

ELKEM STRATEGY PROCESS

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Elkem ASA – our four business areas



Silicones
2018 Rev. 13.1 BNOK



Silicon Materials
2018 Rev. 6.6 BNOK



Foundry Products
2018 Rev. 5.1 BNOK



Carbon
2018 Rev. 1.9 BNOK

Elkem's strategy and targets



BUILDING BLOCKS OF CONTINUED PROFITABLE GROWTH



- Grow Silicones
- Increase specialisation
- Develop new materials serving fast-growing end markets (e.g. batteries)
- Leverage production and low cost heritage

TARGETS

- Growth (CAGR): 5-10 % over the cycle
- EBITDA: 15-20% over the cycle

Strategy process

1	Frame	<ul style="list-style-type: none"> • What are the right questions? • Adjust overall direction and targets • Portfolio assessment
2	Current situation	<ul style="list-style-type: none"> • Where and how do we make our money? • Competitive position and gap analysis • Strengths and weaknesses
3	Outlook	<ul style="list-style-type: none"> • What futures do we need to plan for? • Market and mega trends • Opportunities and threats
4	Search	<ul style="list-style-type: none"> • What are the pathways to winning? • Strategy bottom up (alternatives) • Recommended direction and projects
5	Choose & prioritize	<ul style="list-style-type: none"> • What is our integrated strategy? • Prioritization (top down) • Prioritized direction and projects
6	Commit	<ul style="list-style-type: none"> • How do we drive changes? • Strategic action plan • Allocation of resources
7	Evolve	<ul style="list-style-type: none"> • How do we adapt and learn? • Evaluate completed projects



Current – Where do we make our money (and how)?

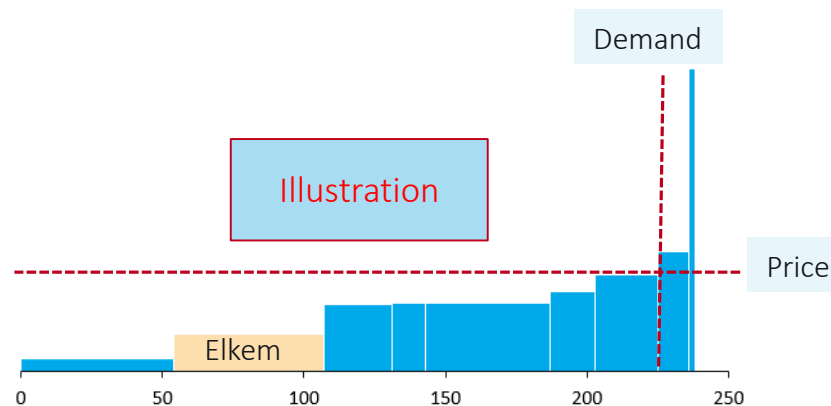
PRODUCT / SEGMENT – LEARN FROM THE HISTORY

2014-2018 Avg. EBITDA (MNOK)

Business segments	Product 1	Product 2	Product 3	Product 4	Product 5	Total EBITDA MNOK	Key comments
Steel	40				70	110	<ul style="list-style-type: none"> Product 1 to chemicals fast growing segment biggest contributor Product 5 in China to steel at >..% margin Product 4 to .. Seen strong growth good growth and improved profitability in recent years (2017-2018)
Chemicals	197		30		50	277	
Primary aluminum		30				30	
EV				40		40	
Total EBITDA in MNOK	237	30	30	40	120	457	

- ..% EBITDA margin
- ..% EBITDA margin
- ..% EBITDA margin
- Annual EBITDA in MNOK

CASH COST CURVES



Outlook - How does trends impact our future?

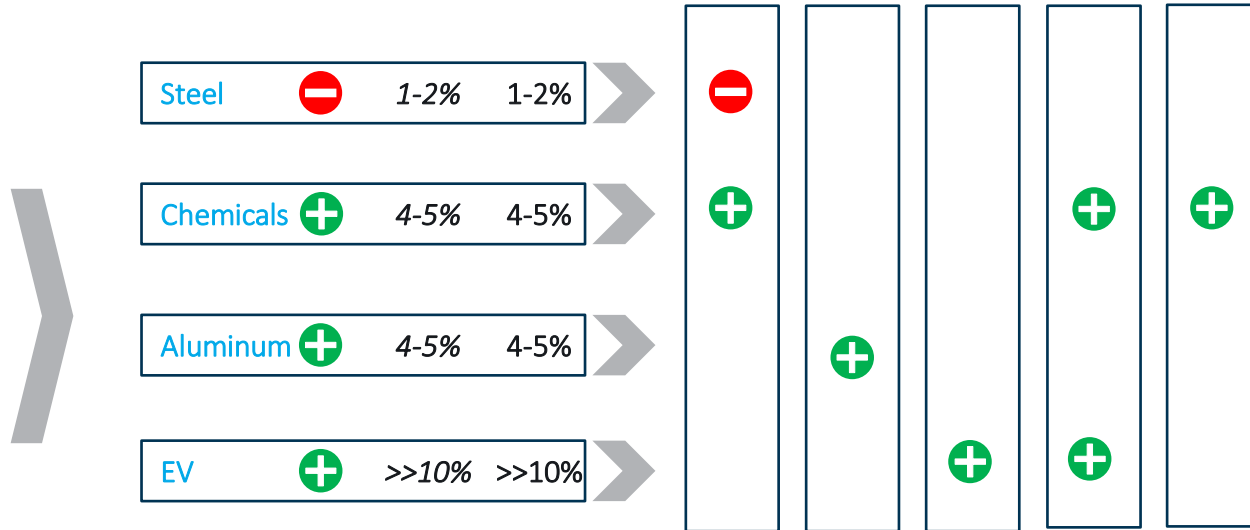
MEGATRENDS



DEMAND SEGMENT	MEGATREND IMPACT	CAGR ¹ last 5 yrs	EXPECTED CAGR ¹
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Product 1	Product 2	Product 3	Product 4	Product 5
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Impact
 + Positive - Negative = Neutral

