Ferroglobe Reports Solid First Quarter 2024 Financial Results

May 14, 2024

Increasing annual Adj. EBITDA guidance to $130-170 million, up from $100-170 million previously

- Posted adjusted EBITDA of $25.8 million for the first quarter of 2024
- Net cash positive for the first time in the Company's history; all-time low gross debt of $81 million
- Initiated a quarterly cash dividend of $0.013 per share, paid on March 28, 2024; announcing a second quarter dividend of $0.013 per share, payable on June 27
- Board approved stock buyback program; shareholder vote to approve buyback scheduled for June 2024 AGM
- Successfully restarted French operations on April 1, 2024, with all furnaces running
- Applying for permit to expand silicon metal production in the U.S. to address strong secular trends in solar and EV batteries
- Signed a memorandum of understanding with Coreshell, followed by an investment post-quarter after strong test results in our lab

LONDON, May 14, 2024 (GLOBE NEWSWIRE) -- Ferroglobe PLC (NASDAQ: GSM) ("Ferroglobe", the "Company", or the "Parent"), a leading producer globally of silicon metal, silicon-based and manganese-based specialty alloys, today announced financial results for the first quarter 2024.

Financial Highlights

($ in millions, except EPS)	Q1 2024	Q4 2023	% Q/Q	Q1 2023	% Y/Y
Sales	$ 391.9	$ 376.0	4%	$ 400.9	(2%)
Net (loss) income	$ (2.0)	$ (11.1)	82%	$ 21.0	(110%)
Adjusted diluted EPS	$ —	$ 0.07	82%	$ 0.05	(110%)
Adj. EBITDA	$ 25.8	$ 60.3	(57%)	$ 44.8	(42%)
Operating cash flow	$ 198.0	$ 25.1	688%	$ 134.8	47%
Capital expenditures[1]	$ 18.2	$ 25.5	(29%)	$ 18.0	1%
Free cash flow[2]	$ 179.8	$ (0.4)	(45.509%)	$ 116.8	54%

(1) Cash outflows for capital expenditures

(2) Free cash flow is calculated as operating cash flow less capital expenditures

Dr. Marco Levi, Ferroglobe's Chief Executive Officer, commented, "In the first quarter, we continued to make progress in improving Ferroglobe's financial position, ending the quarter with a positive net cash position for the first time, representing the strongest financial position in the Company's history. We announced a dividend last quarter and are declaring another dividend of $0.013. Our board recently approved a buyback initiative, and we expect our shareholders to do the same during our annual shareholders' meeting in June. We will continue to focus on policies that return value to our shareholders.

"As we position the Company to exploit the strong anticipated demand in silicon metal to address the solar and EV battery markets, we are in the process of applying for a permit to expand our silicon metal operations in North America. This will be in the form of a brownfield expansion, which is significantly less costly than a greenfield buildout. In March, we signed a memorandum of understanding with Coreshell, a leading US-based battery technology company, working towards building the world's first battery-grade metallurgical silicon for electric vehicles. Recently we solidified this relationship by making a strategic investment in Coreshell. This is an important opportunity for Ferroglobe to play a key role in the ongoing evolution of the electric vehicle battery market. Using silicon in EV batteries has significant advantages over graphite, including lower cost, an increase of up to 40% in driving range as well as significantly faster charging times. We believe silicon will be an important component in the innovation of EV batteries and we are positioning the company to be an integral part of it.

"The indices across all our businesses are up from the lows. While the initial improvement in prices was driven by supply-related issues, these prices have held strong and we are starting to see some signs of fundamental improvements in demand in the U.S. Accordingly, we are raising the low end of our annual adjusted EBITDA guidance, increasing the range from $100-170 million to $130-170 million," concluded Dr. Levi.

