



Ferroglobe Reports First Quarter Results of 2019

June 3, 2019

Sales of \$456.8 million; Net Loss of \$(28.6) million; Adjusted EBITDA of \$11.8 million

- Q1 sales of \$456.8 million, compared to \$603.5 million in Q4 2018 and \$560.7 million in Q1 2018
- Q1 net loss of \$(28.6) million compared to a net loss of \$(74.2) million in Q4 2018 and a net profit of \$35.6 million in Q1 2018
- Q1 adjusted net loss attributable to parent of \$(22.3) million compared to a net profit of \$4.9 million in Q4 2018 and a net profit of \$33.3 million in Q1 2018
- Q1 adjusted EBITDA of \$11.8 million compared to \$32.1 million in Q4 2018 and \$89.6 million in Q1 2018
- Net debt at \$419.7 million as of March 31, 2019, compared to \$428.7 million at the end of the prior quarter
- Cash position stable at \$216.6 million. Total liquidity of \$285.2 million.
- On June 2, 2019, Ferroglobe entered into a definitive agreement to sell the hydro-electric operations of its non-core energy segment in Spain, together with the associated Cee-Dumbría factory (which will be subject to a tolling agreement between Ferroglobe and the factory's owner), for estimated gross cash proceeds of €170 million (approximately \$190 million)

LONDON, June 03, 2019 (GLOBE NEWSWIRE) -- Ferroglobe PLC (NASDAQ: GSM) ("Ferroglobe", the "Company", or the "Parent"), the world's leading producer of silicon metal, and a leading silicon- and manganese-based specialty alloys producer, today announced results for the first quarter of 2019.

"Our Q1 results reflect a significant market downturn continuing into 2019. We have reacted swiftly, maintaining our cash position at \$217 million, reducing our net debt and reaching a final agreement to divest non-core assets for \$190 million," said Pedro Larrea, CEO of Ferroglobe. "We continue to focus on deleveraging the company, with a target of reaching a net debt level below \$200 million, and we have made significant progress in replacing our current RCF with a structure that eliminates leverage-based financial covenants."

Earnings Highlights

In Q1 2019, Ferroglobe posted a net loss of \$(28.6) million, or \$(0.16) per share on a fully diluted basis. On an adjusted basis, Q1 2019 net loss was \$(22.3) million, or \$(0.13) per share on a fully diluted basis.

Q1 2019 reported EBITDA was \$11.8 million, up from \$(33.6) million in the prior quarter. On an adjusted basis, Q1 2019 EBITDA was \$11.8 million, down 63.2% from Q4 2018 adjusted EBITDA of \$32.1 million. The Company reported an adjusted EBITDA margin of 2.6% for Q1 2019, compared to an adjusted EBITDA margin of 5.3% for Q4 2018.

	Quarter Ended March 31, 2019	Quarter Ended December 31, 2018	Quarter Ended March 31, 2018	Year Ended December 31, 2018
\$,000 (unaudited)				
Revenue	\$ 456,790	\$ 603,519	\$ 560,704	\$ 2,274,038
Net (loss) profit	\$ (28,554)	\$ (74,155)	\$ 35,614	\$ 24,573
Diluted EPS	\$ (0.16)	\$ (0.35)	\$ 0.21	\$ 0.25
Adjusted net (loss) income attributable to the parent	\$ (22,251)	\$ 4,876	\$ 33,296	\$ 63,932
Adjusted diluted EPS	\$ (0.13)	\$ 0.02	\$ 0.19	\$ 0.36
Adjusted EBITDA	\$ 11,790	\$ 32,089	\$ 89,604	\$ 253,031
Adjusted EBITDA margin	2.6%	5.3%	16.0%	11.1%

"The challenging environment that began in the second half of last year continued into Q1, resulting in a decline in revenues and earnings. Our focus on cash generation and strengthening our balance sheet during this period has improved our ability to successfully manage through this cyclical industry downturn," said Mr. Larrea.

"The impact of production cuts, announced by ourselves and other producers, has been offset by a significant decline in demand across most of our end markets," Mr. Larrea added. "We are cautiously optimistic that the markets will begin to improve toward the end of the year as higher cost producers continue to take capacity off-line."

Cash Flow and Balance Sheet

Cash provided by operations during Q1 2019 was \$8.7 million, with working capital decreasing by \$5.0 million. Net debt was \$419.7 million as of March 31, 2019, down from \$428.7 million as of December 31, 2018.

