

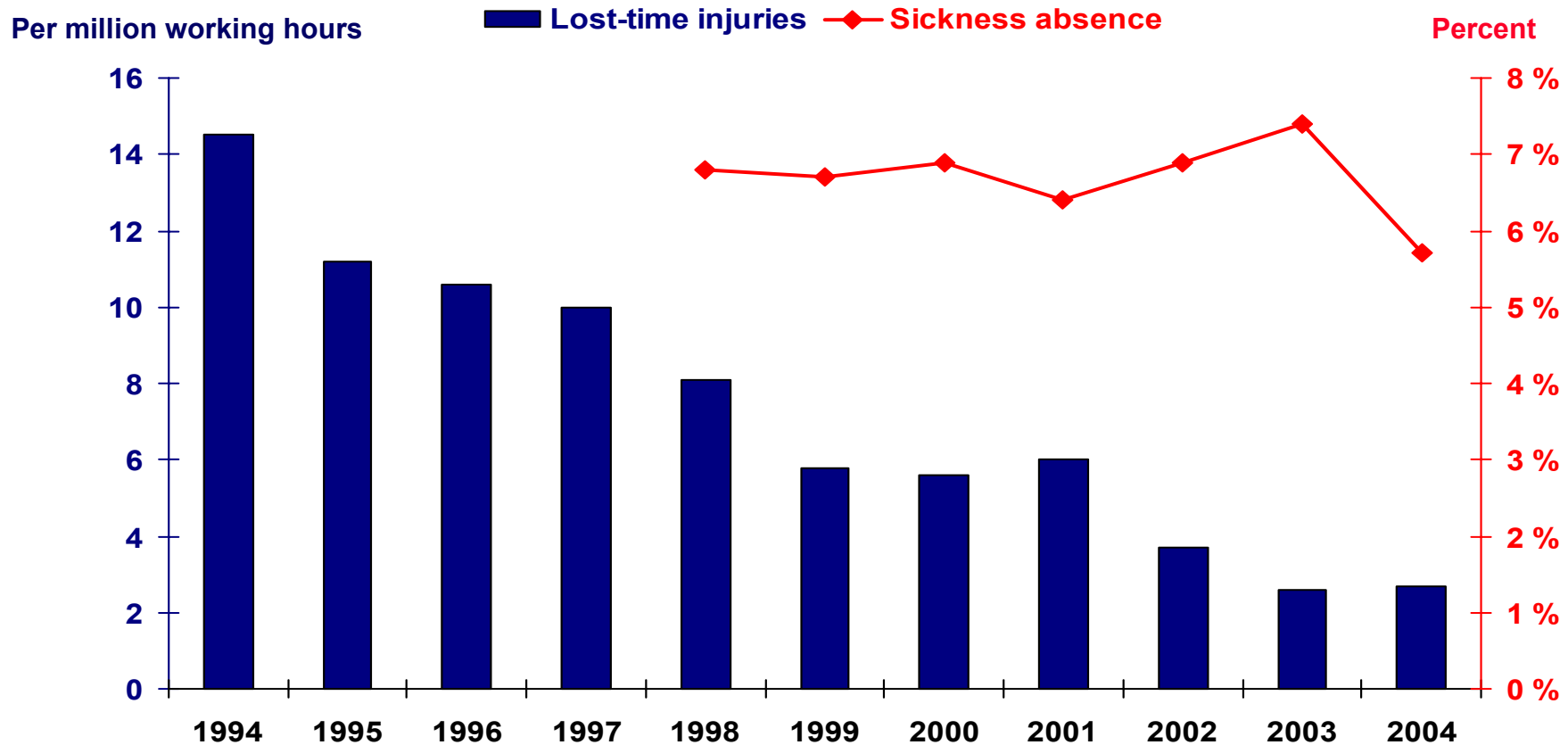
Elkem

Presentation
13 April
CFO Richard Aa

Agenda

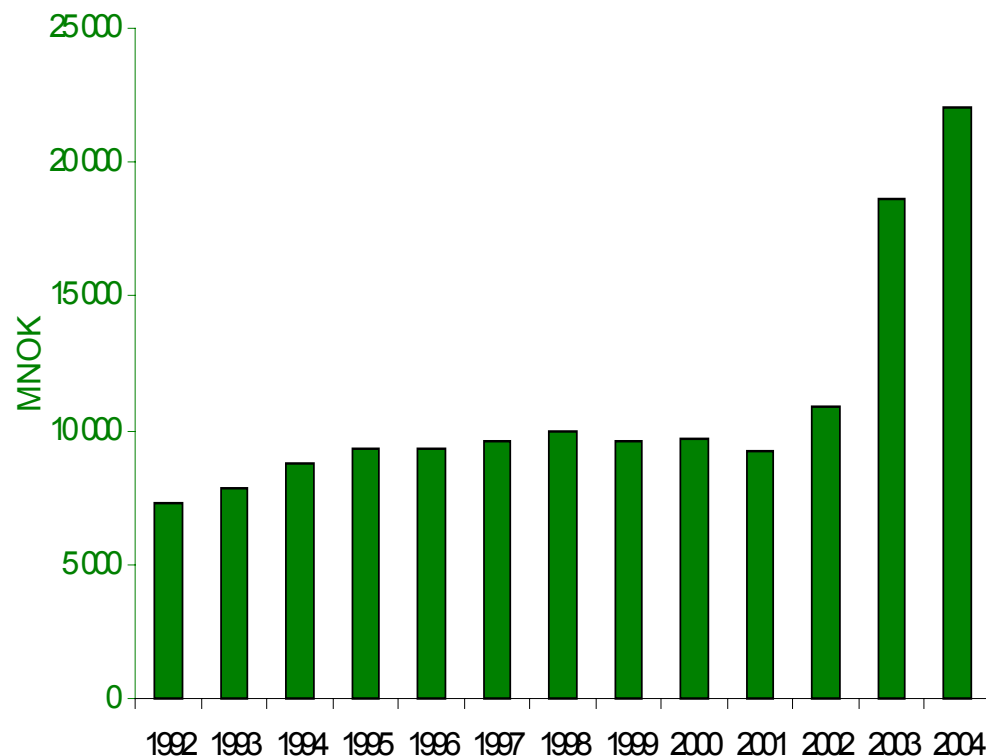
- **Health and Safety**
- **Financial**
- **Strategy and Development**