Consolidated Sales

In the first quarter of 2024, Ferroglobe reported net sales of $391.9 million, an increase of 4% over the prior quarter and a decrease of 2% over the year-ago period. The increase in our first quarter results is primarily attributable to higher volumes across our product portfolio, partly offset by lower pricing in silicon metal and silicon-based alloys. Over the prior quarter, the sales increase was primarily driven by silicon-based alloys, which accounted for $5 million, and manganese-based alloys, which accounted for $6 million of the increase, while silicon metals sales remained stable.

Product Category Highlights

Silicon Metal

($,000)	Q1 2024	Q4 2023	% Q/Q	Q1 2023	% Y/Y
Shipments in metric tons:	53,183	49,761	6.9%	36,942	44.0%
Average selling price ($/MT):	3,155	3,371	(6.4)%	4,351	(27.5)%
Silicon Metal Revenue	**167,792**	**167,744**	0.0%	**160,735**	4.4%
Silicon Metal Adj.EBITDA	**16,071**	**22,188**	(27.6)%	**31,120**	(48.4)%
Silicon Metal Adj.EBITDA Margin	9.6%	13.2%		19.4%	

Silicon metal revenue in the first quarter was $167.8 million, in line with the prior quarter. The average realized selling price decreased by 6.4%, primarily due to a price decline of 10% in the U.S. Total shipments increased due to higher volumes in EMEA. Adjusted EBITDA for silicon metal decreased to $16.1 million during the first quarter, a decrease of 27.6% compared with $22.2 million for the prior quarter. The Adjusted EBITDA margin in the quarter decreased mainly driven by reduced energy compensation in France in the first quarter of 2024.

Silicon-Based Alloys

($,000)	Q1 2024	Q4 2023	% Q/Q	Q1 2023	% Y/Y
Shipments in metric tons:	51,171	46,446	10.2%	49,100	4.2%
Average selling price ($/MT):	2,188	2,300	(4.9)%	2,756	(20.6)%
Silicon-based Alloys Revenue	**111,962**	**106,826**	4.8%	**135,320**	(17.3)%
Silicon-based Alloys Adj.EBITDA	**14,412**	**34,973**	(58.8)%	**21,924**	(34.3)%
Silicon-based Alloys Adj.EBITDA Margin	12.9%	32.7%		16.2%	

Silicon-based alloy revenue in the first quarter was $112.0 million, an increase of 4.8% over the prior quarter. The shipment increase of 10.2% is attributable to stronger volumes in the U.S. Adjusted EBITDA for the silicon-based alloys decreased to $14.4 million in the first quarter of 2024, a decrease of 58.8% compared with $35.0 million for the prior quarter. The Adjusted EBITDA margin decreased in the quarter mainly due to the decrease in average realized price during the first quarter of 2024.

Manganese-Based Alloys

($,000)	Q1 2024	Q4 2023	% Q/Q	Q1 2023	% Y/Y
Shipments in metric tons:	62,320	61,404	1.5%	46,867	33.0%
Average selling price ($/MT):	1,066	985	8.2%	1,316	(19.0)%
Manganese-based Alloys Revenue	**66,433**	**60,483**	9.8%	**61,677**	7.7%
Manganese-based Alloys Adj.EBITDA	**5,520**	**23,886**	(76.9)%	**2,043**	170.2%
Manganese-based Alloys Adj.EBITDA Margin	8.3%	39.5%		3.3%	

Manganese-based alloy revenue in the first quarter was $66.4 million, an increase of 9.8% over the prior quarter. The average realized selling price increased by 8.2% and total shipments increased 1.5%. Adjusted EBITDA for the manganese-based alloys portfolio decreased to $5.5 million in the first quarter of 2024, a decrease of 76.9% compared with $23.9 million for the prior quarter. The Adjusted EBITDA margin decrease was mainly driven by reduced energy compensation in France.

Raw materials and energy consumption for production

Raw materials and energy consumption for production was $257.4 million in the first quarter of 2024 versus $199.9 million in the prior quarter, an increase of 29%. As a percentage of sales, raw materials and energy consumption for production was 66% in the first quarter of 2024 versus 53% in the prior quarter. This variance was mainly due to higher production costs in Europe related to the idling of operations in France during the first quarter of 2024 compared to the fourth quarter of 2023.

