



First quarter results
2021

Agenda

Business update

By CEO Michael Koenig

Financial performance

By CFO Morten Viga

Outlook

By CEO Michael Koenig



Delivering on growth and profitability

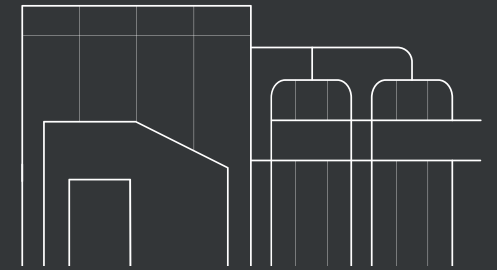
- Elkem is delivering on its growth strategy and ambition to be a leading integrated provider of silicones solutions
- The operating revenue for the first quarter reached another all-time high with the best quarterly result since third quarter 2018
- The board has approved a strategic expansion of the Silicones plant in China to strengthen Elkem's position in the fastest growing silicones market and to support the specialisation strategy
- The market outlook is positive in all major regions, based on good demand and attractive prices



Total operating income
MNOK 7,193

EBITDA
MNOK 1,231

EBITDA margin
17 %



ESG – a key priority for Elkem

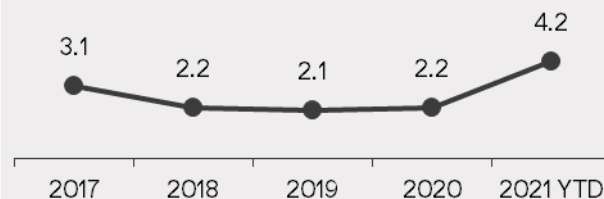


A clear focus on ESG

- A strong improvement in environmental impact was a key criteria for the new investment decision in China
- In 2020, Elkem received an A rating from CDP, ranking in the world's top 5% on climate
- In 2020, Elkem again received a Gold sustainability rating from EcoVadis

Safety

Ambition: Zero injuries



Social

- A truly diverse work force built on respect and an inclusive work culture
- Actively promoting equality – 58% share of women in the trainee programme for 2020

Environment

- Target reached to replace 20% fossil CO2 emissions with biocarbon by 2020
- NOx emissions reduced by 24% since 2015, equal to 468,000 diesel cars

Governance

- Adherence to Norwegian Code of Practice for Corporate Governance
- TCFD framework for climate risk management is being implemented in 2021

Elkem to further strengthen its silicones position in Asia

- Investment decision for brownfield expansion in China
 - Further strengthening of Elkem's position as China's leading fully-integrated silicones producer
 - Increasing the capacity at Elkem Xinghuo by approx. 50%
 - Increased upstream capacity to support specialisation strategy by driving downstream volumes and capturing new markets
 - Expected commissioning/production start-up 1H 2024
- Total investment of ~MNOK 3,800
 - To be financed by a combination of debt facilities, new equity and cash flow generation
 - Elkem will at any time aim to maintain an investment grade profile



Elkem Xinghuo – a state of the art facility

- Elkem Xinghuo is the largest silicones plant in China
- Production of 235 kt of siloxane in 2020
- Staff of ~1650 skilled employees



Strong strategic rationale to pursue capacity expansion



Industry fundamentals underpin strategy

- Global annual growth of ~4.5%
- Attractive industry margins over-the-cycle



Strengthen position in the fastest growing market

- China is the fastest growing market with +6.5% CAGR
- Increasing need for specialised products of higher purities



Enhance downstream silicones capabilities & integration

- Scale & higher quality from captive upstream enable expansion of downstream volumes
- Increase end-market and geographical reach to improve pricing stability and realise backlog of downstream projects



Supporting the specialisation strategy

High purity products

Products towards more demanding customers

High degree of linears

Substitute for cyclic (limited by new regulations in Personal Care)

Improved shelf life






Reach more customer groups with long-distance logistics

Better access to by-products

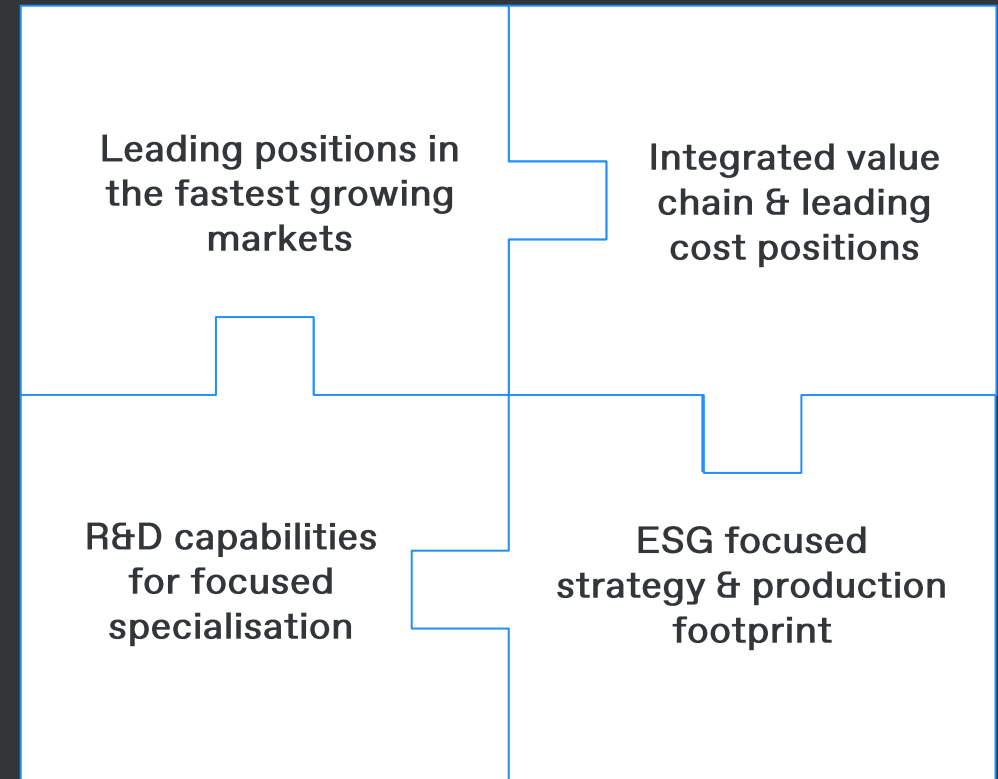
More robust supply chain can reach more customers