"The change in market sentiment highlights our priority of de-risking the balance sheet. Continuing in this effort, we are currently pursuing a refinancing of our revolving credit facility in order to remove leverage-based financial covenants, which in tandem with a quarter end cash balance of \$216.6 million will provide the Company significant liquidity to endure this cyclical downturn," commented Phil Murnane, CFO of Ferroglobe. "While our balance sheet is well positioned to see us through the downturn, we are evaluating further capacity curtailments, implementing a new cost cutting plan, and accelerating our cash generating initiatives."

Sale of FerroAtlántica, S.A.U., with its ten hydroelectric facilities and associated ferroalloys plant

On June 2, 2019 Ferroglobe entered into a definitive agreement to sell the hydro-electric operations of its non-core energy segment in Spain, together with the Cee-Dumbria ferroalloys factory, for estimated gross cash proceeds of €170 million (approximately \$190 million). Further details on this transaction appear in a separate press release issued concurrently herewith.

Other recent developments

Ferroglobe is making progress in pursuing financing alternatives and other opportunities to improve its capital structure. The terms, timing and structure of such transaction(s) will depend on market conditions and ongoing discussions in the coming weeks, but the proposed structure would involve a first-lien senior secured term loan secured by U.S. PP&E of up to \$125 million and an asset backed loan secured by North American accounts receivable and inventories of up to \$140 million. There can be no assurance that any transaction will be consummated, but the Company expects such refinancing to close during the month of June.

"The announced divestiture and the anticipated refinancing of our credit facility will strengthen our balance sheet, resulting in a pro-forma net debt level of around \$235 million and significantly improving the Company's ability to manage through any cyclical downturn," said Mr. Larrea. "Nevertheless, we continue to focus on deleveraging the company, with a goal of reaching a net debt level below \$200 million."

Discussion of First Quarter 2019 Results

Sales

Sales for Q1 2019 of \$456.8 million were 18.5% lower when compared to sales of \$560.7 million for Q1 2018. Total shipments were up 3.6% and the average selling price was down 21.9% versus Q1 2018. Sales for Q1 2019 of \$456.8 million were down 24.3% when compared to \$603.5 million for Q4 2018. For Q1 2019, total shipments were down 23.1% and the average selling price was down 2.0% compared with Q4 2018.

	Quarter Ended March 31, 2019	Quarter Ended December 31, 2018	Change	Quarter Ended March 31, 2018	Change	Year Ended December 31, 2018
Shipments in metric tons:						
Silicon Metal	62,269	93,364	-33.3%	91,615	-32.0%	352,578
Silicon-based Alloys	81,801	81,197	0.7%	76,328	7.2%	311,703
Manganese-based Alloys	103,669	147,445	-29.7%	71,176	45.7%	424,358
Total shipments*	247,739	322,006	-23.1%	239,119	3.6%	1,088,639

Average selling price (\$/MT):

Silicon Metal	\$ 2,358	\$ 2,429	-2.9%	\$ 2,762	-14.6%	\$ 2,647
Silicon-based Alloys	\$ 1,669	\$ 1,719	-2.9%	\$ 1,956	-14.7%	\$ 1,845
Manganese-based Alloys	\$ 1,172	\$ 1,158	1.2%	\$ 1,375	-14.8%	\$ 1,244
Total*	\$ 1,634	\$ 1,668	-2.0%	\$ 2,092	-21.9%	\$ 1,870

Average selling price (\$/lb.):

Silicon Metal	\$ 1.07	\$ 1.10	-2.9%	\$ 1.25	-14.6%	\$ 1.20
Silicon-based Alloys	\$ 0.76	\$ 0.78	-2.9%	\$ 0.89	-14.7%	\$ 0.84
Manganese-based Alloys	\$ 0.53	\$ 0.53	1.2%	\$ 0.62	-14.8%	\$ 0.56
Total*	\$ 0.74	\$ 0.76	-2.0%	\$ 0.95	-21.9%	\$ 0.85

* Excludes by-products and other

Sales Prices & Volumes By Product

During Q1 2019, average selling prices decreased by 2.0% for total products as compared to Q4 2018. Q1 average selling prices of silicon metal decreased 2.9%, silicon-based alloys decreased 2.9%, and manganese-based alloys increased 1.2%. During Q1 2019, sales volumes decreased by 23.1% as compared to Q4 2018. Q1 sales volumes of silicon metal decreased 33.3%, silicon-based alloys increased 0.7%, and manganese-based alloys decreased 29.7% as compared to Q4 2018.

