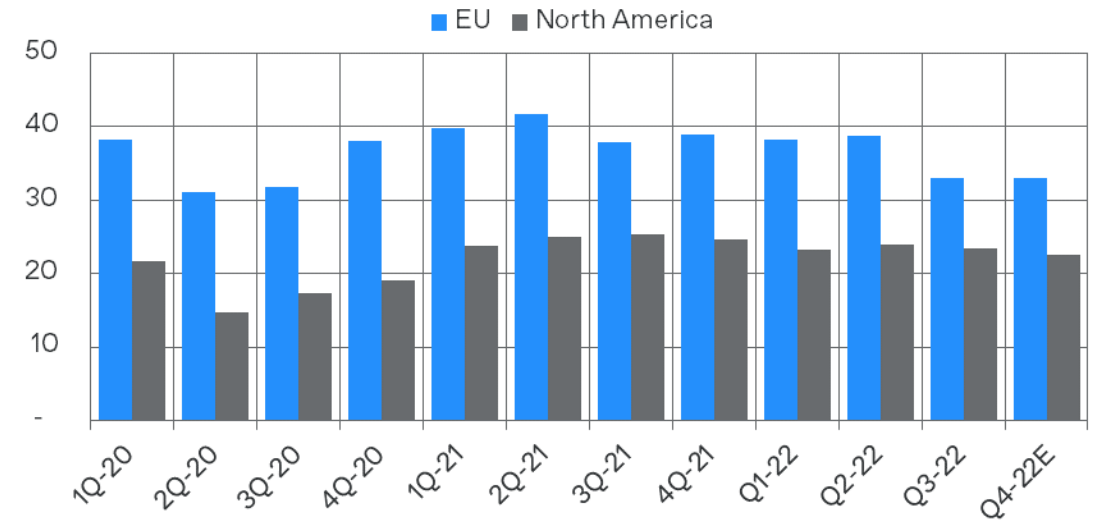


Strong market positions mitigating effects of lower demand

- Demand for carbon products varies region by region, and is driven by steel, ferroalloys and aluminium
- Global steel production estimated down 2% compared to 3Q-2022
 - Decline in China and US estimated to around 4%
 - EU and other regions have been stable
- Weaker demand for carbon products in 4Q-2022 due to weak steel markets and idling of ferroalloy and aluminium production. Elkem's global position provides stability due regional market differences
- Raw material costs have continued to increase, leading to higher sales prices, but inflation effects have reduced margins



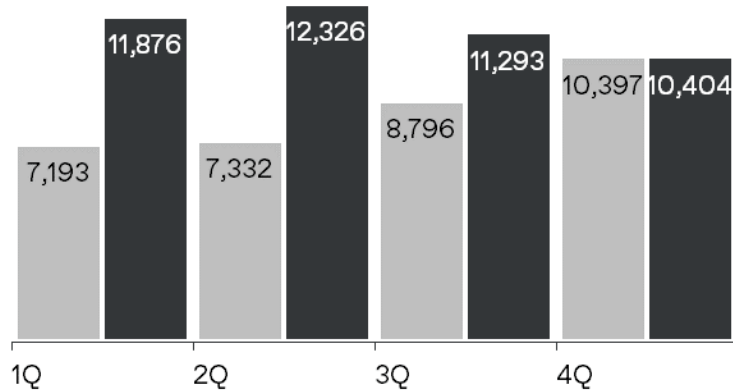
Crude steel production (million mt)



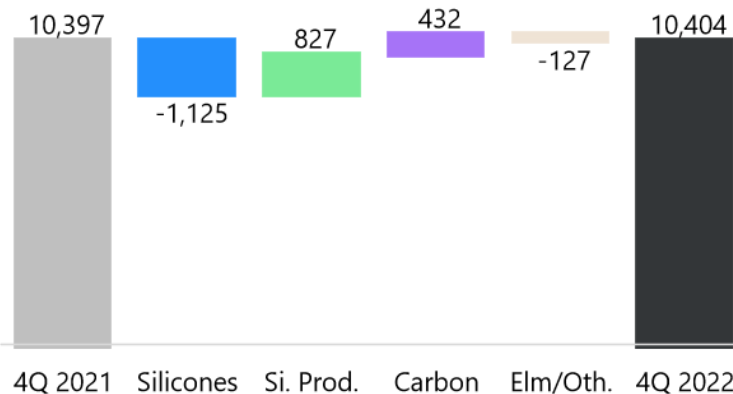
Weak result for Silicones, but another strong quarter for Silicon Products and Carbon Solutions