Significantly improving financial and environmental performance

Strong financials and improved environmental performance

Attractive investment	Profitability	 +35% EBITDA margin
	Capacity expansion	 50% capacity increase
Sustainable production	Energy use	 ~57% reduction
	Raw materials use	 ~11% reduction
	Solid waste	 ~30% reduction

Delivering on Elkem's strategy



Share issue concluded to capture specialised growth initiatives

- On 26 April 2021, Elkem raised MNOK 1,891 of new equity (gross proceeds) to further strengthen the growth platform
- The subscription price was NOK 33.50 per share and determined through bookbuilding after close of trading in Oslo on 26 April 2021. Start of trading of the allocated shares is on 27 April 2021
- The net proceeds from the private placement will be used to further strengthen the capacity to invest in growth initiatives to capture attractive silicones opportunities in line with Elkem's strategy, including the announced expansion project in Xinghuo, as well as for general corporate purposes
- The new shares were issued based on the authorisation granted by the general meeting in 2020
- Existing shareholders' pre-emptive rights were waived to obtain the best possible commercial conditions in terms of timing, costs and execution risk
- The post-offering ownership of China National Bluestar will be 52.91% who will remain as a long-term strategic majority shareholder

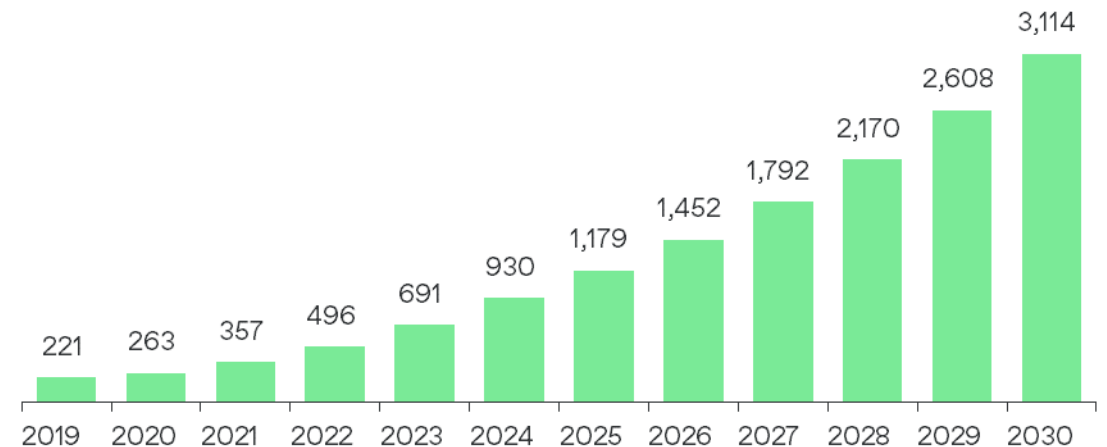


Pilot plant in operation – progress according to plan

- Elkem aims to establish a leading position in the fast-growing market for battery anode materials
 - Elkem's technology significantly more environmentally friendly, reducing total emissions by ~90%
- The pilot plant in Kristiansand is starting industrial scale production during April
 - Qualification processes ongoing with several battery cell producers
 - Herøya, Norway has been selected as site for the industrial plant, final investment decision expected in 2021
- Processes ongoing with potential industrial and financial partners



Global Li-ion battery cell demand, (GWh) expected to increase more than 10x from today's level by 2030, mainly driven by EVs

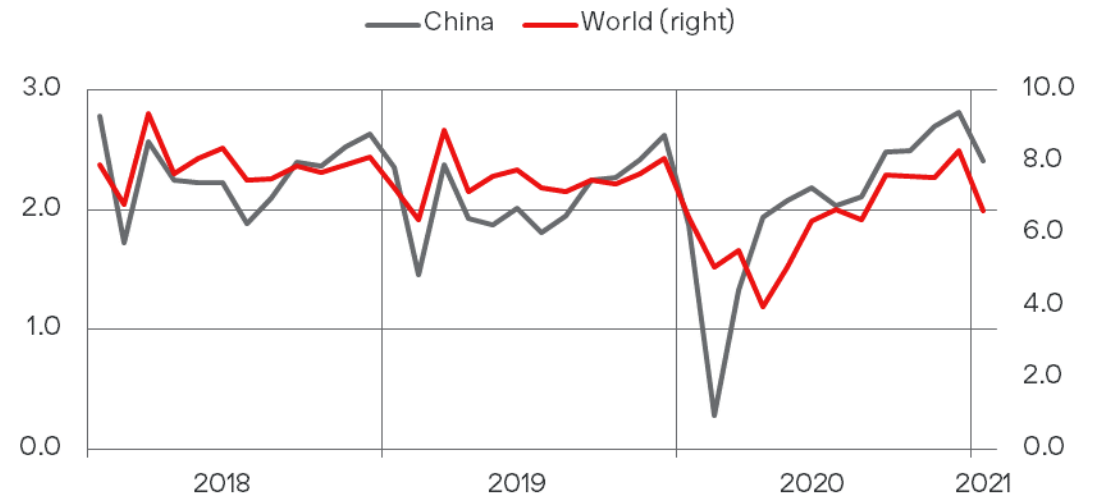


Continued recovery in key markets and regions

- Global automotive markets have continued to recover after the Covid-19 effects in 1H-2020, but show regional differences because of Covid restrictions
- Constraints on supply of semi-conductors have impacted automotive production early 2021, but has so far not impacted demand for silicon and ferrosilicon alloys
- General upward pressure on commodity and raw material prices
- GDP forecasts indicate continued growth for 2021 and 2022
- Major economies have passed significant economic stimulus packages to sustain growth



Automotive – units sold (million)



Strong markets driving price increases

- The silicones demand was strong in all major regions during the first quarter
- Increased demand for specialties in APAC, Europe and the US following economic recovery
 - Most major suppliers have announced price increases in the range of 10 – 20% for all product categories
- Strong markets in China following Chinese New Year
 - Spot prices have again soared however, the peak spot levels are not representative for the main trading volumes



DMC reference price China (CNY/mt)