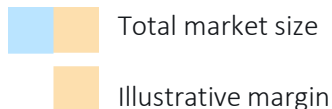


Choose – Prioritized and what is our integrated strategy

SILICONES VALUE CHAIN - SIMPLIFIED AND ILLUSTRATIVE



- Silicones, long and complex value chains
- Elkem positioned to add value along the value chain;
- Synergies and efficiencies
 - Cost focus & efficiency for standards
 - Value focus for more specialized products (increase specialisation)

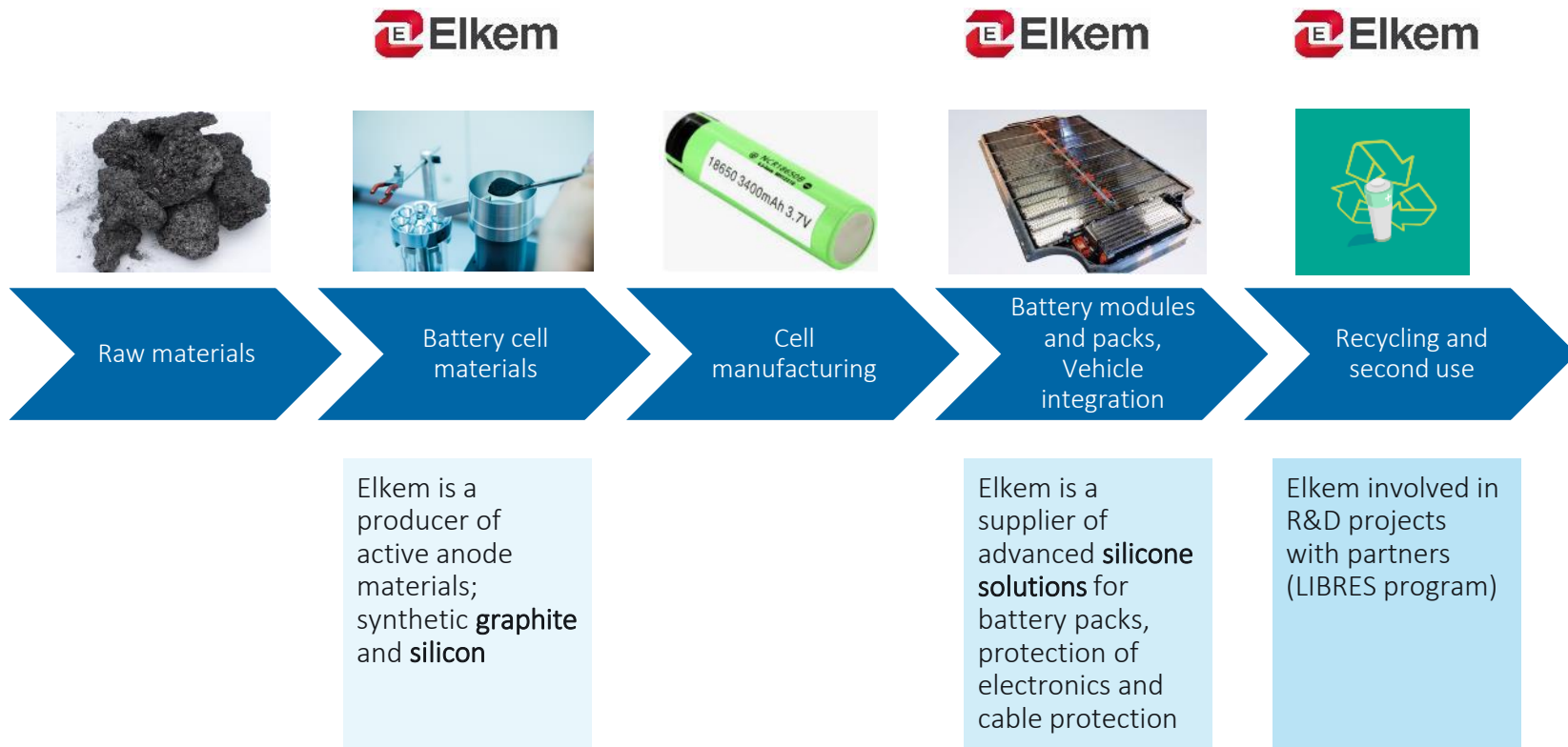


RECENT UPDATES AND WAY FORWARD



- SPA to acquire the Korean company Basel Chemie
 - Acquisition price of USD 26.9 million
 - Basel's turnover in 2018 USD 7.7 million
 - Average EBITDA margin last three years 28%
 - Strong growth potential and synergies
 - Improves R&D capabilities and pipeline
 - Most raw materials to be supplied by Elkem Xinghuo
 - Cross selling synergies by combining Elkem's current standard portfolio with Basel's specialty product range
 - Strengthening positions in building protection and cosmetics
 - Available capacity for growth at minimal investment

Going forward: Elkem's role in the lithium-ion battery value chain



DELIVERING YOUR POTENTIAL