Total operating income

- In line with 4Q-2021

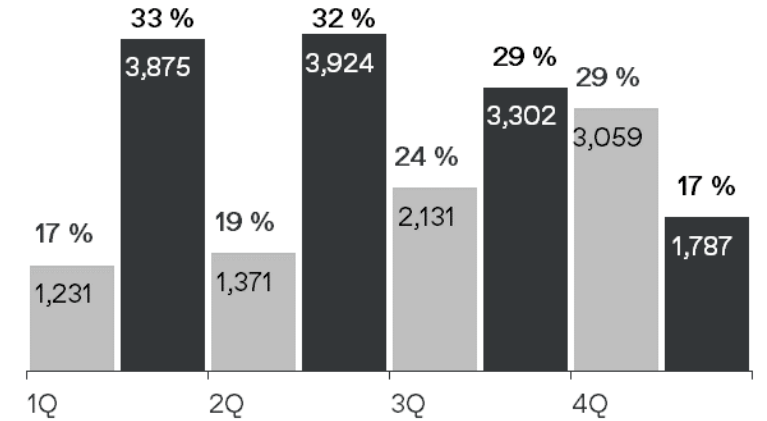


- Lower operating income for Silicones offset by Silicon Products & Carbon Solutions

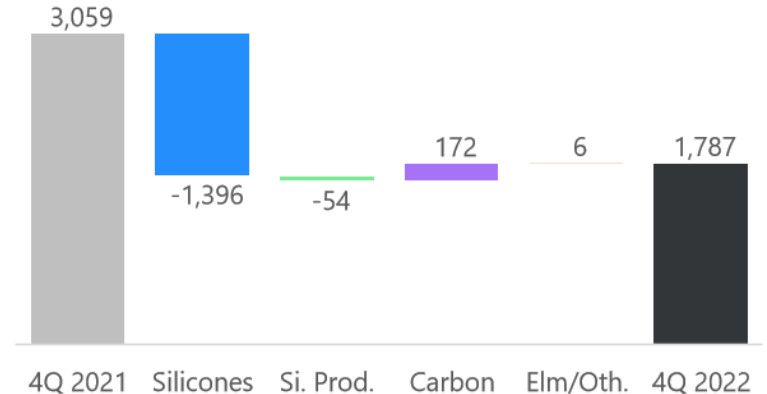


EBITDA

- Down 42% compared to 4Q-2021



- Reduction explained by weak result for Silicones



Overview financial ratios

- EBITDA MNOK 1,787
 - Segment Other included realised currency hedging losses of MNOK -34. Gain of MNOK 40 from discontinuation of power hedging in Norway not included in EBITDA (included from 1Q-23)
- Other items MNOK 168
 - Mainly consisting of gain on power and currency derivatives MNOK 333, offset by currency loss on working capital items MNOK -185. Various other items amounted to MNOK 20
- Net finance income (expenses) MNOK -208
 - Consist of net interest expenses MNOK -73, currency loss of MNOK -129 and other financial expenses of MNOK -6
- Tax MNOK -254
 - Resulting in a tax rate of 22% for the fourth quarter 2022
 - Tax rate YTD-2022 was 21%

Consolidated key figures

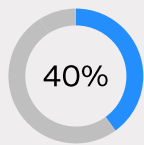
<i>(NOK million, except where specified)</i>	4Q 2022	4Q 2021	YTD 2022	YTD 2021	FY 2021
Total operating income	10,404	10,397	45,898	33,717	33,717
EBITDA	1,787	3,059	12,887	7,791	7,791
EBIT	1,229	2,586	10,861	5,899	5,899
Other items	168	-85	1,554	-114	-114
Net finance income (expenses)	-208	28	-161	6	6
Profit (loss) before income tax	1,178	2,538	12,236	5,827	5,827
Tax	-254	-564	-2,594	-1,163	-1,163
Profit (loss) for the period ⁽¹⁾	894	1,964	9,561	4,628	4,628
Key ratios					
EPS (NOK per share)	1.41	3.11	15.09	7.49	7.49
Equity ratio (%)	55 %	47 %	55 %	47 %	47 %
Net interest bearing debt (NIBD) ⁽²⁾	2,615	4,827	2,615	4,827	4,827
Leverage ratio	0.2	0.6	0.2	0.6	0.6
Reinvestments % of D&A	146 %	145 %	84 %	91 %	91 %
ROCE (annualised) (%)	23 %	44 %	41 %	27 %	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

Impacted by Covid situation in China

- Total operating income of MNOK 4,144, down 21% from the fourth quarter last year
 - Lower sales prices, particularly for commodities in China
- EBITDA was MNOK -52, clearly down from fourth quarter last year
 - Mainly explained by lower sales prices and higher raw material costs. In addition, inventory write downs and extraordinary maintenance costs negatively impacted EBITDA by MNOK 175
- Demand decrease towards the end of the year due to de-stocking effects and Covid in China. Specialties are holding up well