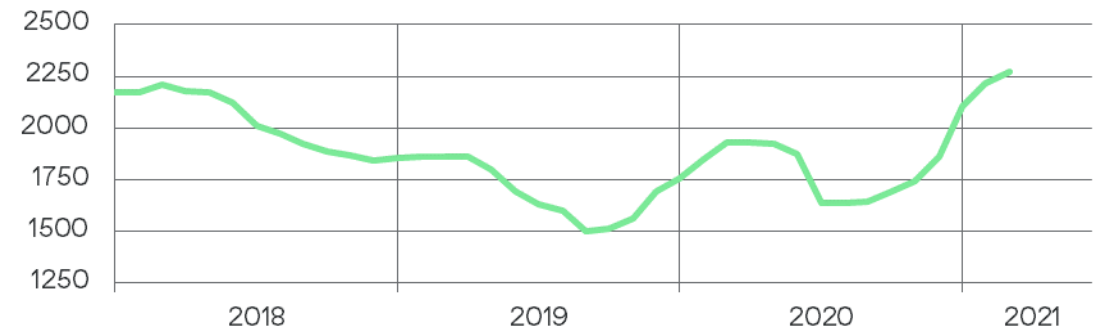


Prices continued to rise in the first quarter

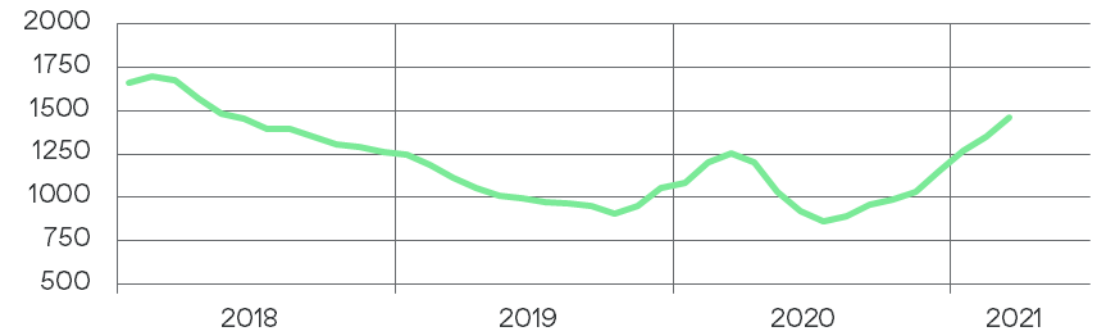
- Market prices have continued to rise during the first quarter
 - Silicon prices up 22% and ferrosilicon prices up 26% from December to March
 - Strong demand mainly driven by steel and automotive
 - Still low supply, restarts hampered by challenging global supply chains and low container availability
- Specialty products
 - Good recovery due to improvements in automotive



CRU silicon 99 price EU (EUR/mt)



CRU ferrosilicon 75 price EU (EUR/mt)

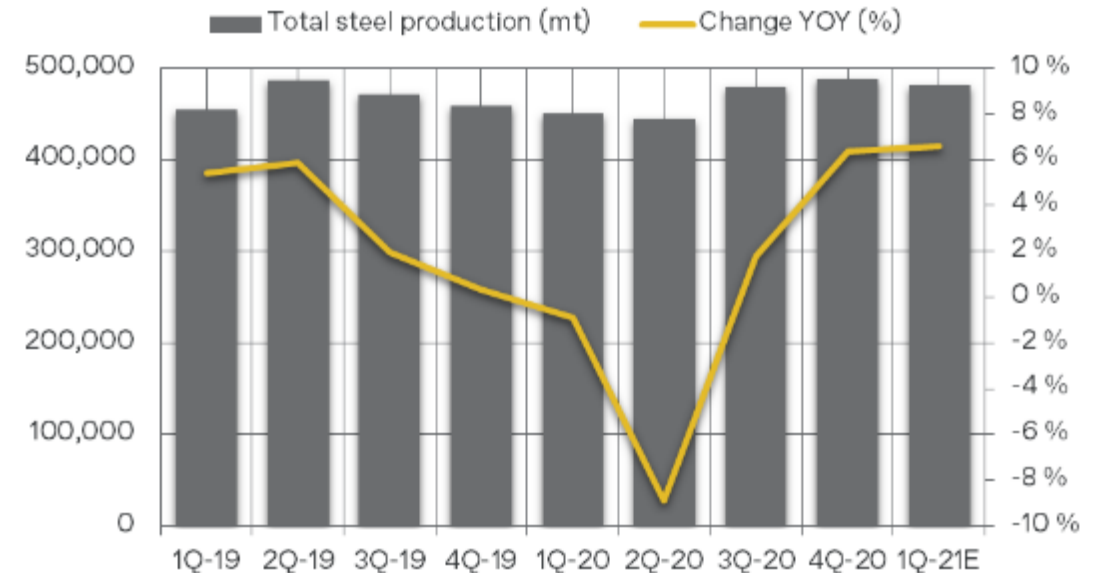


Market fundamentals continue to improve

- Steel markets and ferroalloys are key demand drivers for carbon products
- Global steel production has shown strong recovery since the second quarter 2020
 - Production is estimated to grow by 7% in 1Q-2021 vs 1Q-2020
 - China is driving the YOY increase in production
 - EU has recovered back to Q1-2020 level, while North America has still not fully recovered
 - Industry forecasts predict continued demand growth in the coming quarters
- Higher steel production is driving demand and higher sales prices for ferroalloys