Net (Loss) Income Attributable to the Parent

In the first quarter of 2024, net loss attributable to the parent was $2.0 million, or ($0.01) per diluted share, compared to a net loss attributable to the parent of $11.1 million, or ($0.06) per diluted share in the fourth quarter.

Adjusted EBITDA

In the first quarter of 2024, adjusted EBITDA was $25.8 million, or 6.6% of sales, a decrease of 57.2% compared to adjusted EBITDA of $60.3 million, or 16% of sales in the fourth quarter of 2023. The decrease in the first quarter of 2024 adjusted EBITDA as a percentage of sales is primarily attributable to lower realized prices and lower indirect CO2 and energy compensation in France.

Total Cash, Adjusted Gross Debt and Working Capital

($ in millions)	Q1 2024	Q4 2023	$	%	Q1 2023	$	% Y/Y

Total Cash	$ 159.8	$ 137.6	22	16%	$ 344.2	(184)	(54%)
Adjusted Gross Debt[1]	80.8	238.5	(158)	(66%)	399.7	(319)	(80%)
Net (Cash)/Debt	$ (79.0)	$ (100.9)	22	22%	$ 55.5	(134)	(242%)
Total Working Capital	$ 487.5	$ 510.7	(23)	(5%)	$ 582.3	(95)	(16%)

(1) Adjusted gross debt excludes bank borrowings on factoring program and impact of leasing standard IFRS16 for each of the periods presented

The total cash balance was $159.8 million as of March 31, 2024, up $22.1 million from $137.6 million as of December 31, 2023.

During the first quarter of 2024, we generated $198.0 million of operating cash flow and had a negative cash flow from investing activities of $17.5 million. Cash flow from financing activities was negative $156.3 million as we paid the remaining senior secured notes of approximately $150 million.

Total working capital was $487.5 million on March 31, 2024, improving from $510.7 million as of December 31, 2023. The $23.2 million decrease in working capital balance during the quarter was mainly due to a $22.2 million decrease in inventories and a $6.3 million decrease in trade and other receivables, partially offset by a $5.3 million decrease in trade and other payables.

Beatriz García-Cos, Ferroglobe's Chief Financial Officer, commented, "This quarter Ferroglobe turned net cash positive for the first time in its history, a significant milestone for the Company. We achieved a net cash balance of $79 million at quarter end, representing a total cash of $160 million and adjusted gross debt of $81 million. Our operating cash flow in the quarter was strong, driven by a payment of $154 million from our French energy agreement. Also, for the first time in the Company's history, we declared a dividend last quarter of $0.013, which was paid on March 28 th and are announcing another dividend this quarter of $0.013, which will be payable on June 27th. With a strong financial position, we are working on various strategies to return value to shareholders. Our board has approved a share buyback program and once approved by our shareholders at our annual general meeting we will implement the buyback strategy."

Enhanced Capital Return Policy

Ferroglobe's board of directors approved a share buyback program, which requires a shareholder vote as a UK company listed on Nasdaq. As part of the annual general meeting in June, we are seeking authorization of $200 million for a share repurchase program over a 5-year period.

The company paid a quarterly cash dividend of $0.013 per share on March 28, 2024, to shareholders of record as of the close of business on March 22, 2024. A cash dividend of $0.013 per share will be paid on June 27, 2024, to shareholders of record as of June 17, 2024.

Conference Call

Ferroglobe invites all interested persons to participate on its conference call at 8:30 AM, Eastern Time on May 15, 2024. Please dial-in at least five minutes prior to the call to register. The call may also be accessed via an audio webcast.

To join via phone:
Conference call participants should pre-register using this link:
https://register.vevent.com/register/BI3710d5099e3c4756b47a1496c71ce9ab
Once registered, you will receive the dial-in numbers and a personal PIN, which are required to access the conference call.