Health and safety performance



Note: Figures are excluding Sapa

Net sales and EBITDA Development 1992 - 2004

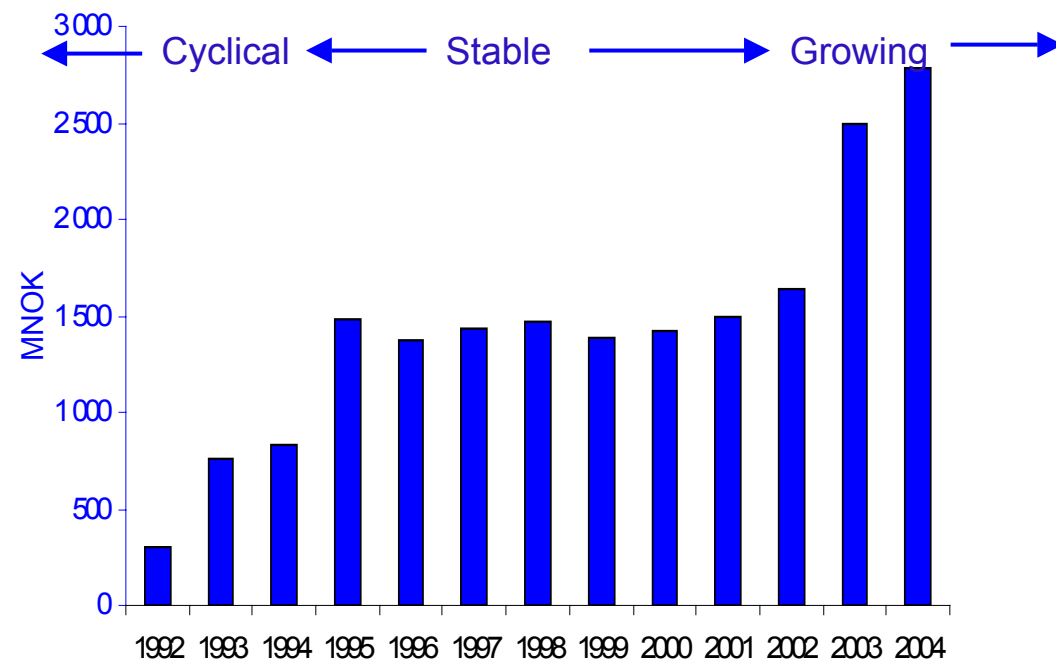


Consolidation and
protection of assets

Establishing
sustainable profitability

Restructuring

Growth

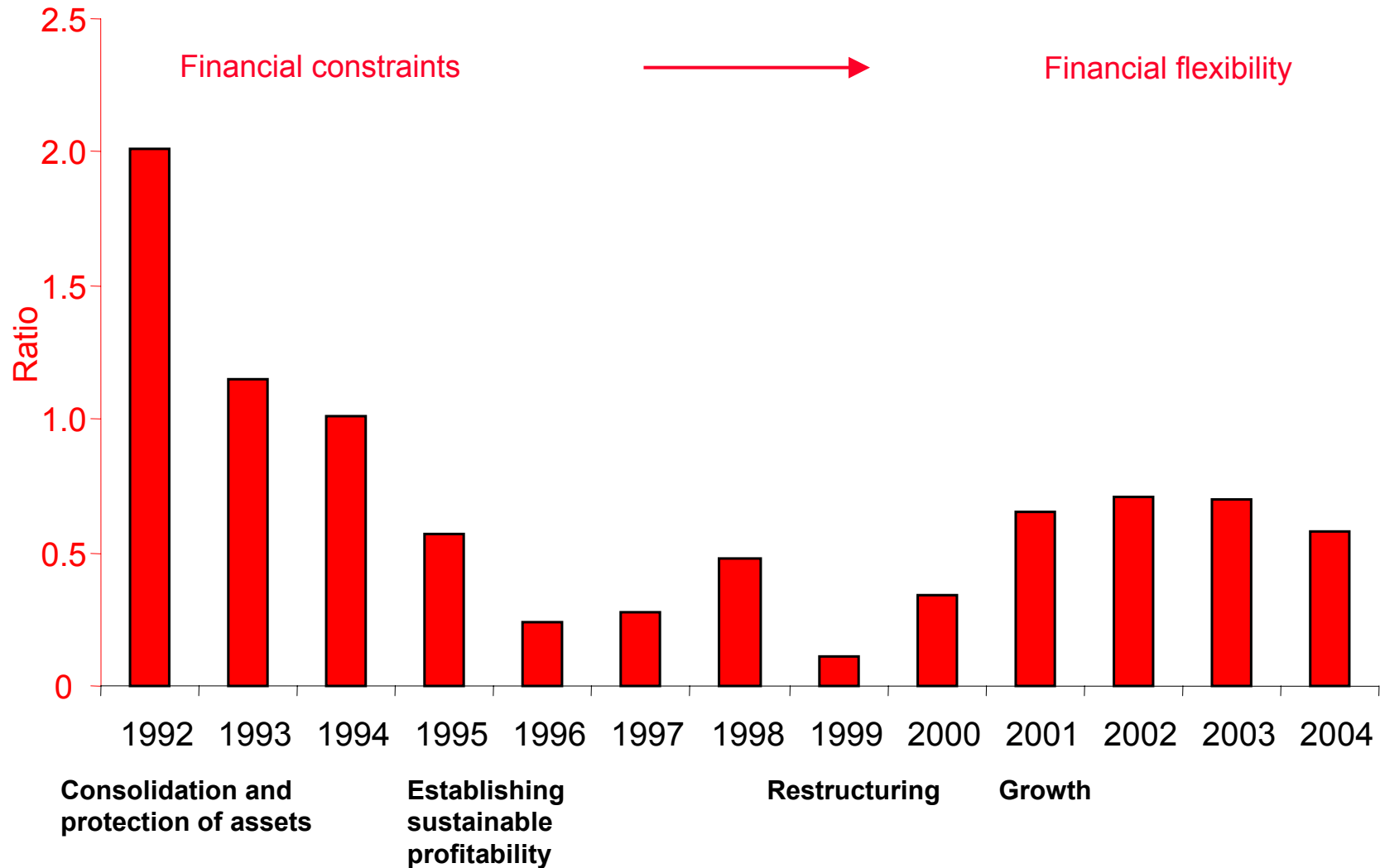


Consolidation and
protection of assets

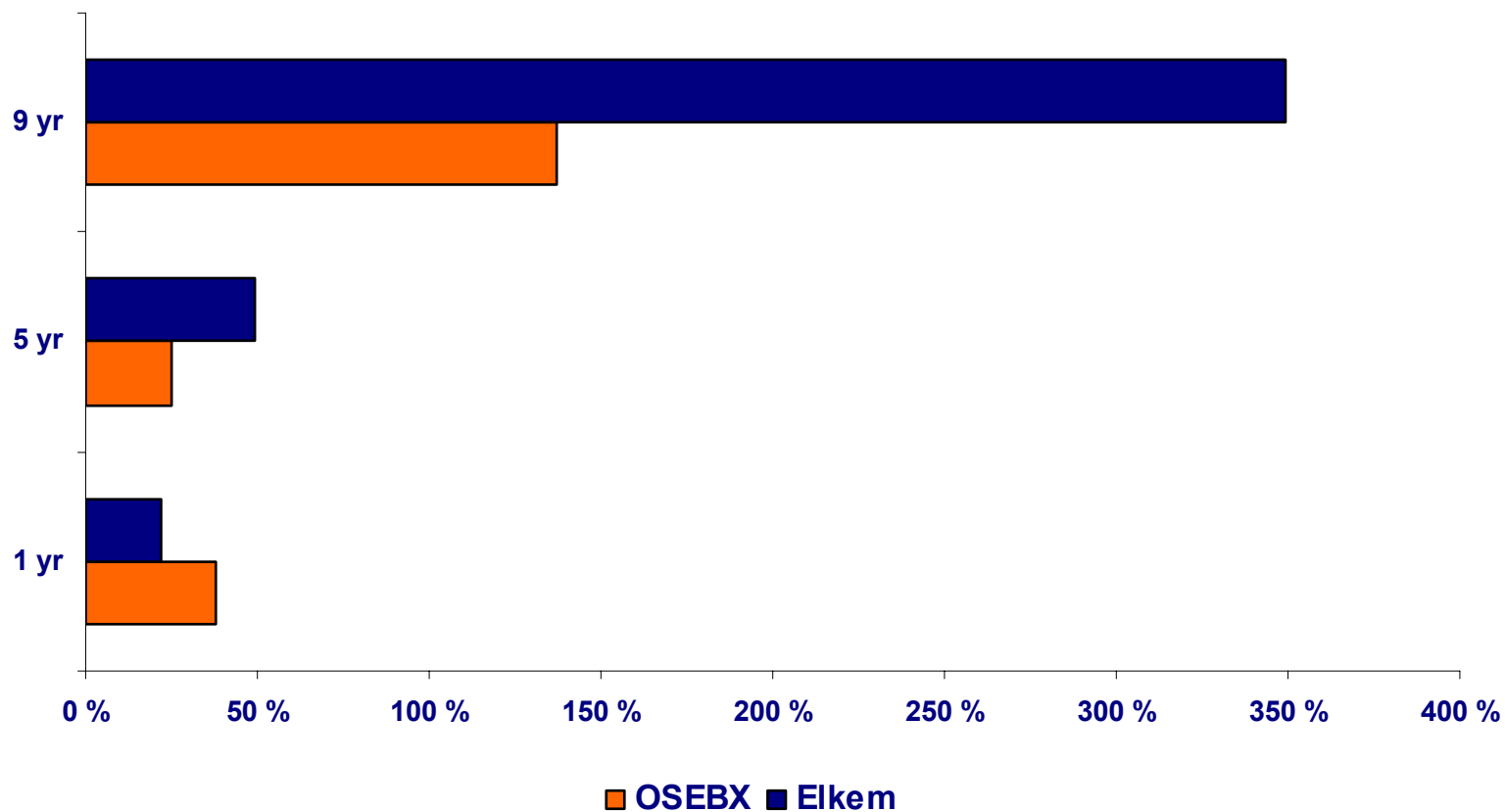
Establishing sustainable
profitability

Restructuring

Financial strength (Net debt to Equity)