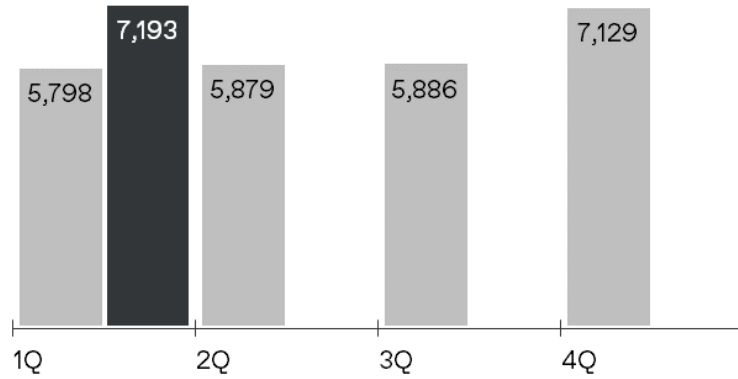
World steel production



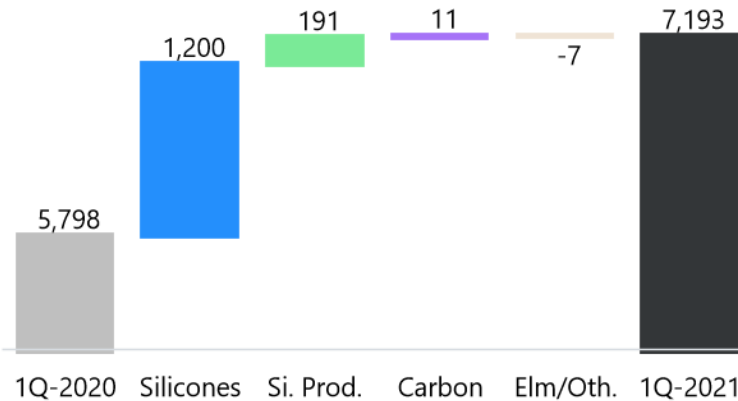
Strong results driven by good markets and operational excellence

Total operating income

- Reaching another all-time high

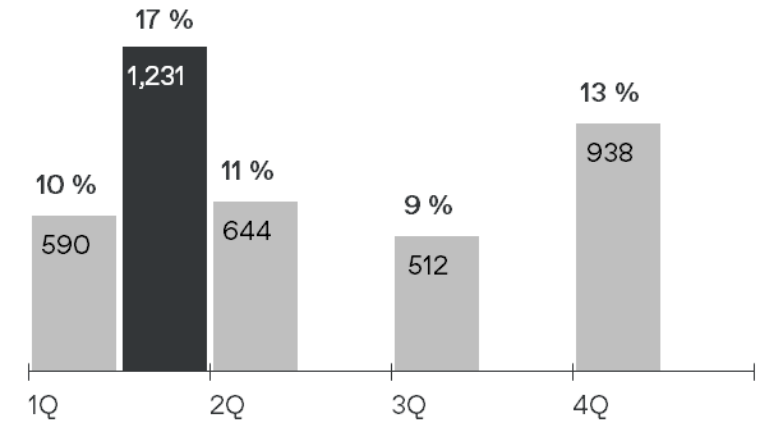


- Strong sales volumes across all divisions

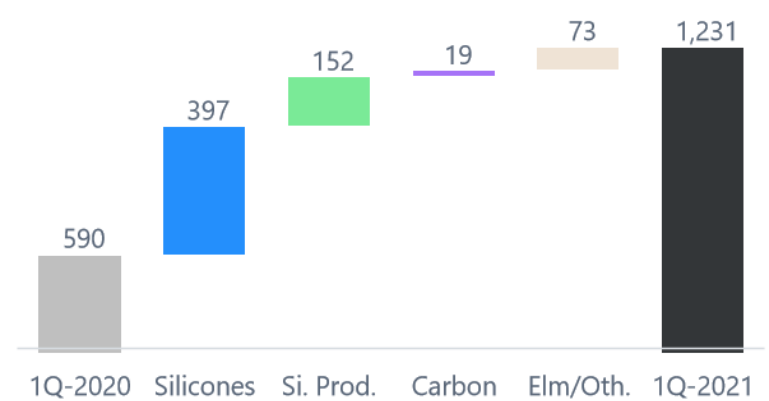


EBITDA

- More than doubled from 1Q-2020



- Improved performance in all segments



Higher EBITDA driving improvements in key ratios

- EBITDA MNOK 1,231
 - Segment Other included realised currency hedging gains of MNOK 13
- Productivity Improvement Programme continues to proceed ahead of plan
 - Annual run rate of MNOK 230 by end of 1Q-2021
 - Annual improvement target MNOK 350 to be reached by end of 2021
- Other items MNOK -63
 - Mainly consisted of negative effects on interest element in embedded derivatives in power contracts MNOK -40 and negative currency effects MNOK -38 from working capital items
- Net financial items MNOK 57
 - Mainly explained by currency gains of MNOK 123 due to positive translation effects on EUR loans, partly offset by net interest expenses MNOK -58
- Tax MNOK -133
 - Giving a tax rate for the quarter of 16%

Consolidated key figures

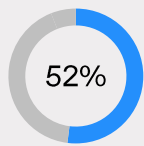
<i>(NOK million, except where specified)</i>	1Q 2021	1Q 2020	YTD 2021	YTD 2020	FY 2020
Total operating income	7,193	5,798	7,193	5,798	24,691
EBITDA	1,231	590	1,231	590	2,684
EBIT	806	197	806	197	957
Other items	-63	129	-63	129	-130
Net financial items	57	66	57	66	-229
Profit (loss) before income tax	824	364	824	364	584
Tax	-133	-102	-133	-102	-306
Profit (loss) for the period ⁽¹⁾	684	251	684	251	239
Key ratios					
EPS (NOK per share)	1.17	0.43	1.17	0.43	0.41
Equity ratio (%)	41 %	40 %	41 %	40 %	41 %
Net interest bearing debt (NIBD) ⁽²⁾	7,668	6,772	7,668	6,772	8,058
Leverage ratio	2.3	2.8	2.3	2.8	3.0
Reinvestments % of D&A	62 %	64 %	62 %	64 %	81 %
ROCE (annualised) (%)	17 %	4 %	17 %	4 %	5 %

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

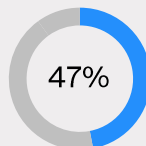
⁽²⁾ Excluding receivables from related parties, loans to external parties, accrued interest income and non-current other restricted deposits

Strong markets in major regions

- Total operating income of MNOK 3,723 up 48% from first quarter 2020
 - Increased operating income was mainly explained by higher sales volumes. 1Q-2020 was impacted by Covid-19 in China
- EBITDA of MNOK 587, up 209% from first quarter last year
 - Mainly explained by higher sales volumes but also positive impact from higher sales prices
- The strong sales volumes reflect good underlying demand in all major regions and strong operational performance



