

Second quarter 2025 – Strong cost positions ensure stable financial results

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Elkem's EBITDA for the second quarter 2025 was NOK 803 million, down from NOK 1 035 million in the corresponding quarter last year. Despite weak market conditions and sales prices facing downward pressure, Elkem delivered stable financial results due to its strong cost position and solid operational performance.

Elkem's total operating income for the second quarter 2025 was NOK 7 982 million, which was 6 per cent lower than the second quarter 2024. Earnings before interest, taxes, depreciation and amortisation (EBITDA) was NOK 803 million, down 22 per cent from the corresponding quarter last year. Earnings per share (EPS) was NOK -0.49 in the quarter and NOK -0.82 year to date. EPS was negatively impacted by the results in Silicones. The division has been classified as discontinued operations and assets held for sale due to the strategic review initiated to streamline Elkem's business portfolio. Elkem aims to conclude the review before year-end.

The Silicon Products division was impacted by weak commodity markets, driven by historically low price levels in China. This resulted in Silicon Products' total operating income declining 13 per cent and EBITDA declining 54 per cent year-on-year. Carbon Solutions delivered continued good results despite challenging markets. The division reported a 27 per cent reduction in EBITDA year-on-year, but maintained a strong EBITDA margin of 28 per cent. Silicones also faced challenging market conditions and low commodity prices in China. However, the division delivered an improved EBITDA both compared to the preceding quarter and the second quarter last year. Operating income increased 3 per cent and EBITDA increased as much as 449 per cent year-on-year, mainly due to improved cost positions.

"Markets are still impacted by geopolitical turmoil and trade tensions, which are negatively affecting global economic growth and Elkem's end-markets. Elkem is however, well positioned for growth in sectors linked to global megatrends such as digitisation, defence and physical infrastructure – from transport systems to digital infrastructure and clean energy," said Elkem CEO Helge Aasen. "Going forward, we will focus on maintaining a strong liquidity position and disciplined capital spending, preserving our leading cost positions to fully capitalise on new growth opportunities."

In the second quarter, Elkem and NTE entered into a long-term power purchase agreement (PPA) for the period 2028 to end of 2037, with delivery in the NO4 price area in Norway. The PPA supports long-term operations at Elkem's plant in Salten. The agreement will be part of Elkem's total long-term contract portfolio, hedging Elkem's annual power consumption of 3.5 TWh in Norway. Renewable power is key to producing silicon and silicon-based products with low CO₂ emissions and is a central component of Elkem's climate roadmap to reach net-zero emissions by 2050.

In July, Norway's Ministry of Climate and Environment concluded in favour of Elkem's complaint of unequal treatment in the allocation of free emission allowances under EU ETS from 2021 to 2025. Elkem expects to receive additional allowances for the period 2021-2025. The ministry's decision supports a level-playing field between European industry players, and will reduce Elkem's CO₂ quota costs going forward.

The group's equity as at 30 June 2025 amounted to NOK 23 965 million, which gave a ratio of equity to total assets of 50 per cent. Net interest-bearing debt was NOK 11 403 million, which gave a ratio of net interest-bearing debt to EBITDA of 2.8x. Elkem had cash and cash equivalents of NOK 4 139 million as at 30 June 2025, and undrawn credit lines of more than NOK 6 000 million.

Market conditions remain subdued, but Elkem's financial performance is supported by strong cost and market positions. Silicon Products is experiencing challenging markets and deteriorating reference prices, but the division's leading cost positions are alleviating the negative impact. Carbon Solutions benefits from good cost positions and geographically diverse customer portfolio. Silicones markets expected to remain stable at low levels. However, current price levels are not deemed sustainable in the long-term.

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About Elkem

Elkem is one of the world's leading providers of advanced silicon-based materials shaping a better and more sustainable future. The company develops silicones, silicon products and carbon solutions by combining natural raw materials, renewable energy and human ingenuity. Elkem helps its customers create and improve essential innovations like electric mobility, digital communications, health and personal care as well as smarter and more sustainable cities. With a strong track record since 1904, its global team of more than 7 200 people has a joint commitment to stakeholders: Delivering your potential. In 2024, Elkem achieved an operating income of NOK 33 billion. Elkem has been awarded top score of A on Forests and Water Security, and B on Climate Change from CDP. Elkem is listed on the Oslo Stock Exchange (ticker: ELK), where the company is also included in the ESG Index.
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