Share of operating income



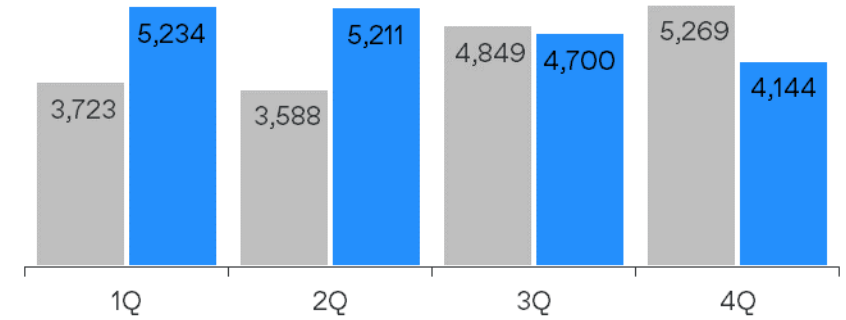
Share of EBITDA

Share of operating income from external customers ex. Other

Share of EBITDA ex. Other and Eliminations

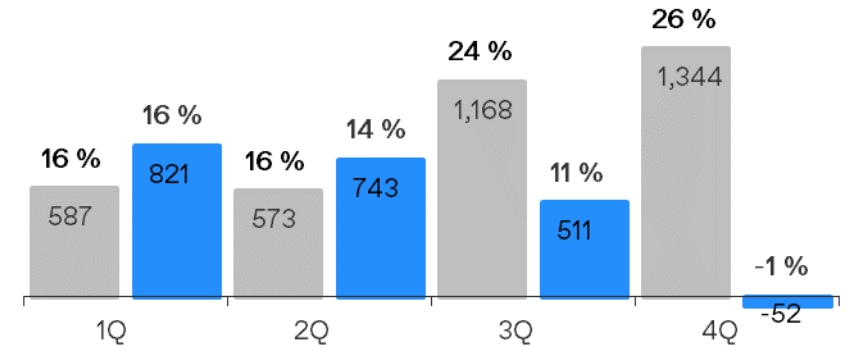
Total operating income

NOK million



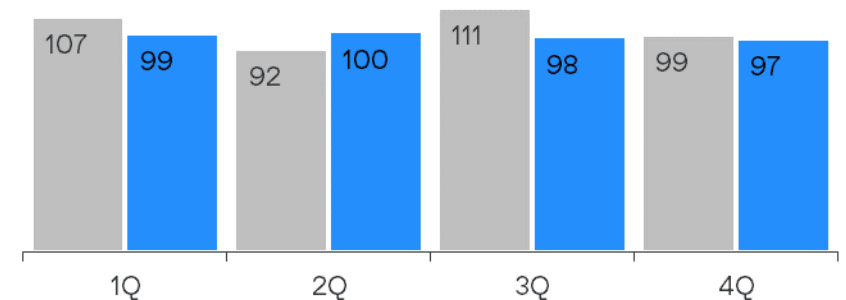
EBITDA and margin

NOK million and %



Sales volume

In 1,000 mt

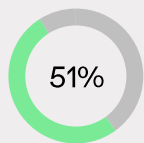


■ 2021

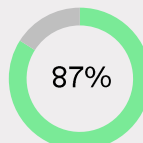
■ 2022

Strong performance in weak markets

- Total operating income of MNOK 5,562 up 17% from the fourth quarter last year
 - Increased operating income explained by higher sales prices for silicon and foundry alloys, partly countered by lower ferrosilicon prices and lower sales volumes
- EBITDA of MNOK 1,592, down 3% from fourth quarter last year
 - Lower EBITDA was mainly explained by higher raw material costs and lower sales volumes
 - Gain of MNOK 32 from discontinuation of power hedging related to the closed furnaces at Thamshavn and Rana not included
- Stable sales volumes despite weak market sentiment