Share of operating income



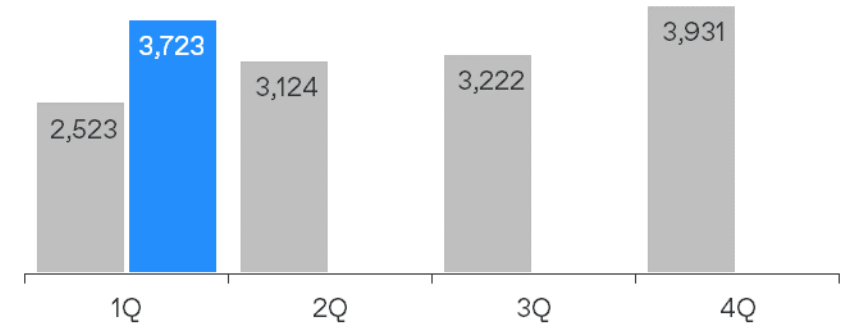
Share of EBITDA

Share of operating income from external customers ex. Other

Share of EBITDA ex. Other and Eliminations

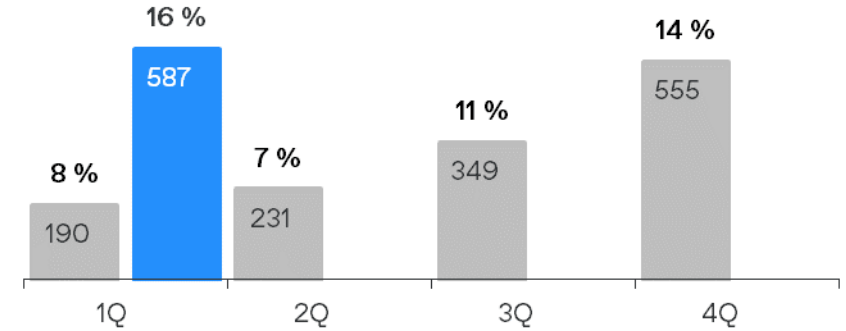
Total operating income

NOK million



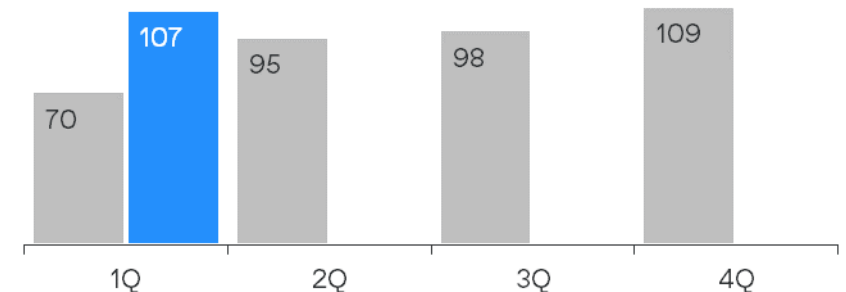
EBITDA and margin

NOK million and %



Sales volume

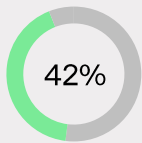
In 1,000 mt



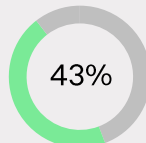
■ 2020
■ 2021

Good operations and attractive market conditions

- Total operating income of MNOK 3,136 up 6% from first quarter last year
 - Explained by higher sales prices and higher sales volumes
- EBITDA of MNOK 526, up 41% compared to first quarter last year
 - Explained by higher sales prices and higher sales volumes
 - Positively impacted by sales mix effects with higher sales of speciality products
- Strong sales volume and mix reflecting demand recovery and tight supply/demand balance



Share of operating income



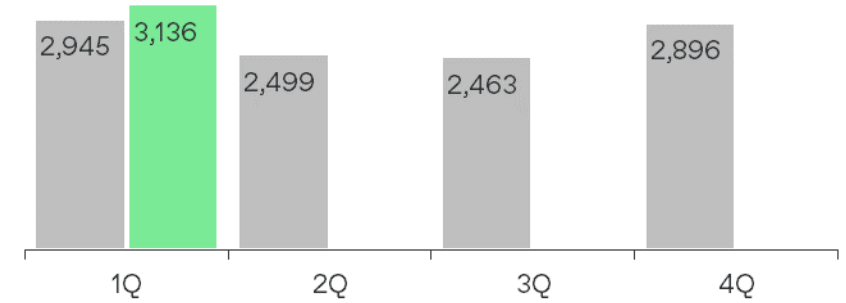
Share of EBITDA

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Share of EBITDA ex. Other and Eliminations

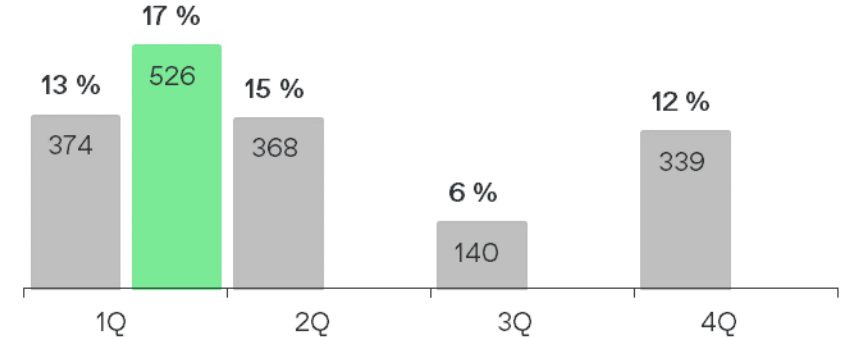
Total operating income

NOK million



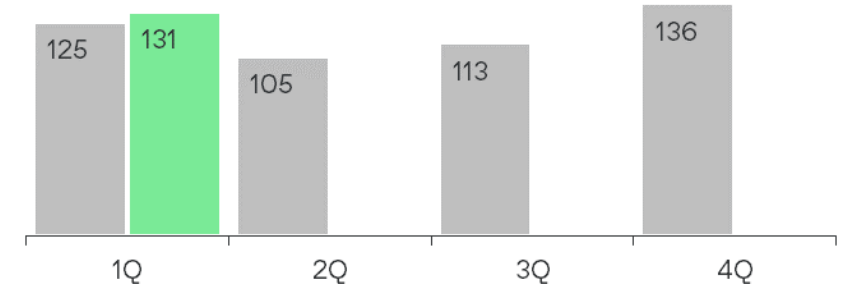
EBITDA and margin

NOK million and %



Sales volume

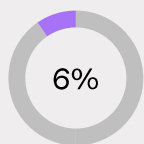
In 1,000 mt



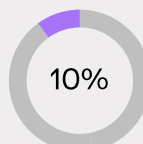
■ 2020
■ 2021

Operational excellence driving record results

- Total operating income MNOK 486, up 2% from first quarter last year
 - Higher volumes partly offset by currency effects due to stronger NOK
- EBITDA of MNOK 121, all-time high and up 19% from first quarter last year
 - Improved EBITDA explained by higher sales volumes and better product mix
- Higher sales volumes reflecting strong underlying markets for steel and ferroalloys