Total shareholder return



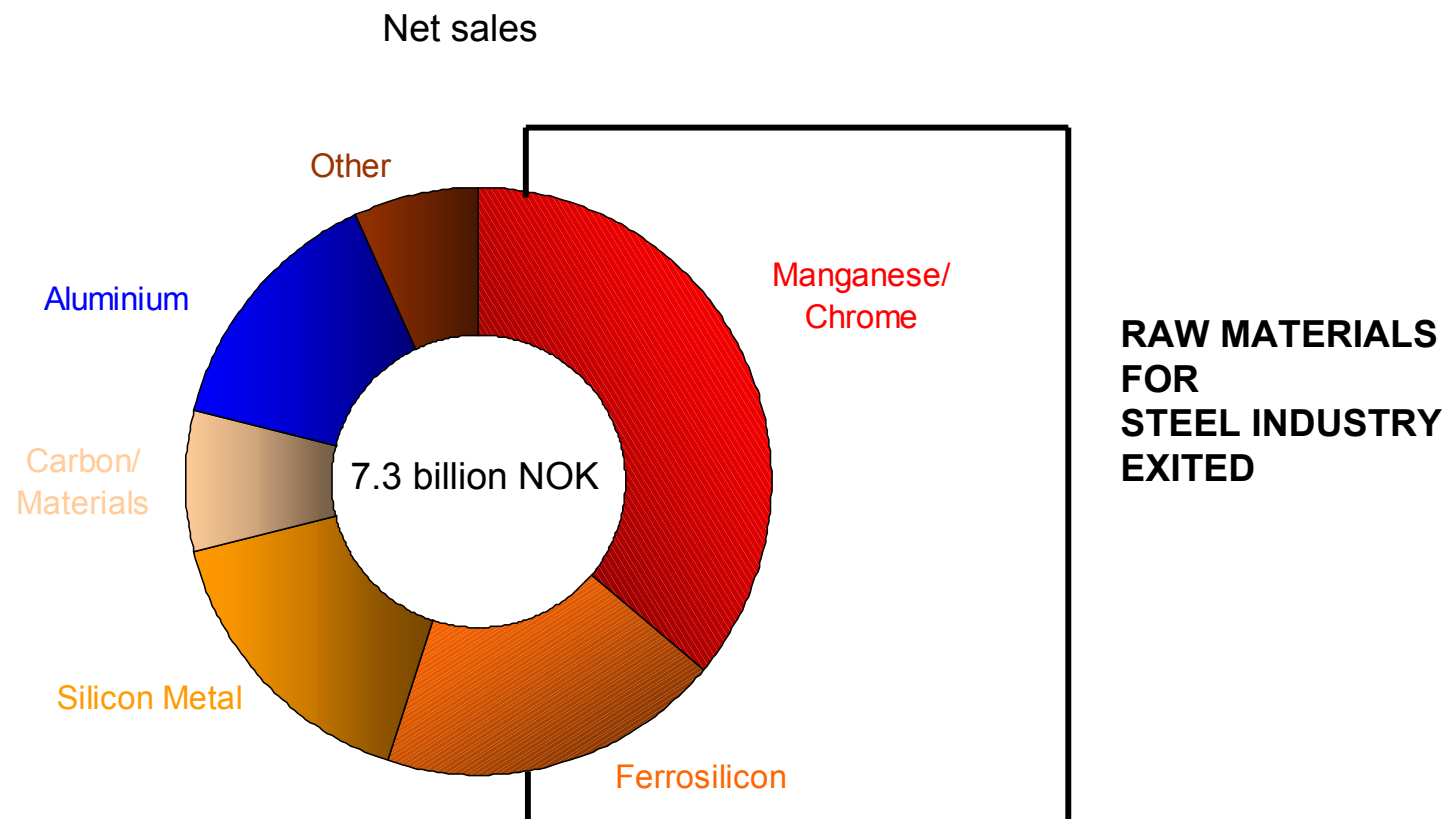
Note: No ten-year statistic available for Oslo Børs Benchmark Index

Source: Oslo Børs

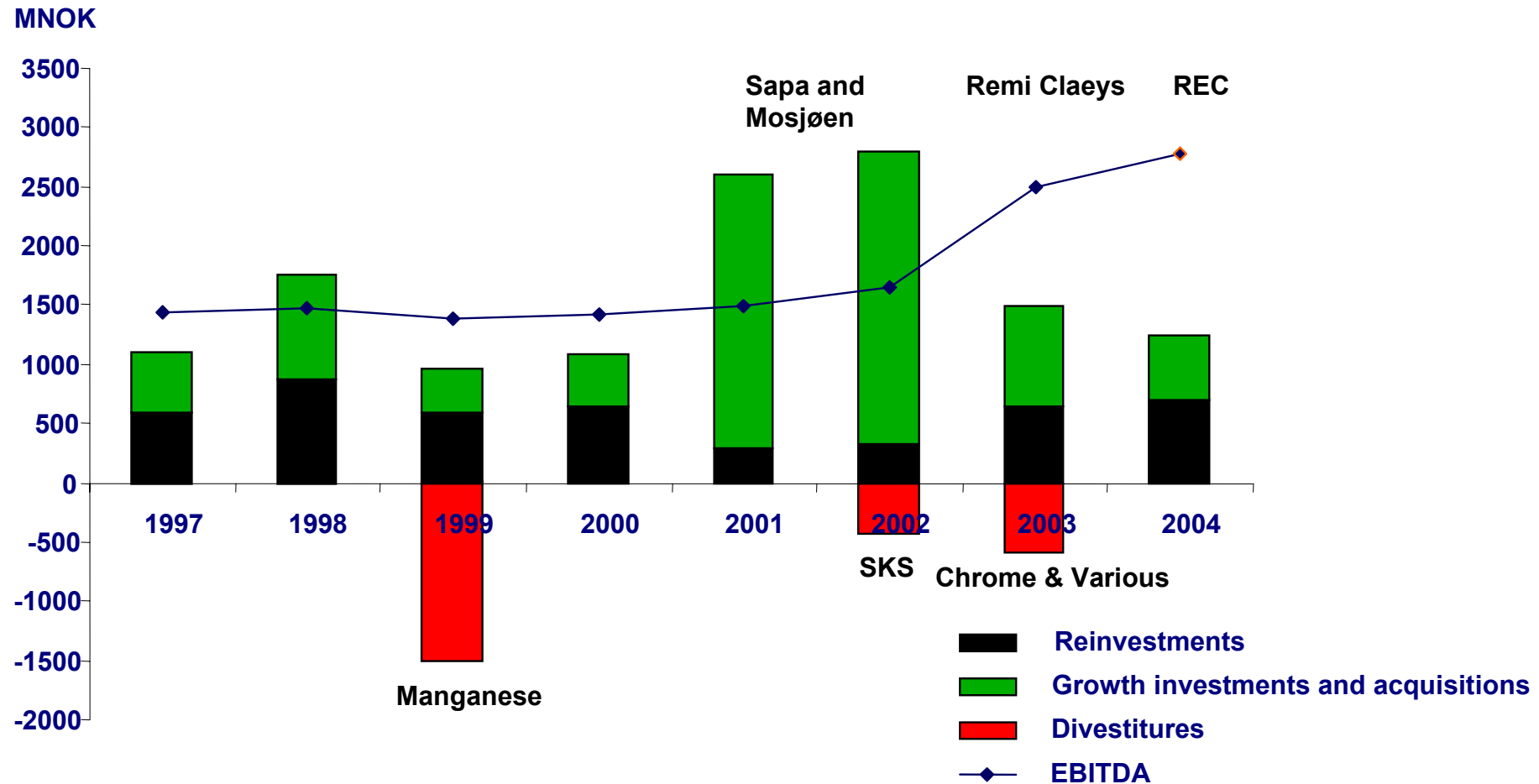
The transformation of Elkem

- **Repositioning of business portfolio**
- **Increased specialization and downstream activities**
- **Development of a Business System**
- **Development of an energy business**