Share of operating income



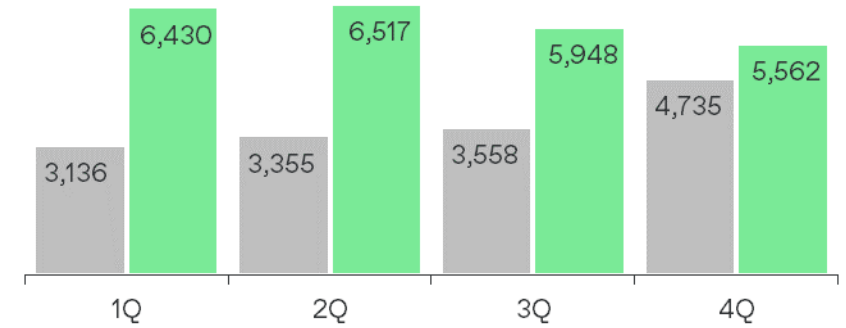
Share of EBITDA

Share of operating income from external customers ex. Other

Share of EBITDA ex. Other and Eliminations

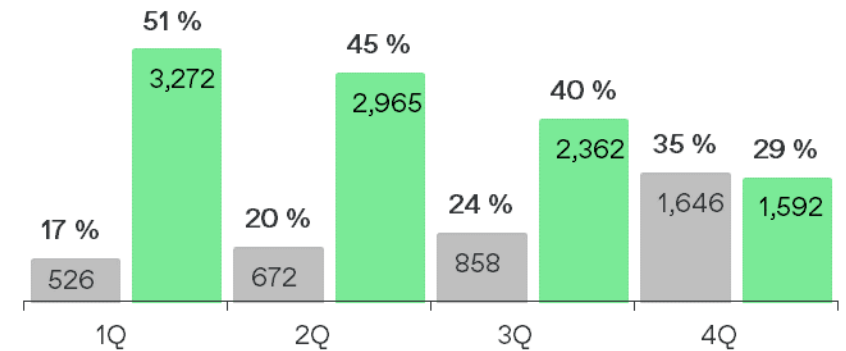
Total operating income

NOK million



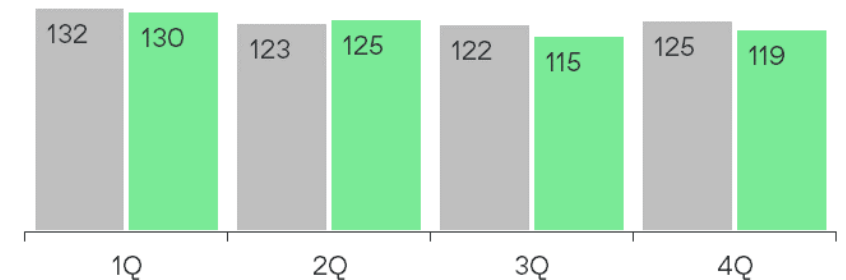
EBITDA and margin

NOK million and %



Sales volume

In 1,000 mt

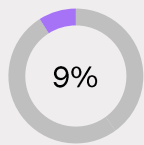


■ 2021

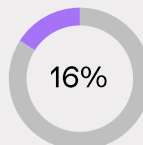
■ 2022

Solid results driven by strong market positions

- Total operating income MNOK 1,059, up 69% from the fourth quarter last year
 - Operating income close to all-time high, mainly explained by continued high sales prices
- EBITDA of MNOK 301, up 133% from fourth quarter last year
 - Good performance explained by higher sales prices, but partly offset by higher raw material costs and lower volumes
- Sales volumes down due to weaker markets for aluminium in Europe and ferroalloys in general