To join via webcast:
A simultaneous audio webcast, and replay will be accessible here:
https://edge.media-server.com/mmc/p/ur2yewsw

About Ferroglobe

Ferroglobe PLC is a leading global producer of silicon metal, silicon- and manganese- based specialty alloys and ferroalloys, serving a customer base across the globe in dynamic and fast-growing end markets, such as solar, electronics, automotive, consumer products, construction, and energy. The Company is based in London. For more information, visit http://investor.ferroglobe.com.

Forward-Looking Statements

This release contains "forward-looking statements" within the meaning of U.S. securities laws. Forward-looking statements are not historical facts but are based on certain assumptions of management and describe the Company's future plans, strategies and expectations. Forward-looking statements often use forward-looking terminology, including words such as "anticipate", "believe", "could", "estimate", "expect", "forecast", "guidance", "intends", "likely", "may", "plan", "potential", "predicts", "seek", "target", "will" and words of similar meaning or the negative thereof.

Forward-looking statements contained in this press release are based on information currently available to the Company and assumptions that management believe to be reasonable, but are inherently uncertain. As a result, Ferroglobe's actual results, performance or achievements may differ materially from those expressed or implied by these forward-looking statements, which are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that are, in some cases, beyond the Company's control.

Forward-looking financial information and other metrics presented herein represent the Company's goals and are not intended as guidance or projections for the periods referenced herein or any future periods.

All information in this press release is as of the date of its release. Ferroglobe does not undertake any obligation to update publicly any of the forward-looking statements contained herein to reflect new information, events or circumstances arising after the date of this press release. You should not place undue reliance on any forward-looking statements, which are made only as of the date of this press release.

Non-IFRS Measures

This document may contain summarized, non-audited or non-GAAP financial information. The information contained herein should therefore be considered as a whole and in conjunction with all the public information regarding the Company available, including any other documents released by

the Company that may contain more detailed information. Adjusted EBITDA, adjusted EBITDA as a percentage of sales, working capital as a percentage of sales, adjusted EBITDA margin, working capital, adjusted net profit, adjusted profit per share, adjusted gross debt and net cash/debt, are non-IFRS financial metrics that management uses in its decision making. Ferroglobe has included these financial metrics to provide supplemental measures of its performance. The Company believes these metrics are important and useful to investors because they eliminate items that have less bearing on the Company's current and future operating performance and highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS financial measures.

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Ferroglobe PLC and Subsidiaries
Unaudited Condensed Consolidated Income Statement
(in thousands of U.S. dollars, except per share amounts)

	For the Three Months Ended March 31, 2024	For the Three Months Ended December 31, 2023	For the Three Months Ended March 31, 2023
Sales	$ 391,854	$ 375,951	$ 400,868
Raw materials and energy consumption for production	(257,357)	(199,911)	(255,036)
Energy consumption for production (PPA impact)	(1,932)	339	23,193
Other operating income	10,836	34,944	14,814
Staff costs	(70,519)	(79,761)	(67,543)
Other operating expense	(52,348)	(73,071)	(54,145)
Depreciation and amortization charges	(18,669)	(20,090)	(17,990)
Impairment (loss) gain	—	(23,614)	246
Other gain (loss)	696	(563)	47
Operating profit	**2,561**	**14,224**	**44,454**
Net finance income (expense)	(7,669)	(12,331)	(10,980)
Exchange differences	1,383	(4,897)	1,455
(Loss) profit before tax	**(3,725)**	**(3,004)**	**34,929**
Income tax (expense) benefit	1,155	(4,160)	(9,461)
Total (Loss) profit for the period	**(2,570)**	**(7,164)**	**25,468**
(Loss) profit attributable to the parent	$ (2,024)	$ (11,118)	$ 20,991
(Loss) profit attributable to non-controlling interest	(546)	3,954	4,477
EBITDA	$ 22,613	$ 29,417	$ 63,899
Adjusted EBITDA	$ 25,803	$ 60,262	$ 44,767
Weighted average shares outstanding			
Basic	187,927	187,872	187,873
Diluted	187,927	187,872	189,629
Profit (loss) per ordinary share			
Basic	$ (0.01)	$ (0.06)	$ 0.11
Diluted	$ (0.01)	$ (0.06)	$ 0.11