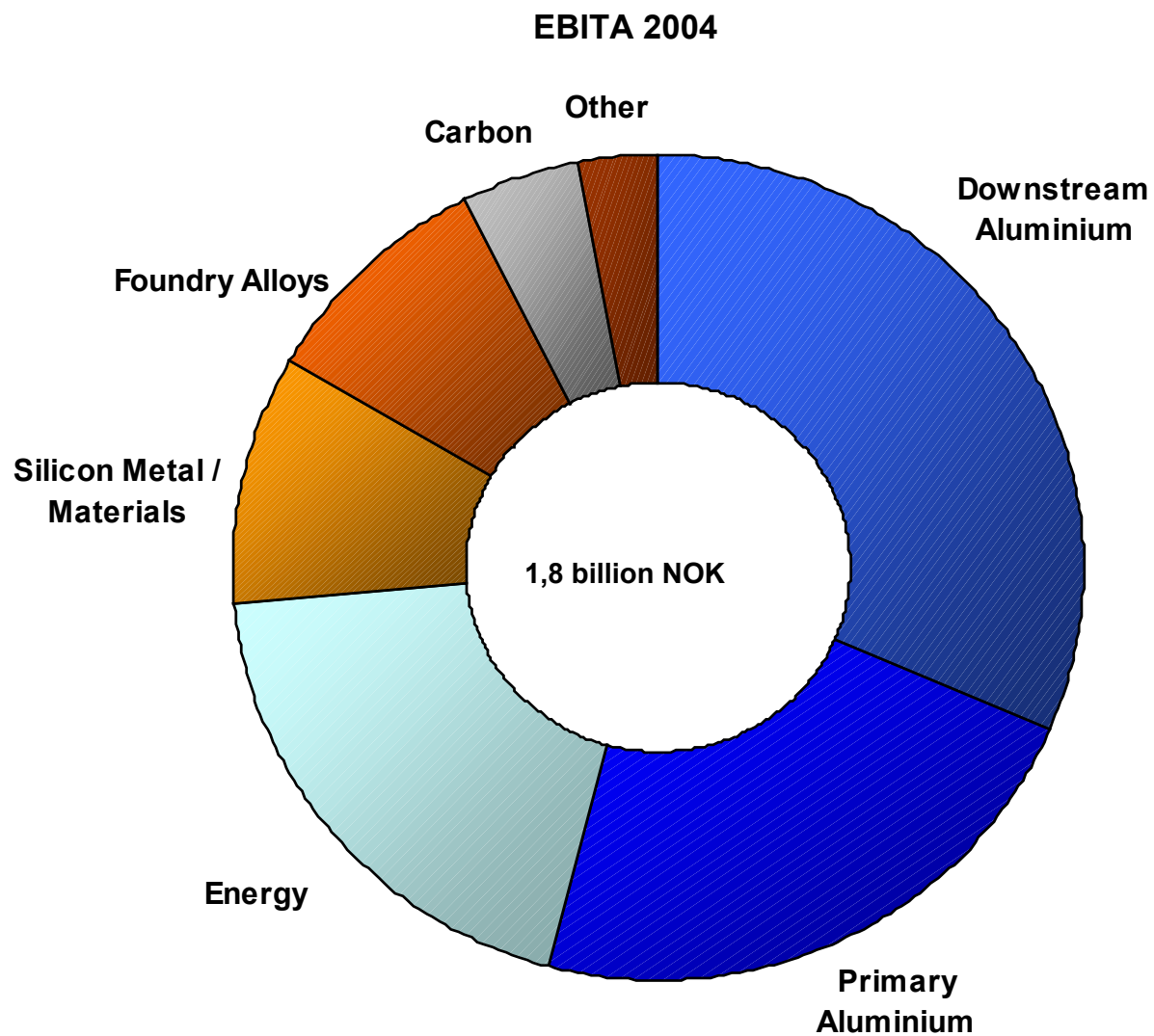
Business portfolio 1992



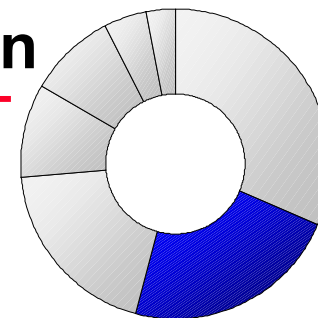
Total investments including acquisitions and divestitures



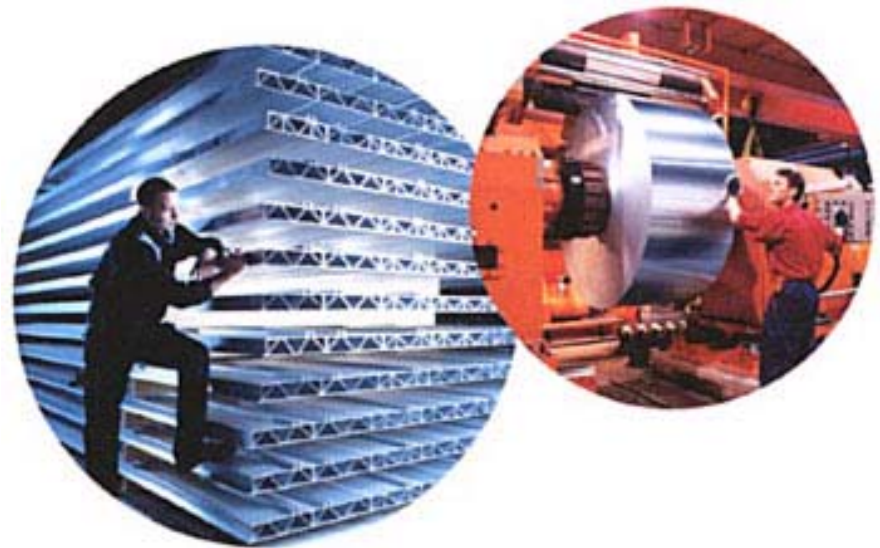
Business portfolio 2004



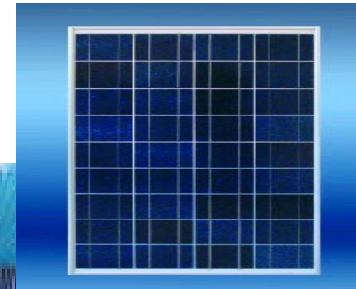
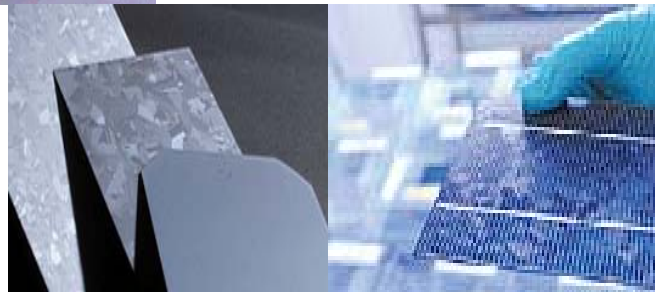
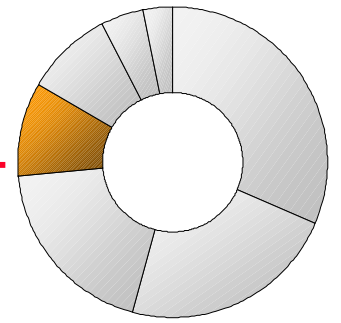
Primary aluminium - Elkem Aluminium Mosjøen