Share of operating income



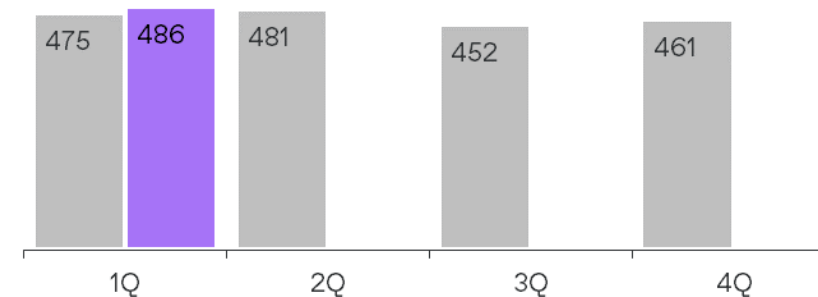
Share of EBITDA

Share of operating income from external customers ex. Other

Share of EBITDA ex. Other and Eliminations

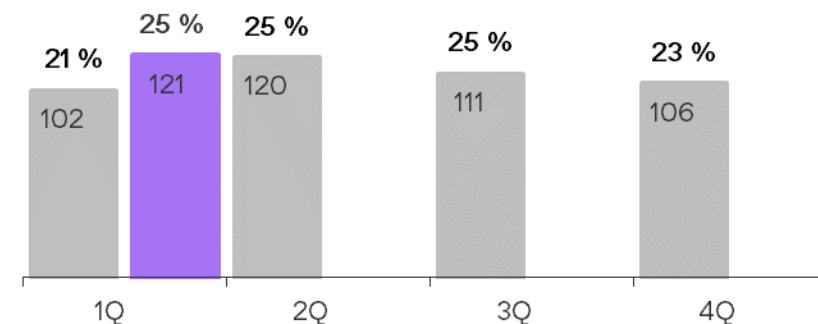
Total operating income

NOK million



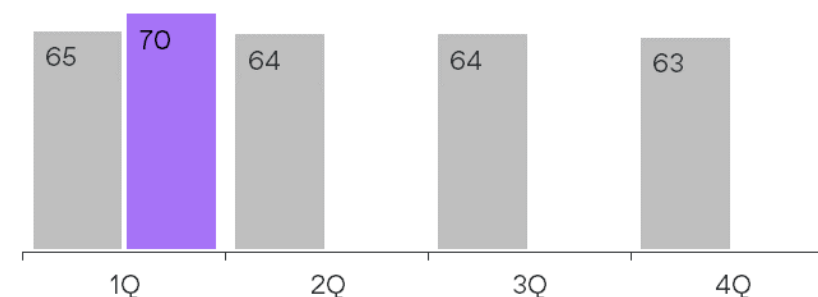
EBITDA and margin

NOK million and %



Sales volume

In 1,000 mt



■ 2020
■ 2021

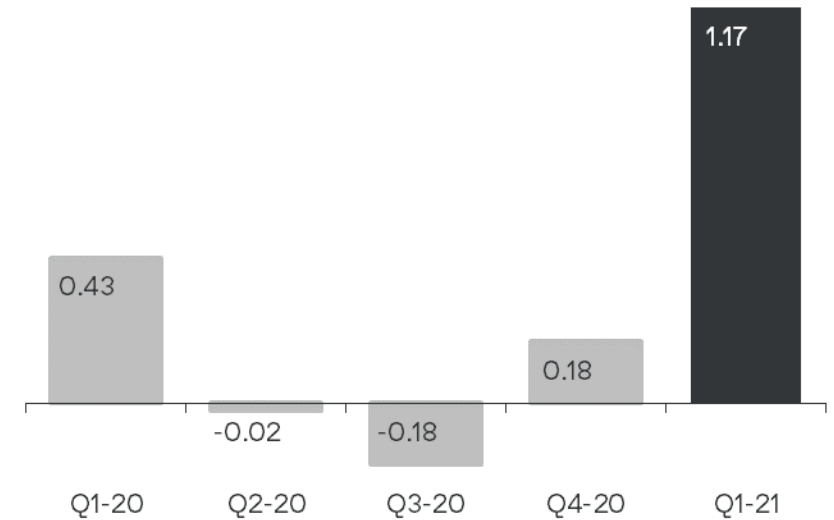
Strong earnings per share and robust equity

- Earnings per share (EPS)
 - EPS amounted to NOK 1.17 in the first quarter
 - The improvement in EPS reflected stronger underlying results and positive net currency effects from stronger NOK

- Total equity amounted to BNOK 13.4 as at 31 March 2021, up by BNOK 0.8 from year-end 2020
 - Equity ratio stable at 41%

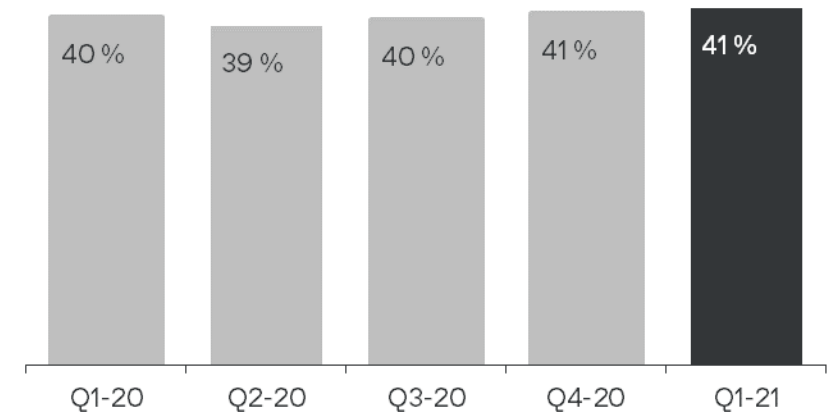
Earnings per share (EPS)