Ferroglobe PLC and Subsidiaries
Unaudited Condensed Consolidated Statement of Financial Position
(in thousands of U.S. dollars)

	As of March 31, 2024	As of December 31, 2023	As of March 31, 2023

ASSETS			
Non-current assets			
Goodwill	**$** 29,702	**$** 29,702	**$** 29,702
Intangible assets	193,592	138,345	223,447
Property, plant and equipment	500,940	501,396	497,557
Other financial assets	13,944	19,792	14,702
Deferred tax assets	10,636	8,760	7,123
Receivables from related parties	1,622	1,658	2,915
Other non-current assets	21,770	22,156	19,297
Restricted cash and cash equivalents	—	—	2,175
Total non-current assets	**772,206**	**721,809**	**796,918**
Current assets			
Inventories	361,602	383,841	417,042
Trade and other receivables	303,942	310,243	312,452
Receivables from related parties	2,712	2,772	2,728
Current income tax assets	10,740	15,977	7,652
Other financial assets	2	2	2
Other current assets	27,894	186,477	26,914
Assets and disposal groups classified as held for sale	—	—	1,088
Restricted cash and cash equivalents	298	1,179	2,411
Cash and cash equivalents	159,470	136,470	339,611
Total current assets	**866,660**	**1,036,961**	**1,109,900**
Total assets	**$ 1,638,866**	**$ 1,758,770**	**$ 1,906,818**
EQUITY AND LIABILITIES			
Equity	**$ 843,702**	**$ 869,886**	**$ 658,490**
Non-current liabilities			
Deferred income	77,185	26,980	128,125
Provisions	22,102	19,970	25,027
Provision for pensions	29,293	29,805	25,910
Bank borrowings	14,643	14,913	15,590
Lease liabilities	54,361	20,304	11,744
Debt instruments	—	149,015	304,621
Other financial liabilities	68,186	65,231	39,276
Other obligations	1,536	35,883	36,310
Other non-current liabilities	224	199	22
Deferred tax liabilities	30,253	32,582	35,272
Total non-current liabilities	**297,783**	**394,882**	**621,897**
Current liabilities			
Provisions	127,533	122,757	146,308
Provision for pensions	165	169	193
Bank borrowings	42,762	31,635	31,462
Lease liabilities	12,297	8,083	7,492
Debt instruments	—	5,765	4,688
Other financial liabilities	15,190	16,052	123,281
Payables to related parties	3,527	2,429	2,377
Trade and other payables	178,038	183,375	147,150
Current income tax liabilities	6,262	8,351	48,326
Other obligations	11,999	14,183	18,790
Other current liabilities	99,608	101,203	96,364
Total current liabilities	**497,381**	**494,002**	**626,431**
Total equity and liabilities	**$ 1,638,866**	**$ 1,758,770**	**$ 1,906,818**

Ferroglobe PLC and Subsidiaries
Unaudited Condensed Consolidated Statement of Cash Flows

	For the Three Months Ended March 31, 2024	For the Three Months Ended December 31, 2023	For the Three Months Ended March 31, 2023