Share of operating income



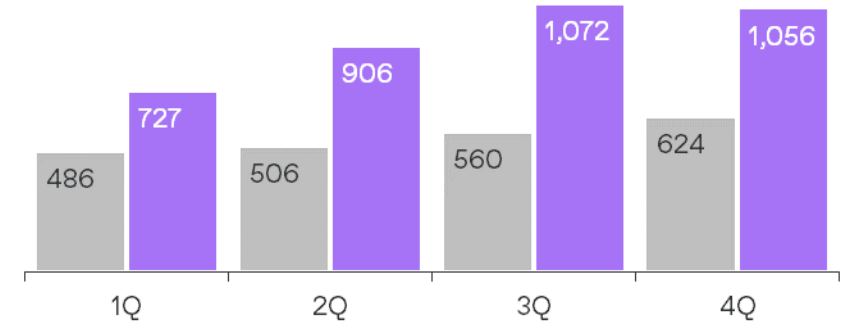
Share of EBITDA

Share of operating income from external customers ex. Other

Share of EBITDA ex. Other and Eliminations

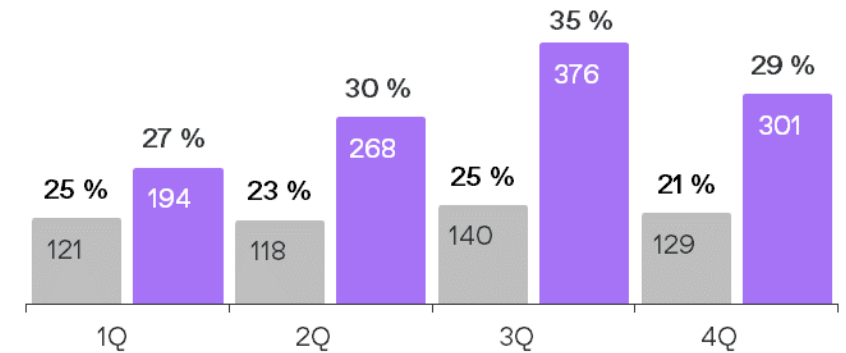
Total operating income

NOK million



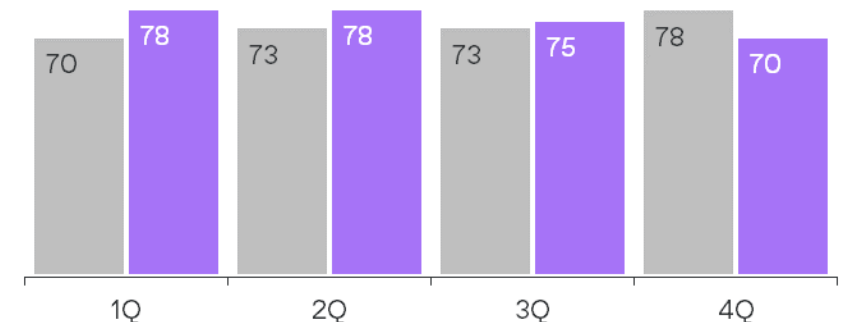
EBITDA and margin

NOK million and %



Sales volume

In 1,000 mt



■ 2021

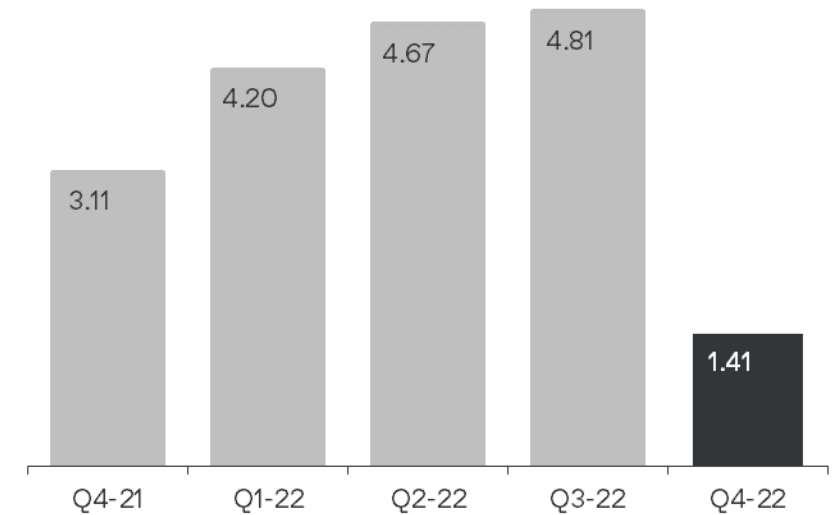
■ 2022

Attractive dividend and robust equity

- Earnings per share (EPS) amounted to NOK 1.41 in the fourth quarter
 - EPS YTD-2022 was NOK 15.09
 - Proposed dividend for 2022 is NOK 6.00 per share, representing 40% of profit for the year and in line with policy
 - The dividend is subject to approval by the AGM
- Total equity amounted to BNOK 28.8 as at 31 December 2022, up BNOK 8.9 from year-end 2021
 - Equity to total assets (equity ratio) of 55%
 - Adjusted for proposed dividend for 2022 the equity would be BNOK 24.9 giving an equity ratio of 51%

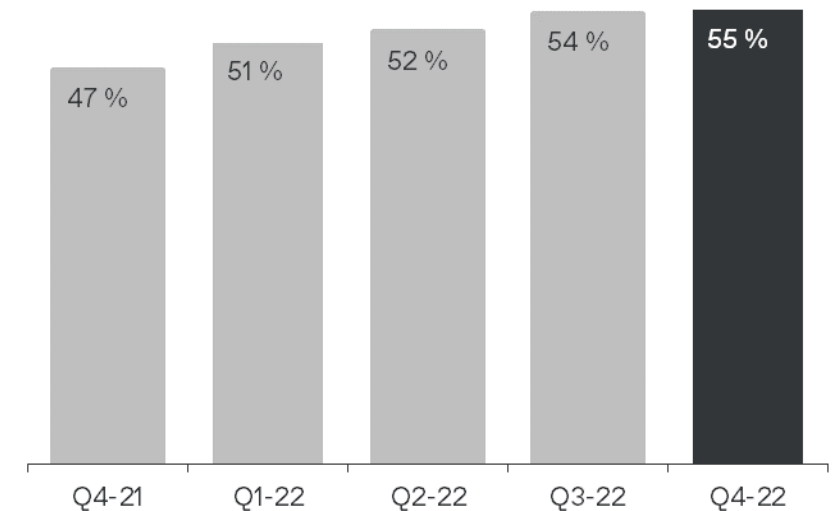
Earnings per share (EPS)

NOK per share



Equity ratio

In percent of total assets



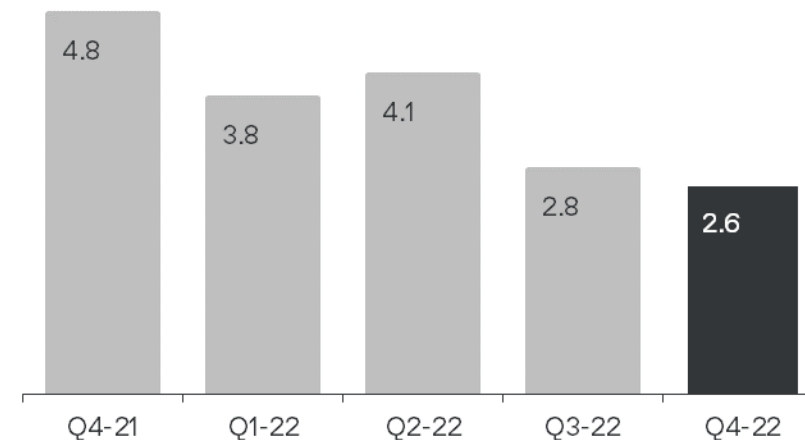
Low leverage, debt maturity profile further improved

