

## Fourth quarter concludes an extraordinary year for Elkem

Oslo, 12 February 2019: **Elkem completes a strong 2018, but fourth quarter earnings hampered by weaker market sentiment, especially in China. Sales prices and volumes in China have been affected by lower demand and maintenance stops. Considering the challenging market conditions the result was relatively strong.**

Total operating income for the fourth quarter 2018 was NOK 6,265 million, which was in line with fourth quarter 2017. EBITDA for the quarter amounted to NOK 974 million, down from NOK 1,078 million in the corresponding quarter last year. Earnings per share (EPS) was NOK 0.64 in fourth quarter, giving accumulated EPS of NOK 5.74 in 2018.

The board has proposed a dividend of NOK 2.60 per share, which amounts to 45% of the profit for 2018 in line with Elkem's policy and based on an extraordinary strong year with leverage is below target.

"Weaker market conditions in China have resulted in lower sales prices and lower volumes for core silicone products. Therefore, Xinghuo Silicones has been operating below full capacity rate in the quarter. As announced, Yongdeng Silicon Materials have completed technical upgrades of two furnaces resulting in lower production and sales. The average sales prices in the fourth quarter have generally been higher than the corresponding quarter last year, but this has been offset by higher raw material costs and lower sales volumes. The fourth quarter was also negatively affected by special items and one-off effects of approx. NOK 55 million," says Helge Aasen, CEO of Elkem ASA.

Elkem raised new financing of NOK 1,750 million in the Norwegian bond market and EUR 215 million in the German Schuldschein market during the fourth quarter. The new loans have maturities ranging from three to seven years and have partly been used to refinance local bank debt in China. Recapitalisation of Xinghuo Silicones and Yongdeng Silicon Materials were completed in December 2018 and January 2019.

The group's equity as at 31 December 2018 amounted to NOK 13,722 million, giving a ratio of equity to total assets of 44%. Net interest-bearing debt was NOK 3,264 million, which gave a ratio of net debt to EBITDA of 0.6 times. The group has a strong liquidity position and a well distributed loan maturity profile.

The company's fundamental position continues to be strong based on favourable market positions and strong financials. The current market sentiment is weak, partly due to seasonality in sectors such as construction. Market prices have however, stabilised and are likely to increase after first quarter.

First quarter 2019 is expected to be weaker than fourth quarter 2018, mainly due to temporary production curtailments, and lower average realised sales prices due to time-lag and effects of Chinese New Year.

Subsequent quarters in 2019 likely to improve based on expected higher sales volumes, price recovery, lower raw material costs and accelerated improvement programmes.

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**About Elkem ASA**

Founded in 1904, Elkem is one of the world's leading suppliers of silicon-based advanced materials with operations throughout the value chain from quartz to specialty silicones, as well as attractive market positions in specialty ferrosilicon alloys and carbon materials. Elkem is a publicly listed company on the Oslo Stock Exchange, and is headquartered in Oslo. The company has 6200 employees with 27 production sites and sales offices in a total of 28 countries worldwide. In 2018 Elkem had revenues of 25.9 billion NOK. To learn more, please visit [www.elkem.com](http://www.elkem.com)