Cash flows from operating activities:			
(Loss) profit for the period	**$ (2,570)**	**$ (7,164)**	**$ 25,468**
Adjustments to reconcile net profit (loss) to net cash provided by operating activities:			
Income tax (benefit) expense	(1,155)	4,160	9,461
Depreciation and amortization charges	18,669	20,090	17,990
Net finance expense	7,669	12,331	10,980
Exchange differences	(1,383)	4,897	(1,455)
Impairment loss (gain)	—	23,614	(246)
Share-based compensation	928	683	1,905
Other loss (gain)	(696)	562	(47)
Changes in operating assets and liabilities			
Decrease (increase) in inventories	19,011	(1,746)	86,275
Decrease (increase) in trade receivables	320	(5,399)	118,714
(Decrease) increase in trade payables	(1,925)	2,879	(73,864)
Other changes in operating assets and liabilities	154,596	(17,067)	(44,100)
Income taxes (paid) received	4,580	(12,701)	(16,298)
Net cash provided by (used in) operating activities:	**198,044**	**25,139**	**134,783**
Cash flows from investing activities:			
Interest and finance income received	741	1,349	668
Payments due to investments:			
Intangible assets	(584)	(1,331)	—
Property, plant and equipment	(17,641)	(24,204)	(17,960)
Disposals:			
Other non-current assets	—	935	—
Net cash used in by investing activities	**(17,484)**	**(23,251)**	**(17,292)**
Cash flows from financing activities:			
Dividends paid	(2,438)	—	—
Proceeds from debt issuance	(147,624)	—	—
Repayment of debt instruments	—	(1,050)	(26,283)
Increase/(decrease) in bank borrowings:			
Borrowings	94,611	39,239	109,762
Payments	(83,012)	(58,052)	(141,900)
Payments for lease liabilities	(2,973)	(3,309)	(2,247)
Other (payments) receipts from financing activities	(192)	(4,289)	(17,377)
Interest paid	(14,634)	(2,923)	(18,192)
Net cash (used in) provided by financing activities	**(156,262)**	**(30,384)**	**(96,237)**
Total net (decrease) increase in cash and cash equivalents	**24,298**	**(28,496)**	**21,254**
Beginning balance of cash and cash equivalents	137,649	165,973	322,943
Exchange differences on cash and cash equivalents in foreign currencies	(2,179)	172	—
Ending balance of cash and cash equivalents	**$ 159,768**	**$ 137,649**	**$ 344,197**
Restricted cash and cash equivalents	298	1,179	4,586
Cash and cash equivalents	159,470	136,470	339,611
Ending balance of cash and cash equivalents	**$ 159,768**	**$ 137,649**	**$ 344,197**

Adjusted EBITDA ($,000):

	Q1´24	Q4´23	Q1´23
Profit (loss) attributable to the parent	**$ (2,024)**	**$ (11,118)**	**$ 20,991**
Profit (loss) attributable to non-controlling interest	(546)	3,954	4,477
Income tax (benefit) expense	(1,155)	4,160	9,461
Net finance expense	7,669	12,331	10,980
Depreciation and amortization charges	18,669	20,090	17,990
EBITDA	**22,613**	**29,417**	**63,899**
Exchange differences	(1,383)	4,897	(1,455)
Impairment	—	23,614	(246)
New strategy implementation	1,361	(1,000)	2,049
Subactivity	942	2,995	3,713
PPA Energy	2,270	339	(23,193)
Adjusted EBITDA	**$ 25,803**	**$ 60,262**	**$ 44,767**

Adjusted profit attributable to Ferroglobe ($,000):

	Q1´24	Q4´23	Q1´23
(Loss) profit attributable to the parent	**$ (2,024)**	**$ (11,118)**	**$ 20,991**
Tax rate adjustment	17	4,959	(599)
Impairment	—	17,333	(175)
New strategy implementation	933	(734)	1,459
Subactivity	646	2,198	2,644
PPA Energy	1,556	249	(16,513)
Adjusted profit attributable to the parent	**$ 1,168**	**$ 12,887**	**$ 7,807**

Adjusted diluted profit per share:

	Q1´24	Q4´23	Q1´23
Diluted (loss) profit per ordinary share	$ **(0.01)**	$ **(0.06)**	$ **0.11**
Tax rate adjustment	0.00	0.03	(0.00)
Impairment	—	0.09	(0.00)
New strategy implementation	0.00	—	0.01
Subactivity	0.00	0.01	0.01
PPA Energy	0.01	0.00	(0.09)
Adjusted diluted (loss) profit per ordinary share	$ **—**	$ **0.07**	$ **0.05**