NOK per share



Equity ratio

In percent of total assets



- 2020
- 2021

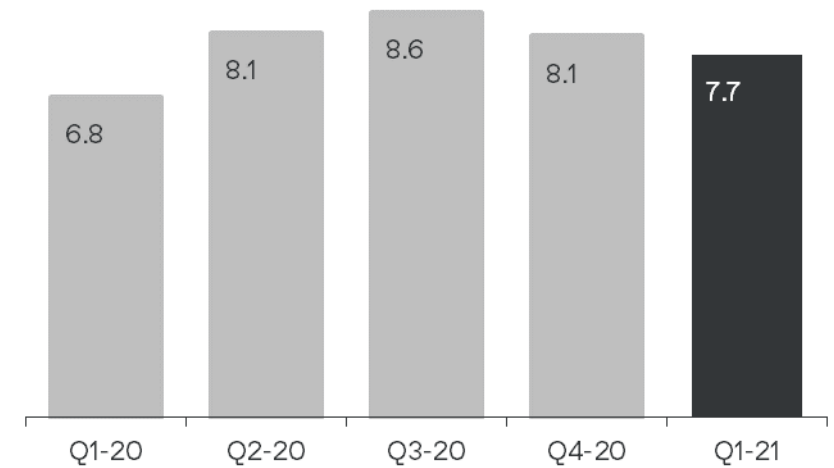
Successful bond issue and improved leverage ratio

- Net interest-bearing debt (NIBD) was BNOK 7.7 as at 31 March 2021
 - Leverage ratio was 2.3x based on LTM EBITDA of BNOK 3.3
 - The leverage ratio was clearly improved over the past two quarters due to higher EBITDA and lower NIBD

- Debt maturities in 2021 well managed
 - Elkem successfully raised new bond loans of MNOK 1,250 on 3 and 5 years for partly refinancing of maturities in 2021
 - The facility of MNOK 2,000 has been scaled down to MNOK 750 after the bond issuance
 - The debt maturities in China mainly consist of local working capital financing, which are regularly rolled over

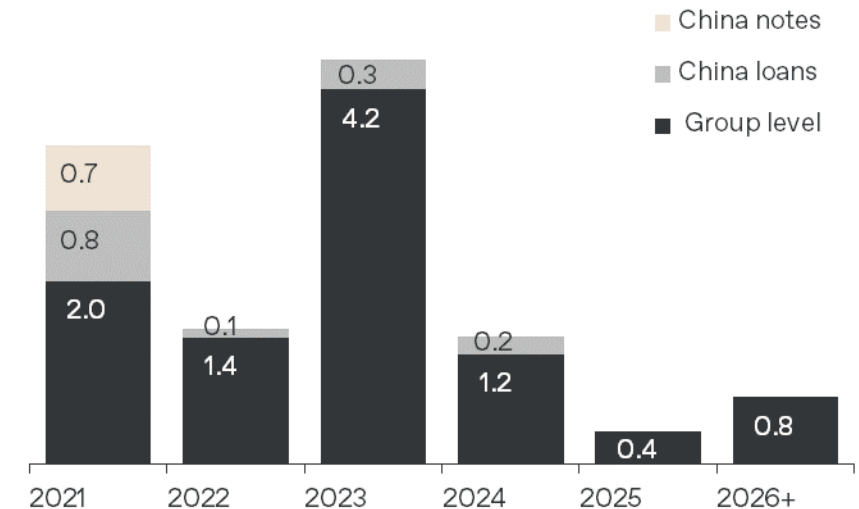
Net interest-bearing debt (NIBD)

NOK billion



Maturity profile

NOK billion



■ 2020
■ 2021

Good cash flow and stable investments

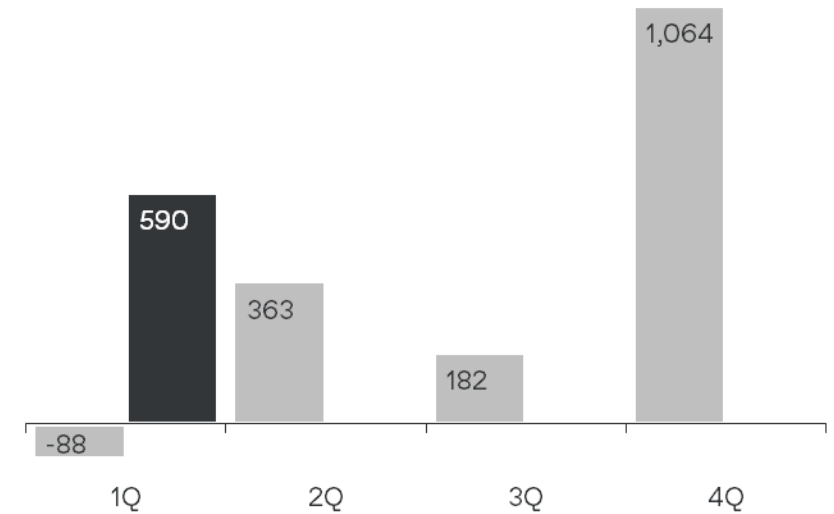
- Cash flow from operations⁽¹⁾ was MNOK 590 in the first quarter and clearly improved from the corresponding quarter last year
 - Improvement mainly explained by improved EBITDA generation

- Investments ex. M&A amounted to MNOK 443 in the first quarter 2021, in line with first quarter 2020
 - Reinvestments was MNOK 259 in the quarter, amounting to 62% of D&A.
 - Strategic investments of MNOK 184, primarily Silicones R&D centre, silicones specialisation projects and the battery materials project