Cost of Sales

Cost of sales was \$329.5 million in Q1 2019, a decrease from \$448.3 million in Q4 2018. Cost of sales as a percentage of sales decreased to 72.1% in Q1 2019 from 74.3% for Q4 2018.

Staff Costs

Staff costs was \$74.8 million in Q1 2019, a decrease from \$81.2 million in Q4 2018, primarily due to the reduction of wages as a result of the idling of Niagara Falls, New York and Selma, Alabama plants.

Operating Loss

Operating loss was \$(20.3) million in Q1 2019 compared to an operating loss of \$(63.6) million in Q4 2018. Q4 2018 operating loss included \$58.9 million of impairment losses and a reduction of the bargain purchase gain relating to the acquisition of the manganese smelting assets at Dunkirk and Mo i Rana of \$4.5 million.

Net Loss Attributable to the Parent

In Q1 2019, net loss attributable to the Parent was \$(26.8) million, or \$(0.16) per diluted share, compared to a net loss attributable to the Parent of \$(59.2) million, or \$(0.35) per diluted share in Q4 2018.

Adjusted EBITDA

In Q1 2019, adjusted EBITDA was \$11.8 million, or 2.6% of sales, compared to adjusted EBITDA of \$32.1 million, or 5.3% of sales in Q4 2018.

Conference Call

Ferroglobe management will review the first quarter results of 2019 during a conference call at 9:00 a.m. Eastern Time on June 4, 2019.

The dial-in number for participants in the United States is 877-293-5491 (conference ID 2180878). International callers should dial +1 914-495-8526 (conference ID 2180878). Please dial in at least five minutes prior to the call to register. The call may also be accessed via an audio webcast available at <https://edge.media-server.com/m6/p/3578ay6h>.

About Ferroglobe

Ferroglobe is one of the world's leading suppliers of silicon metal, silicon-based and manganese-based specialty alloys and other ferroalloys, serving a customer base across the globe in dynamic and fast-growing end markets, such as solar, 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", "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

EBITDA, adjusted EBITDA, adjusted profit per ordinary share, and adjusted profit are non-IFRS financial metrics that, we believe, are pertinent measures of Ferroglobe's success. Ferroglobe has included these financial metrics to provide supplemental measures of its performance. The Company believes these metrics are important 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)

Quarter Ended Quarter Ended Quarter Ended Year Ended

	March 31, 2019	December 31, 2018	March 31, 2018	December 31, 2018
Sales	\$ 456,790	\$ 603,519	\$ 560,704	\$ 2,274,038
Cost of sales	(329,492)	(448,333)	(320,678)	(1,447,354)
Other operating income	14,083	25,039	6,786	46,037
Staff costs	(74,757)	(81,230)	(82,423)	(341,064)
Other operating expense	(54,297)	(73,160)	(70,862)	(283,930)
Depreciation and amortization charges, operating allowances and write-downs	(32,077)	(30,062)	(28,016)	(119,137)
Bargain purchase gain	—	(4,491)	—	40,142
Impairment losses	(140)	(58,919)	—	(58,919)
Other (loss) gain	(397)	4,005	(37)	6,941
Operating (loss) profit	(20,287)	(63,632)	65,474	116,754
Net finance expense	(14,756)	(15,128)	(13,156)	(56,648)
Financial derivatives gain (loss)	1,264	1,383	(1,765)	2,838
Exchange differences	(1,479)	(3,086)	729	(14,136)
(Loss) profit before tax	(35,258)	(80,463)	51,282	48,808
Income tax benefit (expense)	6,704	6,308	(15,668)	(24,235)
(Loss) profit for the period	(28,554)	(74,155)	35,614	24,573
Loss attributable to non-controlling interest	1,724	14,943	1,066	19,088
(Loss) profit attributable to the parent	\$ (26,830)	\$ (59,212)	\$ 36,680	\$ 43,661

EBITDA	\$ 11,790	\$ (33,570)	\$ 93,490	\$ 235,891
Adjusted EBITDA	\$ 11,790	\$ 32,089	\$ 89,604	\$ 253,031