- Net interest-bearing debt (NIBD) of BNOK 2.6 as at 31 December 2022
 - Leverage ratio of 0.2x based on LTM EBITDA of BNOK 12.9
 - Adjusted for proposed dividend for 2022 the leverage ratio would be 0.5x

- Strong financing position
 - Scope affirmed Elkem’s credit rating of BBB Stable in 4Q-2022
 - Well managed debt maturity profile with MEUR 200 raised in the Schuldschein market (SSD) in 4Q-2022 and new bank facilities of MEUR 1,000 signed in 2Q-2022. Disbursement of SSD in January 2023 MEUR 148 not included
 - Debt maturities in 2023 in China consist of local working capital financing, which are regularly rolled over. Financing of Silicones expansion in China on 10-year instalment profile

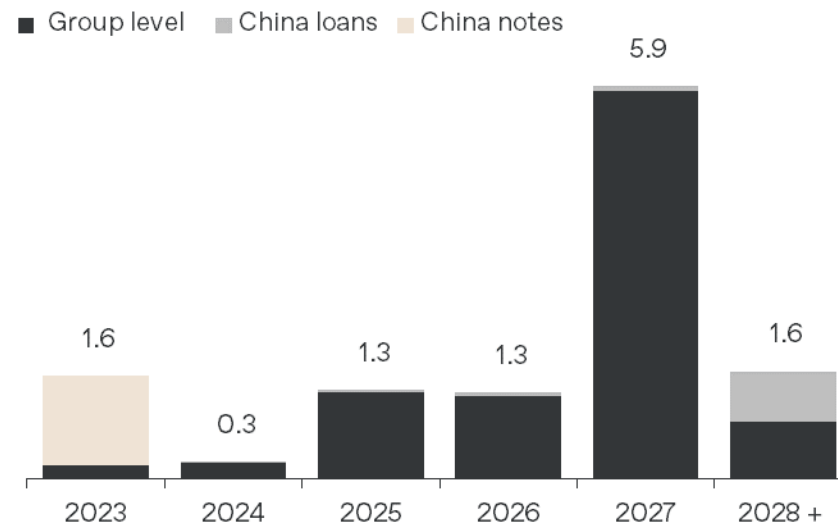
Net interest-bearing debt (NIBD)

NOK billion



Maturity profile

NOK billion



Good cash flow, investment levels catching up with plan

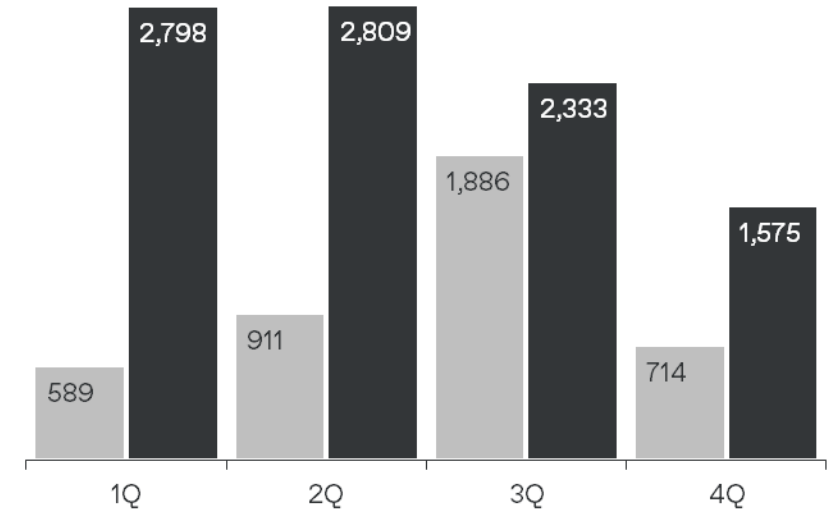
- Cash flow from operations⁽¹⁾ was MNOK 1,575 in the fourth quarter
 - Good operating profit and lower working capital driving strong cash generation in the quarter
 - Reduced working capital explained by positive development in receivables and payables, partly offset by higher inventories

- Investments ex. M&A amounted to MNOK 2,203 in the fourth quarter 2022. Catching up with planned investment schedule after covid related delays
 - Reinvestments were MNOK 784 in 4Q, amounting to 146% of D&A. Reinvestments FY-2022 were MNOK 1,682, representing 84% of D&A
 - Strategic investments were MNOK 1,418 in the quarter, mainly related to Silicones expansion projects in France and China. Strategic investments FY-2022 were MNOK 2,797 MNOK