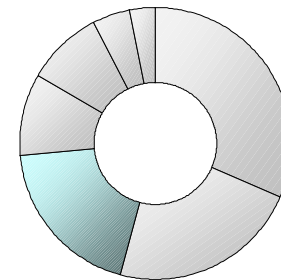
Downstream aluminium - Sapa



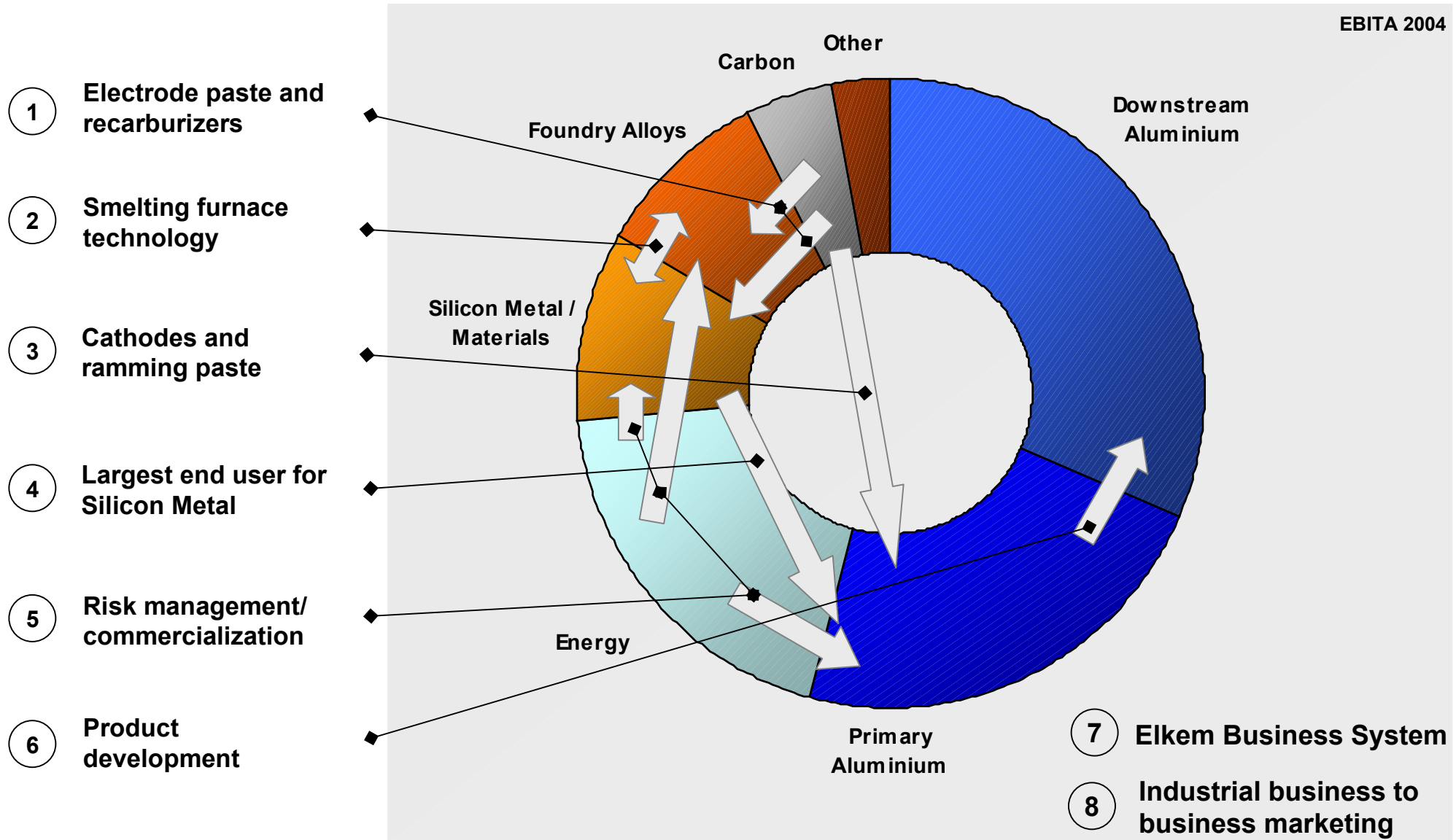
Silicon Metal - Solar cell



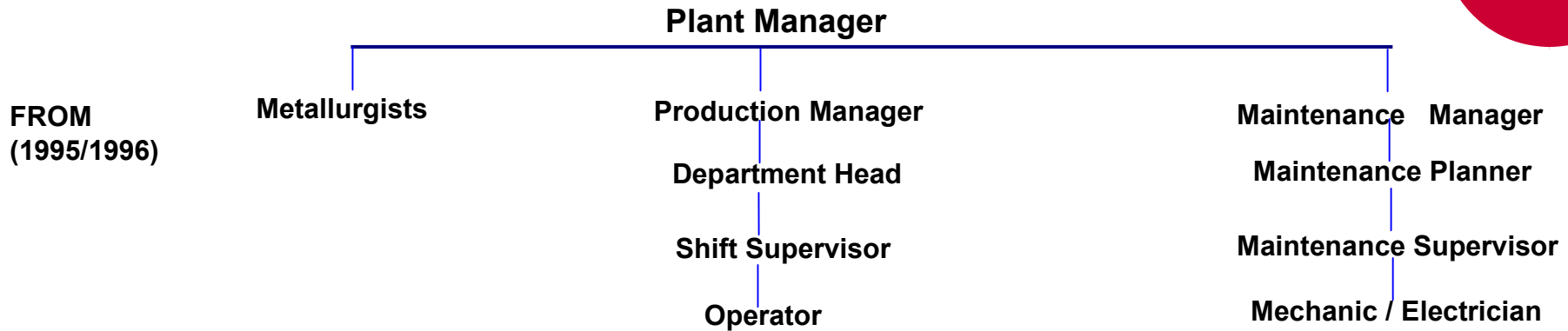
Elkem Energy



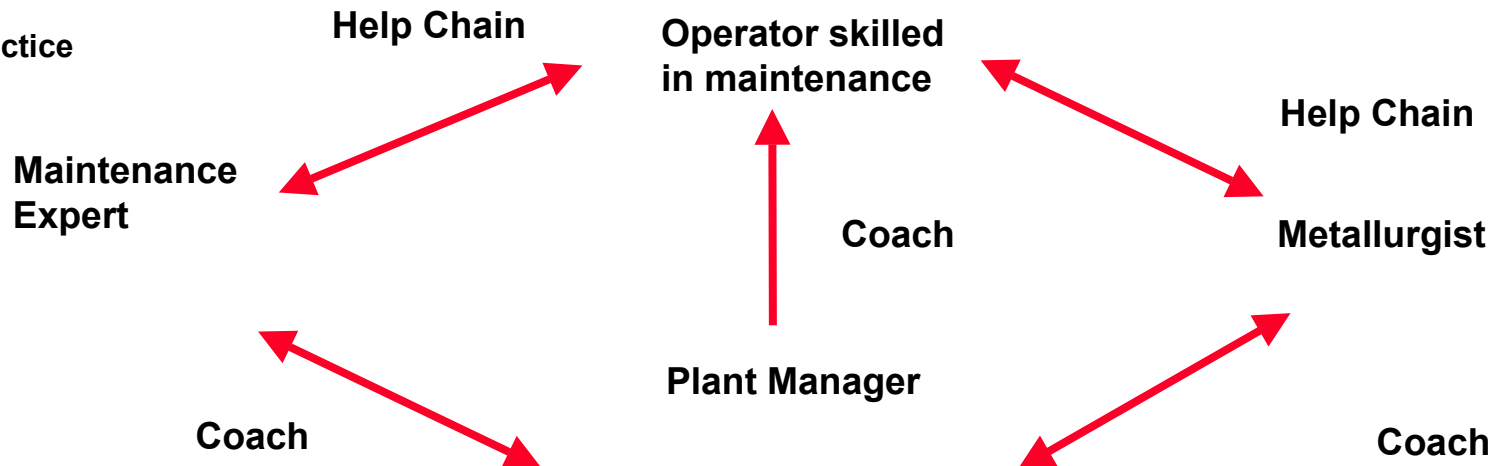
Business portfolio 2004 - Synergies



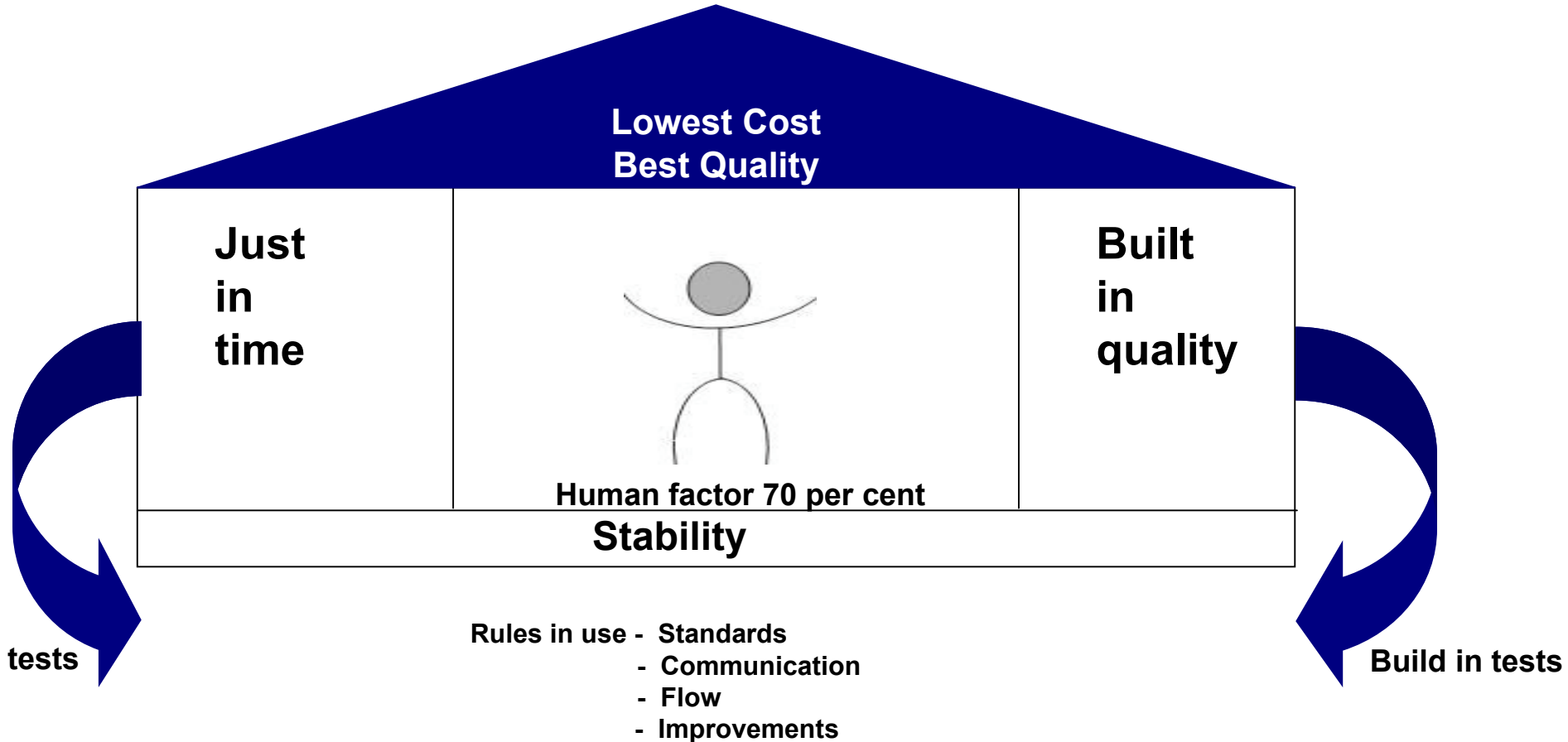
EBS and organisational redesign



**TO:
2005
Best Practice**



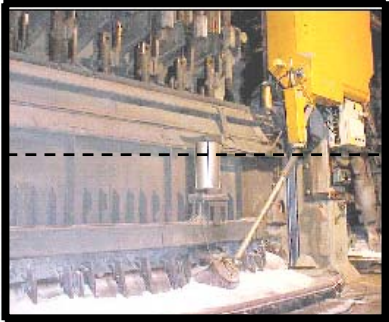
EBS System Requirements



EBS -Results from Elkem Aluminium

Shorter flow time

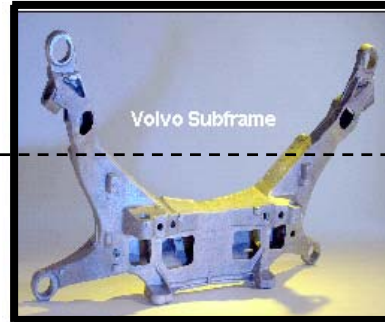
Potroom production



Casting



Casting

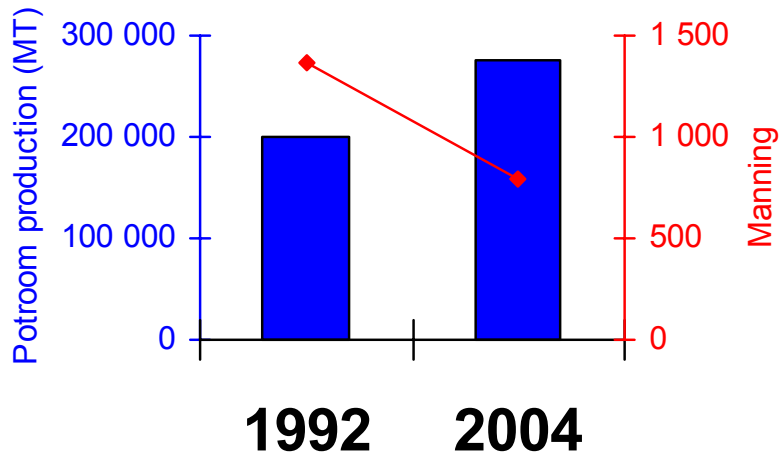


Volvo S80

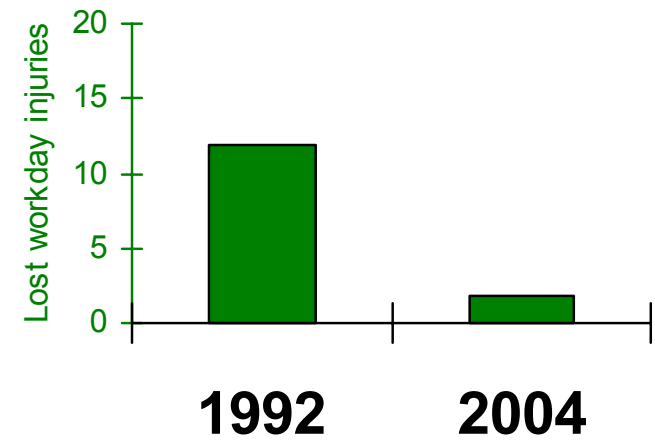


→ 10 days

Lower costs/Productivity



Improved safety



Specialisation and downstream activities

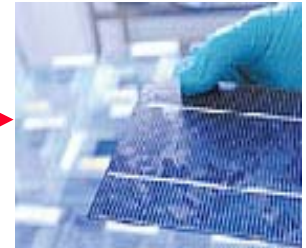