Weighted average shares outstanding

Basic	170,183	170,183	171,977	171,406
Diluted	170,183	170,183	172,215	171,530

(Loss) profit per ordinary share

Basic	\$ (0.16)	\$ (0.35)	\$ 0.21	\$ 0.25
Diluted	\$ (0.16)	\$ (0.35)	\$ 0.21	\$ 0.25

Ferroglobe PLC and Subsidiaries

Unaudited Condensed Consolidated Statement of Financial Position

(in thousands of U.S. dollars)

	March 31, 2019	December 31, 2018	March 31, 2018
ASSETS			
Non-current assets			
Goodwill	\$ 203,472	\$ 202,848	\$ 204,537
Other intangible assets	69,399	51,822	61,774
Property, plant and equipment	890,436	888,862	980,101
Non-current financial assets	54,979	70,343	147,744
Deferred tax assets	7,135	14,589	6,581
Non-current receivables from related parties	2,247	2,288	2,464
Other non-current assets	10,435	10,486	32,125
Total non-current assets	1,238,103	1,241,238	1,435,326
Current assets			

Inventories	451,753	456,970	493,108
Trade and other receivables	127,992	155,996	142,641
Current receivables from related parties	6,556	14,226	8,841
Current income tax assets	26,855	27,404	6,524
Current financial assets	2,191	2,523	897
Other current assets	13,721	8,813	16,095
Cash and cash equivalents	216,627	216,647	197,669
Total current assets	845,695	882,579	865,775
Total assets	\$ 2,083,798	\$ 2,123,817	\$ 2,301,101

EQUITY AND LIABILITIES

Equity	\$ 855,099	\$ 884,372	\$ 979,504
Non-current liabilities			
Deferred income	11,676	1,434	7,321
Provisions	76,613	75,787	82,957
Bank borrowings	131,366	132,821	71,242
Lease liabilities	66,992	53,472	68,101
Debt instruments	342,222	341,657	341,036
Other financial liabilities	27,109	32,788	58,288
Other non-current liabilities	25,080	25,030	64,457
Deferred tax liabilities	61,887	77,379	64,733
Total non-current liabilities	742,945	740,368	758,135
Current liabilities			
Provisions	47,619	40,570	30,162
Bank borrowings	19,100	8,191	850
Lease liabilities	20,616	12,999	13,478
Debt instruments	2,734	10,937	2,735
Other financial liabilities	51,618	52,524	91,243
Payables to related parties	12,199	11,128	10,671
Trade and other payables	228,649	256,823	298,438
Current income tax liabilities	4,369	2,335	5,889
Other current liabilities	98,850	103,570	109,996
Total current liabilities	485,754	499,077	563,462
Total equity and liabilities	\$ 2,083,798	\$ 2,123,817	\$ 2,301,101

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

	Quarter Ended March 31, 2019	Quarter Ended December 31, 2018	Quarter Ended March 31, 2018	Year Ended December 31, 2018
Cash flows from operating activities:				
(Loss) profit for the period	\$ (28,554)	\$ (74,155)	\$ 35,614	\$ 24,573
Adjustments to reconcile net (loss) profit to net cash used by operating activities:				
Income tax (benefit) expense	(6,704)	(6,308)	15,668	24,235
Depreciation and amortization charges, operating allowances and write-downs	32,077	30,062	28,016	119,137
Net finance expense	14,756	15,128	13,156	56,648
Financial derivatives (gain) loss	(1,264)	(1,383)	1,765	(2,838)