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

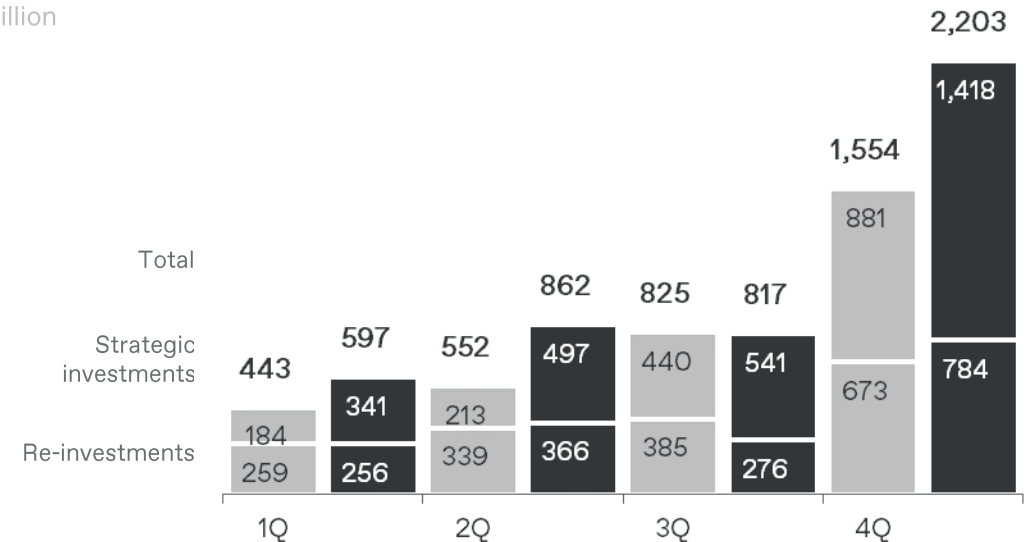
Cash flow from operations

NOK million



Investments ex. M&A

NOK million



■ 2021

■ 2022

Outlook for the first quarter 2023

- Market sentiment impacted by macroeconomic uncertainty and lower growth in key sectors
- The silicones market in China is weak going into the first quarter but expected to improve after Chinese New Year. In addition, Silicones could be negatively impacted by strikes in France
- An overall weak market sentiment for Silicon Products, but significant capacity curtailments seem to balance the market at current level. Reference prices for silicon and ferrosilicon somewhat down from the fourth quarter 2022
- Carbon Solutions has seen lower demand due to closures in steel, but markets expected to be stable in the first quarter