Aluminium:

Downstream investment in Sapa 2001 →
Sapa downstream investment in Building Systems 2003 →



Silicon Metal:

Downstream investment in Solar project and REC stake 2002 →
Downstream applications of microsilica 1998 →



Foundry Alloys:

Conversion from commodity supplier to steel segment to
“alloy advisor” to foundry industry 1998 →

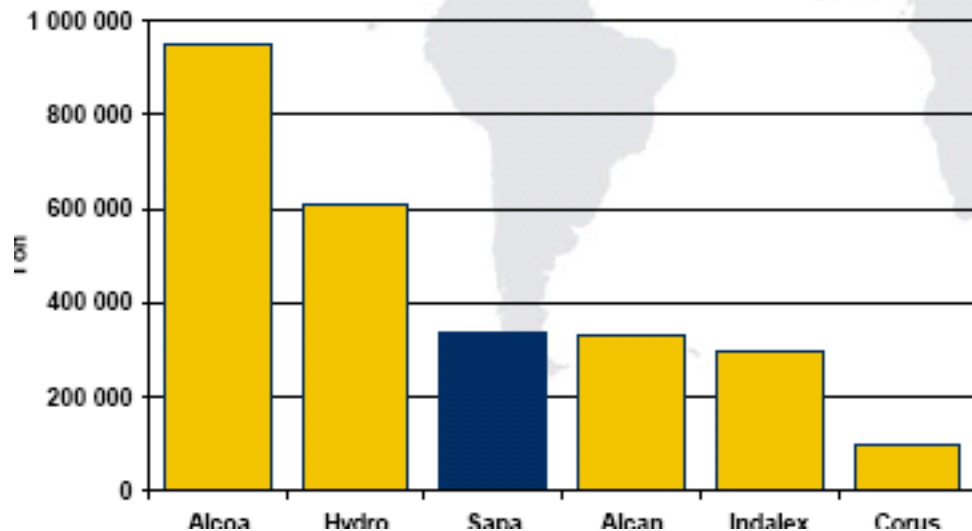
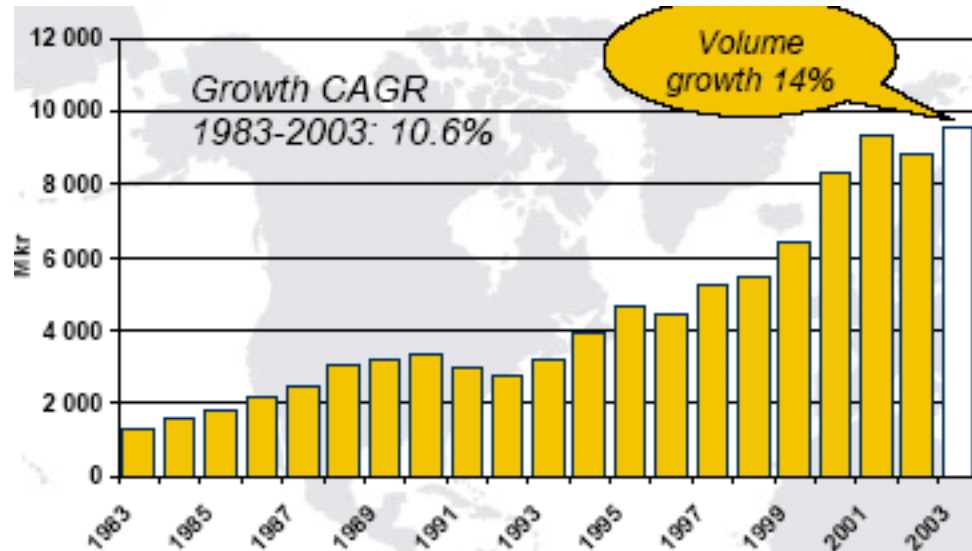


Carbon:

Conversion to high end aluminium applications 2000 →



Sapa Profiles: growth and market position

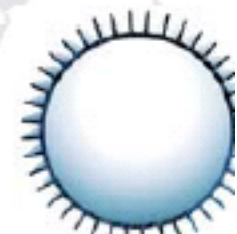


Production in		
Poland	Sweden	Portugal
France	Germany	USA
England	Holland	Belgium
Denmark		

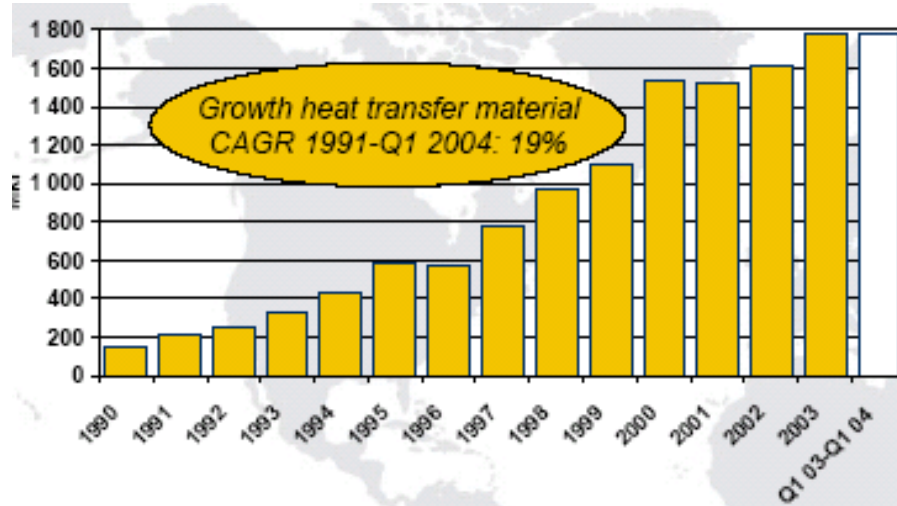
Sales in the above plus		
Lithuania	China	Norway
Canada	Czech Rep.	Estonia
Spain	Switzerland	Finland