Exchange differences	1,479	3,086	(729)	14,136
Impairment losses	140	58,919	—	58,919
Bargain purchase gain	—	4,491	—	(40,142)
Share-based compensation	1,332	1,016	699	2,798
Other adjustments	397	(4,005)	37	(6,941)
Changes in operating assets and liabilities				
Decrease (increase) in inventories	35	91,173	(107,481)	(101,024)
Decrease (increase) in trade receivables	28,371	(12,261)	(513)	(25,807)
(Decrease) increase in trade payables	(22,967)	5,772	70,375	55,410
Other	9,787	6,509	(49,770)	(25,901)
Income taxes paid	(1,680)	(6,983)	(9,982)	(36,408)
Interest paid	(18,508)	(4,360)	(17,301)	(43,018)
Net cash provided (used) by operating activities	8,697	106,701	(20,446)	73,777
Cash flows from investing activities:				
Interest and finance income received	390	843	79	3,833
Payments due to investments:				
Acquisition of subsidiary	—	—	(20,379)	(20,379)
Other intangible assets	(134)	(240)	(703)	(3,313)
Property, plant and equipment	(13,448)	(28,131)	(22,531)	(106,136)
Disposals:				
Disposal of subsidiary	—	20,533	—	20,533
Other non-current assets	—	—	—	12,734
Other	1,759	—	4,010	6,853
Net cash used by investing activities	(11,433)	(6,995)	(39,524)	(85,875)
Cash flows from financing activities:				
Dividends paid	—	—	—	(20,642)
Payment for debt issuance costs	(705)	(429)	(4,476)	(4,905)
Repayment of other financial liabilities	—	—	—	(33,096)
Increase/(decrease) in bank borrowings:				
Borrowings	31,850	6,882	182,364	252,200
Payments	(20,811)	—	(106,514)	(106,514)
Proceeds from stock option exercises	—	—	—	240
Other amounts paid due to financing activities	(5,708)	(3,178)	(2,987)	(13,880)
Payments to acquire or redeem own shares	—	(16,598)	—	(20,100)
Net cash provided (used) by financing activities	4,626	(13,323)	68,387	53,303
Total net cash flows for the period	1,890	86,383	8,417	41,205
Beginning balance of cash and cash equivalents	216,647	131,671	184,472	184,472
Exchange differences on cash and cash equivalents in foreign currencies	(1,910)	(1,407)	4,780	(9,030)
Ending balance of cash and cash equivalents	\$ 216,627	\$ 216,647	\$ 197,669	\$ 216,647

Adjusted EBITDA (\$,000):

	Quarter Ended March 31, 2019	Quarter Ended December 31, 2018	Quarter Ended March 31, 2018	Year Ended December 31, 2018
(Loss) profit attributable to the parent	\$ (26,830)	\$ (59,212)	\$ 36,680	\$ 43,661
Loss attributable to non-controlling interest	(1,724)	(14,943)	(1,066)	(19,088)
Income tax (benefit) expense	(6,704)	(6,308)	15,668	24,235
Net finance expense	14,756	15,128	13,156	56,648
Financial derivatives (gain) loss	(1,264)	(1,383)	1,765	(2,838)

Exchange differences	1,479	3,086	(729)	14,136
Depreciation and amortization charges, operating allowances and write-downs	32,077	30,062	28,016	119,137
EBITDA	11,790	(33,570)	93,490	235,891
Impairment	—	65,300	—	65,300
Revaluation of biological assets	—	7,615	—	7,615
Bargain purchase gain	—	4,491	—	(40,142)
Gain on sale of hydro plant assets	—	(11,747)	—	(11,747)
Share-based compensation	—	—	(3,886)	(3,886)
Adjusted EBITDA	\$ 11,790	\$ 32,089	\$ 89,604	\$ 253,031

Adjusted profit attributable to Ferroglobe(\$,000):

	Quarter Ended March 31, 2019	Quarter Ended December 31, 2018	Quarter Ended March 31, 2018	Year Ended December 31, 2018
(Loss) profit attributable to the parent	\$ (26,830)	\$ (59,212)	\$ 36,680	\$ 43,661
Tax rate adjustment	4,579	19,440	(742)	8,616
Impairment	—	44,404	—	44,404
Revaluation of biological assets	—	5,178	—	5,178
Bargain purchase gain	—	3,054	—	(27,297)
Gain on sale of hydro plant assets	—	(7,988)	—	(7,988)
Share-based compensation	—	—	(2,642)	(2,642)
Adjusted (loss) profit attributable to the parent	\$ (22,251)	\$ 4,876	\$ 33,296	\$ 63,932

Adjusted diluted profit per share:

	Quarter Ended March 31, 2019	Quarter Ended December 31, 2018	Quarter Ended March 31, 2018	Year Ended December 31, 2018
Diluted (loss) profit per ordinary share	\$ (0.16)	\$ (0.35)	\$ 0.21	\$ 0.25
Tax rate adjustment	0.03	0.11	—	0.05
Impairment	—	0.26	—	0.26
Revaluation of biological assets	—	0.03	—	0.03
Bargain purchase gain	—	0.02	—	(0.16)
Gain on sale of hydro plant assets	—	(0.05)	—	(0.05)
Share-based compensation	—	—	(0.02)	(0.02)
Adjusted diluted (loss) profit per ordinary share	\$ (0.13)	\$ 0.02	\$ 0.19	\$ 0.36