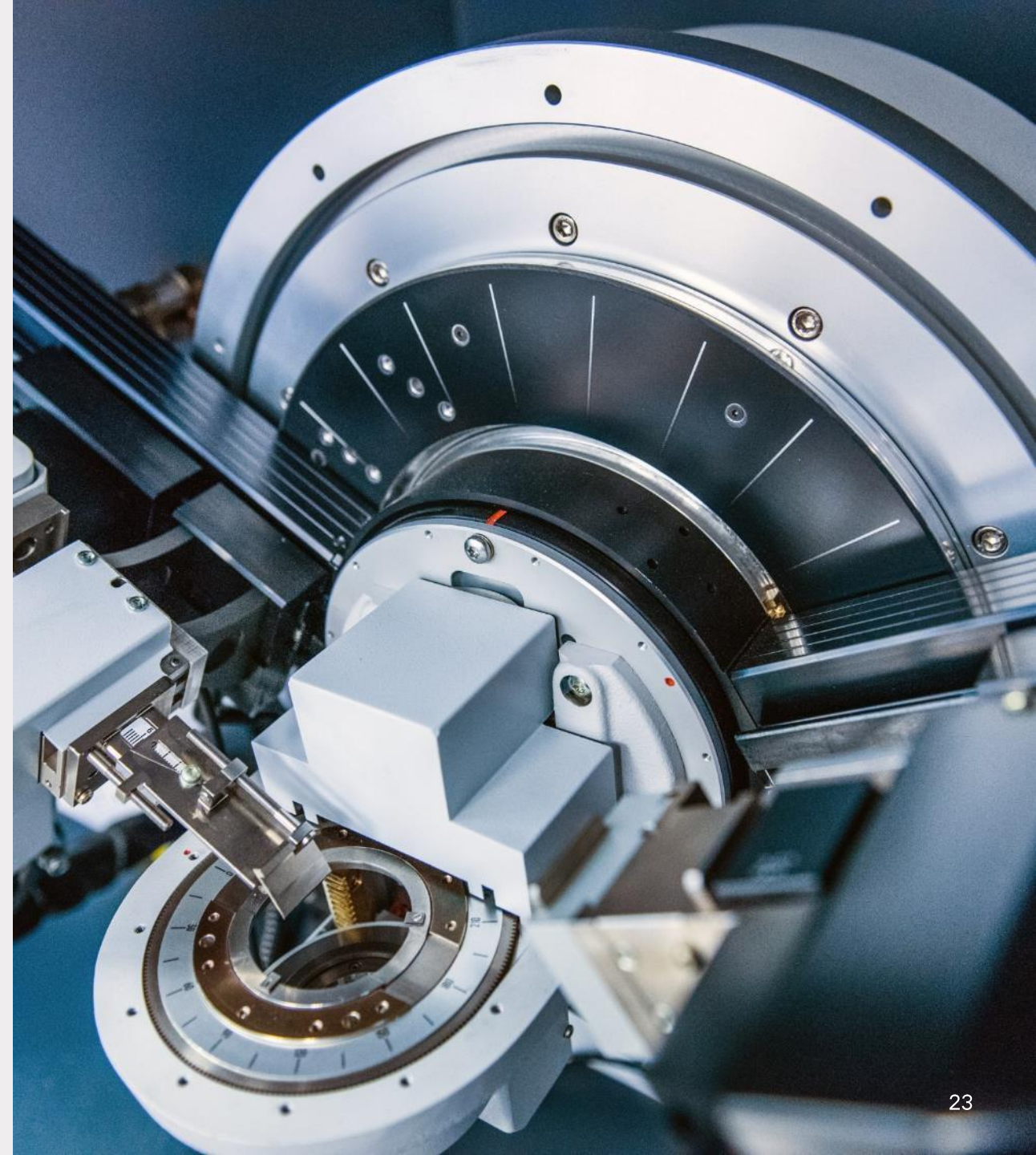


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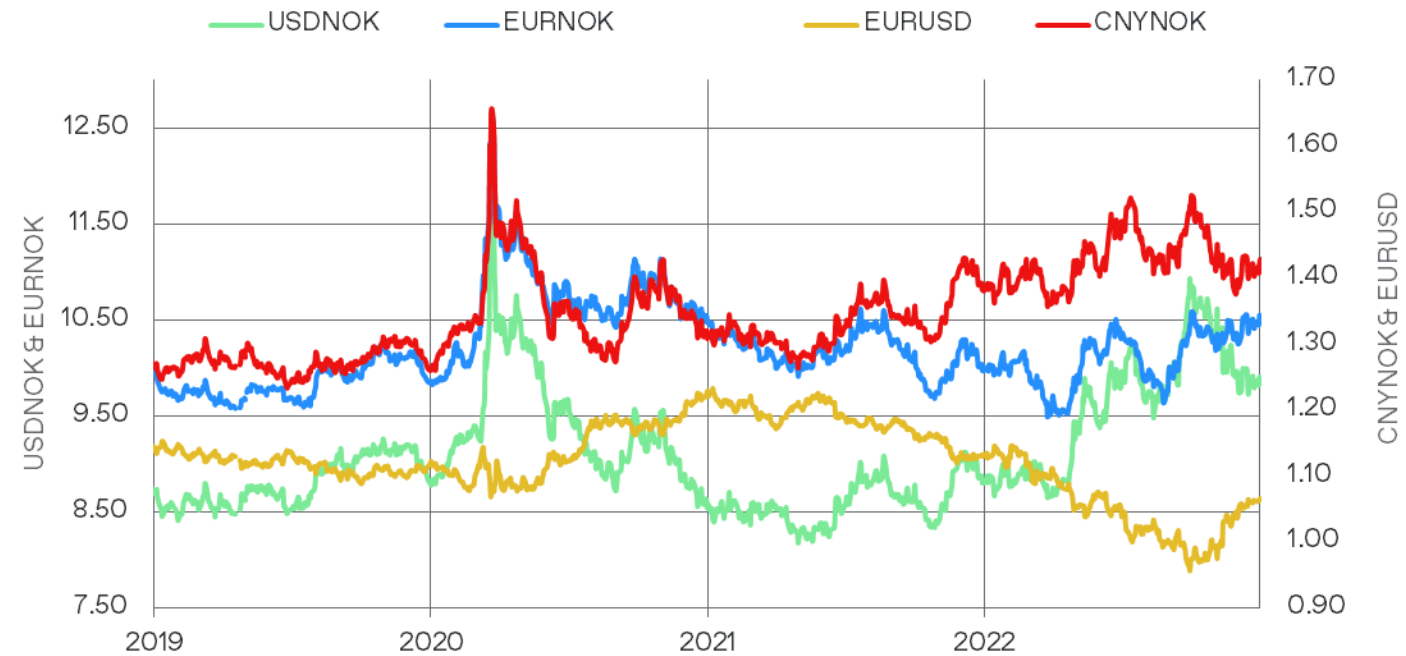
Information about past performance given in this presentation should not be relied upon as, and is not, an indication of future performance.



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 31 December 2022, the NOK closed 1% stronger against the EUR, 9% stronger against USD, and 3% stronger against CNY compared to 30 September 2022
- In 4Q-2022, the NOK was on average 4% weaker against EUR, 17% weaker against USD, and 5% weaker against CNY compared to 4Q-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 around 80% of full capacity 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 191 per year^(*)
 - 10% price change on ferrosilicon is expected to affect result by approx. MNOK 593 per year^(*)

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



Delivering your potential