Presence

- #1 in Sweden and Belgium
- #2 in England, Poland, France and Portugal



Sapa Heat Transfer: growth and market position

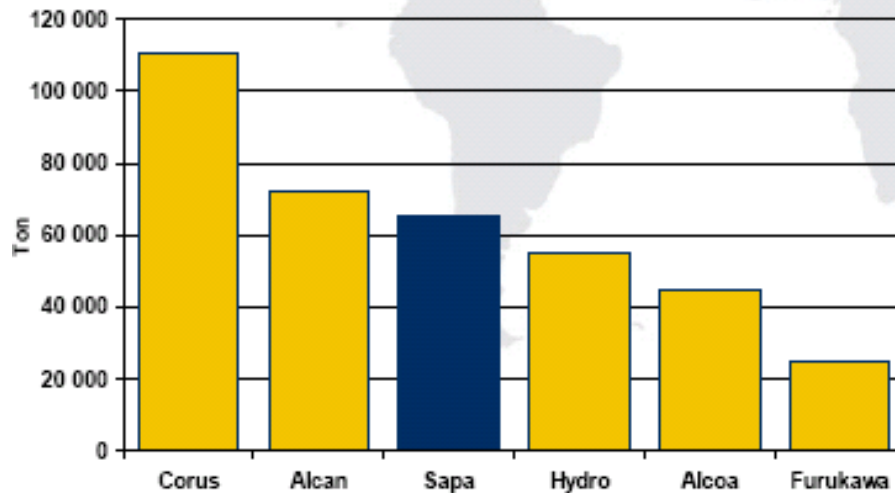


Production in
Sweden China

Sales in 34 countries
Main markets:
Sweden China France
South Korea USA UK

Presence

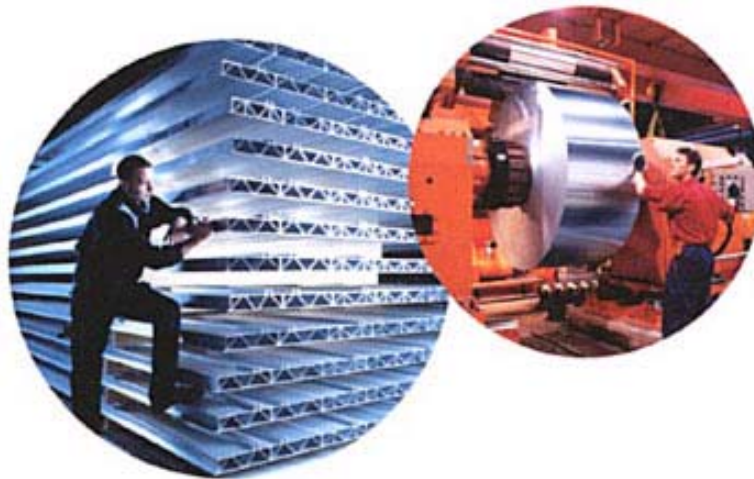
#1 in Europe and Asia
(excl. Japan)



Source: Sapa's fourth quarter 2002 presentation

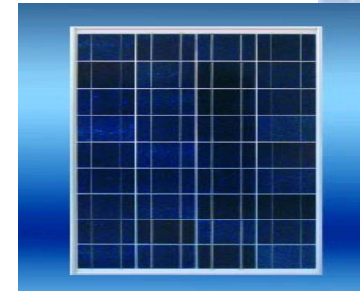
Sapa - Strategic Issues

- Development of a building systems business in Europe
- Location strategy profiles Europe
- Implementation of a business system
- Globalization of Heat Transfer



Silicon Metal - Strategy

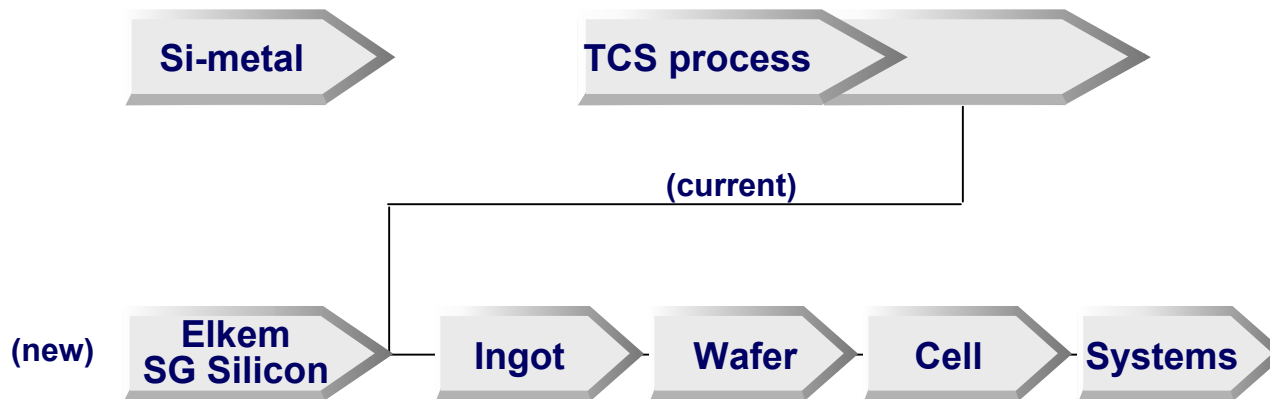
- Secure medium term cost position in Norway by converting production to larger furnaces with combined operation high quality silicon metal and microsilica
- Downstream initiative in Solar through R&D and REC participation
- Downstream initiatives microsilica - Polymer, Well Drilling, etc.



Elkem Solar initiative

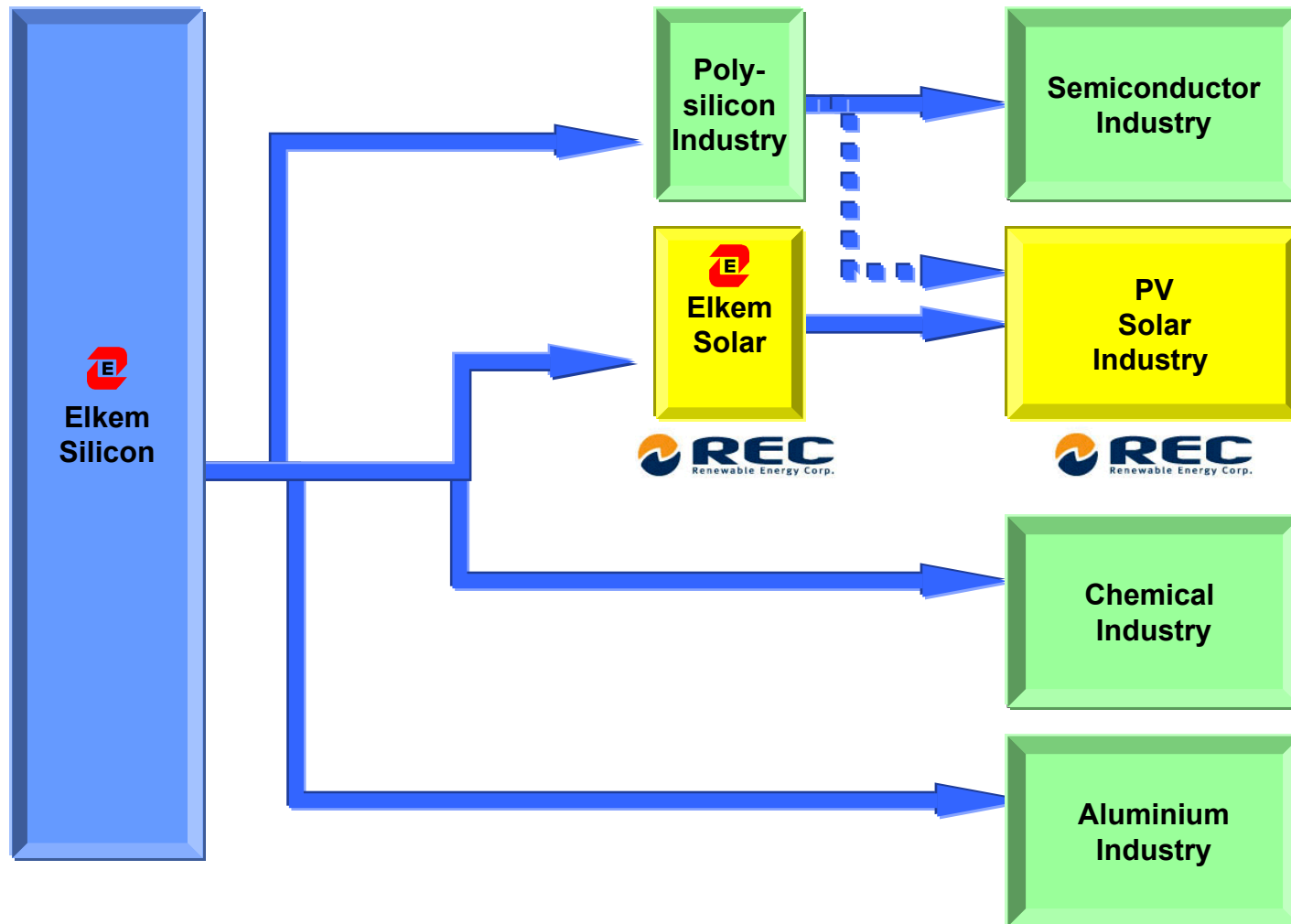
- Solar energy is a high growth industry (historical 30 per cent p.a.)
- Feedstock shortage is a major bottleneck for further growth
- Elkem initiative originates from its position and know-how in metallurgical silicon:

Provide direct route from metallurgical si-metal to “solar grade”. The key is to reduce the level of impurities (Phosphorus, Boron, etc.) to a level which allows for energy conversion in solar cells at an acceptable rate.