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

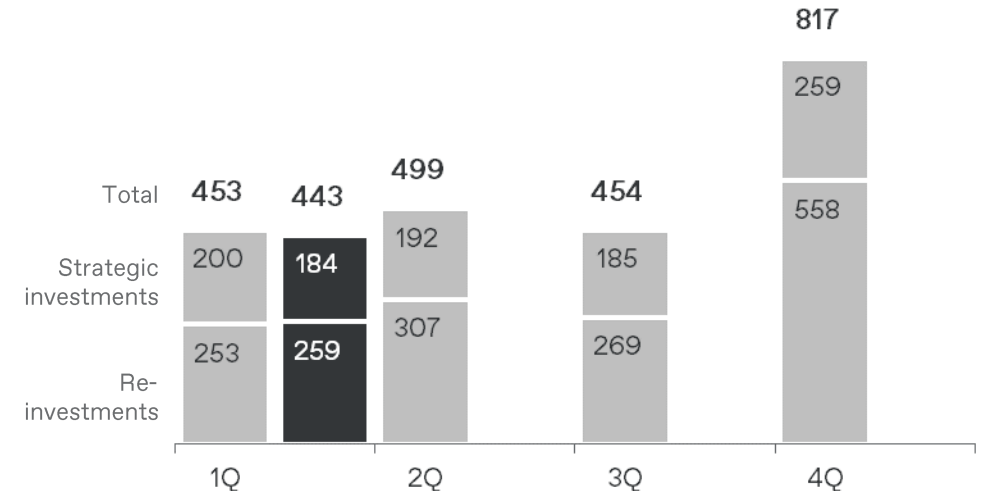
Cash flow from operations

NOK million



Investments ex. M&A

NOK million



■ 2020
■ 2021

Outlook for the second quarter 2021

- Positive market sentiment for all divisions. Elkem will continue to develop its market positions and focus on sustainable growth
- The silicones market is strong. Market reference prices in China expected to remain at attractive levels in the second quarter. Global price increases will gradually become effective from second quarter
- The result for the Silicones division will be impacted by maintenance stops in China and France, combined EBITDA effect limited to MNOK 150
- Demand and market prices for silicon- and ferrosilicon-based products expected to level out, however, realised contract prices increasing due to time-lag effects
- Steel and ferroalloys markets are still strong, giving continued attractive market conditions for carbon products



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.

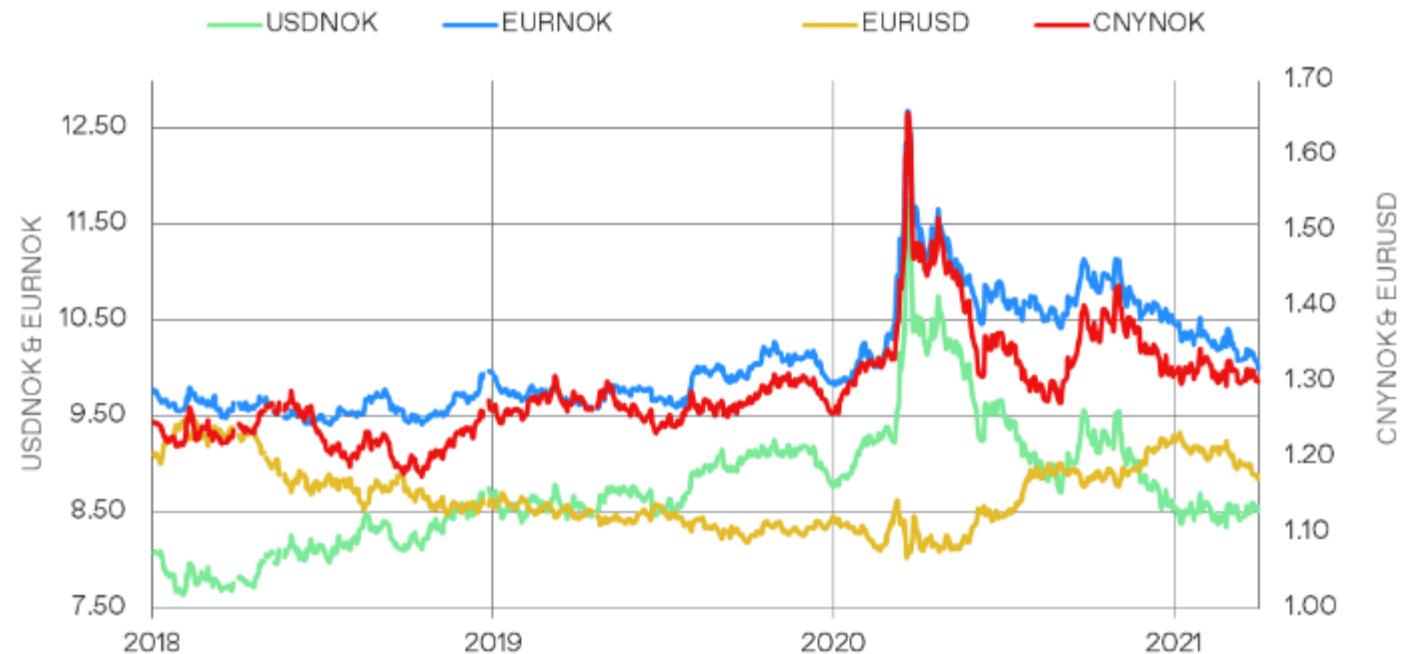
Information about past performance given in this presentation should not be relied upon as, and is not, an indication of future performance.



Appendix

Currency sensitivity

- The result and cash flow are exposed to currency fluctuations. The main currencies are EUR and USD
 - EUR - net exposure approx. MEUR 300
 - USD - net exposure approx. MUSD 150
- 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 600 over the coming 12 months



Currency development

- During 1Q-2021 the Norwegian krone (NOK) strengthened against major currencies
- In 1Q-2021, the NOK was on average 2% stronger against EUR, 10% stronger against USD and 3% stronger against CNY compared to 1Q-2020
- As of 31 March 2021, the NOK closed 5% stronger against EUR, and marginally stronger against USD and CNY compared to 31 December 2020

Other financial sensitivities

POWER

- Electric power is a key input factor in Elkem's production. Total consumption for the group was 6.4 TWh in 2020. Near term exposure to spot power prices is limited
 - Norway, hedging programme mainly consisting of long-term contracts covering 80% of the power consumption for the current and next year
 - 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
 - 1% margin change for silicones products is expected to affect result by MNOK 130 per year
 - 10% price change on silicon metal is expected to affect result by approx. MNOK 80 per year⁽¹⁾
 - 10% price change on ferrosilicon is expected to affect result by approx. MNOK 160 per year⁽¹⁾

(1) Cost absorption effects of 25% are assumed for both silicon and ferrosilicon



Delivering your potential