- Current main feedstock source for the solar industry is scraps from the electronics industry

Elkem Solar project



Renewable Energy Corp investment

Feedstock

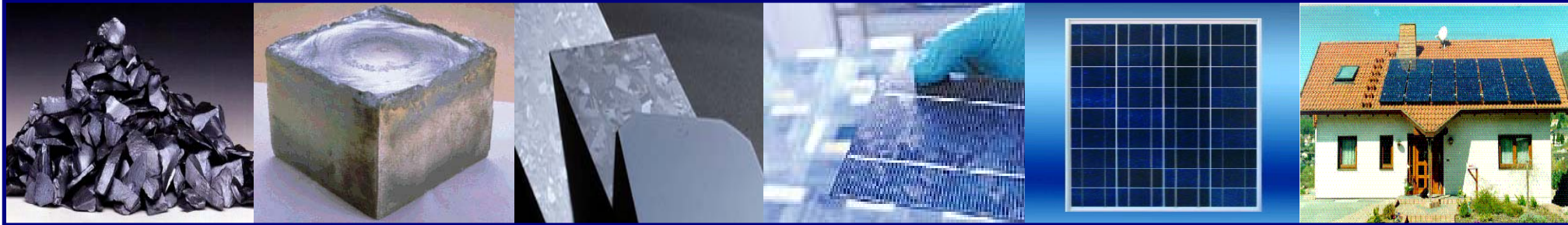
Ingot/block

Wafer

Cell

Module

**System
integration**



Solar Grade Silicon

ScanWafer

Scan Cell

Scan Module

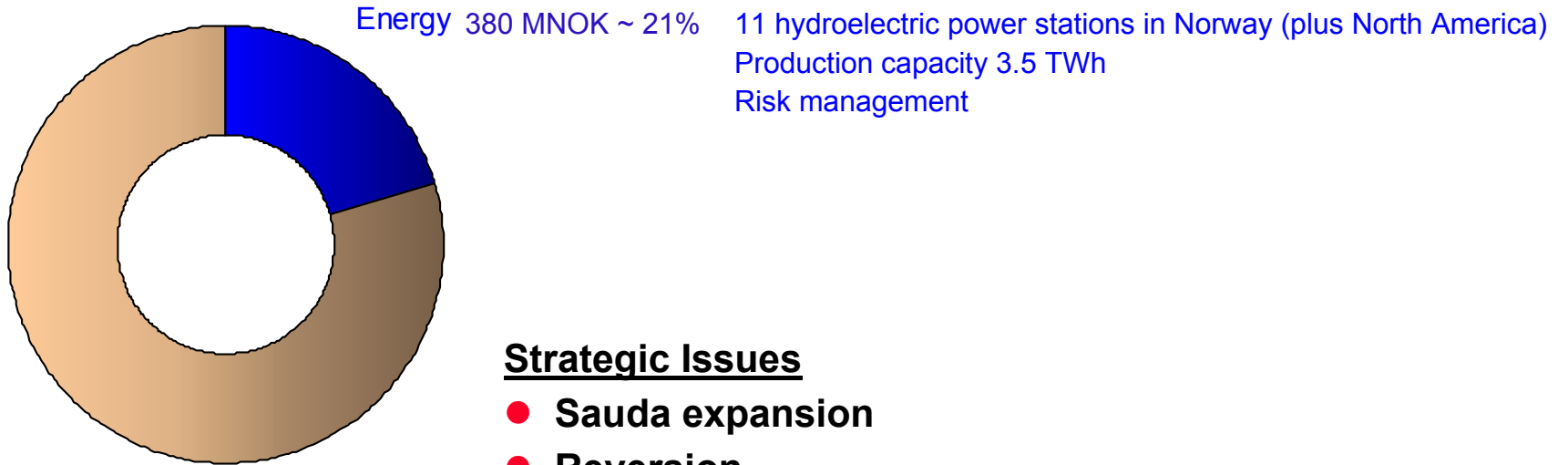
SolEnergy

20 percent global market share

- Investment 450 MNOK
- Ownership 23 percent

Energy

Income from operations



Energy 380 MNOK ~ 21%

11 hydroelectric power stations in Norway (plus North America)

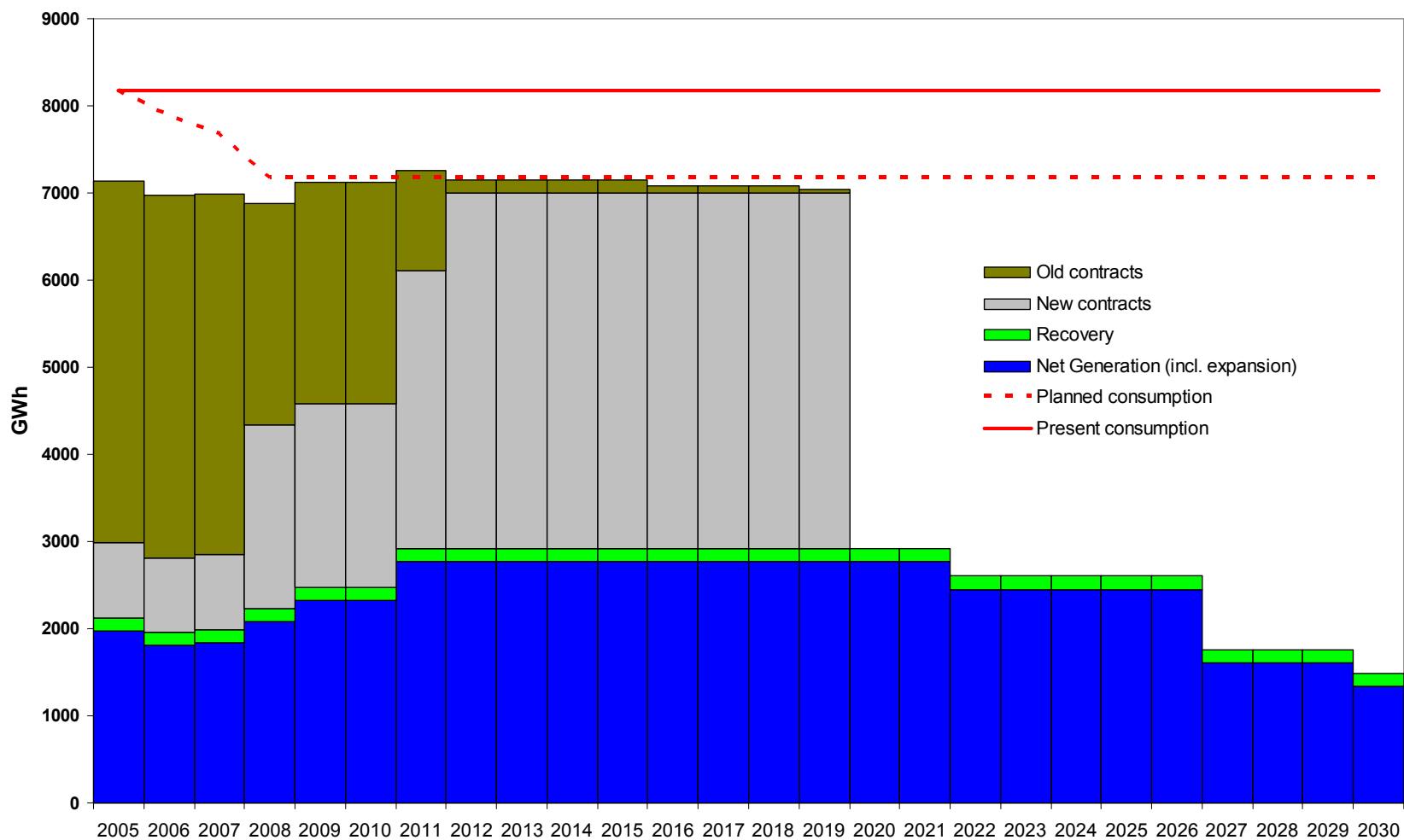
Production capacity 3.5 TWh

Risk management

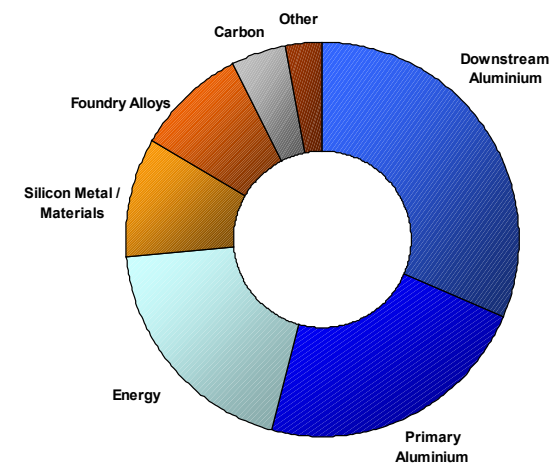
Strategic Issues

- Sauda expansion
- Reversion
- Continue development of commercial function

Energy exposure Norway 2005-2030



Summary



- **Capital Allocation / Strategic Direction:**
 - Aluminium growth through Sapa growth
 - Silicon metal growth through downstream solar and microsilica
 - Energy growth if playing field becomes even
 - Continue to develop Foundry Alloys and Carbon
- **Key enablers:**
 - Elkem Business System (EBS)
 - R&D capabilities Silicon Metal
 - Organisational strength in Energy
 - Customer value management

International Financial Reporting Standards (IFRS)

- **Greatest potential effects relate to pensions, goodwill, financial instruments and deferred tax relating to the above matters**
- **Effect on equity capital: expected reduction of 315 MNOK from 1 January 2004**
 - **mainly due to a shortfall in the American pension scheme**
 - **accrual effect from payment of dividends of NOK 395**
- **Effect on EPS: expected increase of approximately 3.50 NOK in 2004**
 - **due to goodwill no longer being depreciated and pension costs having been reduced**