Ferroglobe

Advancing Materials Innovation
NASDAQ: GSM

# Fourth Quarter and Full Year 2021

March 3, 2022

# Forward-Looking Statements and non-IFRS Financial Metrics

This presentation contains forward-looking statements within the meaning of Section 27A of the United States Securities Act of 1933, as amended, and Section 21E of the United States Securities Exchange Act of 1934, as amended. Forward-looking statements are not historical facts but are based on certain assumptions of management and describe our future plans, strategies and expectations. Forward-looking statements can generally be identified by the use of forward-looking terminology, including, but not limited to, "may," “could,” “seek,” “guidance,” “predict,” “potential,” “likely,” "believe," "will," "expect," "anticipate," "estimate," "plan," "intend," "forecast," “aim,” “target,” or variations of these terms and similar expressions, or the negative of these terms or similar expressions.

Forward-looking statements contained in this presentation are based on information presently available to Ferroglobe PLC (“we,” “us,” “Ferroglobe,” the “Company” or the “Parent”) and assumptions that we believe to be reasonable, but are inherently uncertain. As a result, our 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 our control.

You are cautioned that all such statements involve risks and uncertainties, including without limitation, risks that Ferroglobe will not successfully integrate the businesses of Globe Specialty Metals, Inc. and Grupo FerroAtlántica SAU, that we will not realize estimated cost savings, value of certain tax assets, synergies and growth, and/or that such benefits may take longer to realize than expected. Important factors that may cause actual results to differ include, but are not limited to: (i) risks relating to unanticipated costs of integration, including operating costs, customer loss and business disruption being greater than expected; (ii) our organizational and governance structure; (iii) the ability to hire and retain key personnel; (iv) regional, national or global political, economic, business, competitive, market and regulatory conditions including, among others, changes in metals prices; (v) increases in the cost of raw materials or energy; (vi) competition in the metals and foundry industries; (vii) environmental and regulatory risks; (viii) ability to identify liabilities associated with acquired properties prior to their acquisition; (ix) ability to manage price and operational risks including industrial accidents and natural disasters; (x) ability to manage foreign operations; (xi) changes in technology; (xii) ability to acquire or renew permits and approvals; (xiii) changes in legislation or governmental regulations affecting Ferroglobe; (xiv) conditions in the credit markets; (xv) risks associated with assumptions made in connection with critical accounting estimates and legal proceedings; (xvi) Ferroglobe's international operations, which are subject to the risks of currency fluctuations and foreign exchange controls; and (xvii) the potential of international unrest, economic downturn or effects of currencies, tax assessments, tax adjustments, anticipated tax rates, raw material costs or availability or other regulatory compliance costs. The foregoing list is not exhaustive.

You should carefully consider the foregoing factors and the other risks and uncertainties that affect our business, including those described in the “Risk Factors” section of our Registration Statement on Form F-1, Annual Reports on Form 20-F, Current Reports on Form 6-K and other documents we file from time to time with the United States Securities and Exchange Commission. We do not give any assurance (1) that we will achieve our expectations or (2) concerning any result or the timing thereof, in each case, with respect to any regulatory action, administrative proceedings, government investigations, litigation, warning letters, consent decree, cost reductions, business strategies, earnings or revenue trends or future financial results. Forward- looking financial information and other metrics presented herein represent our key goals and are not intended as guidance or projections for the periods presented herein or any future periods.

We do not undertake or assume any obligation to update publicly any of the forward-looking statements in this presentation to reflect actual results, new information or future events, changes in assumptions or changes in other factors affecting forward-looking statements. If we update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements. We caution you not to place undue reliance on any forward-looking statements, which are made only as of the date of this presentation.

Adjusted EBITDA, adjusted EBITDA margin, adjusted net profit, adjusted profit per share, working capital, adjusted gross debt and net debt, are non-IFRS financial metrics that, we believe, are pertinent measures of Ferroglobe’s success. The Company has included these financial metrics to provide supplemental measures of its performance. We believe 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.

For additional information, including a reconciliation of the differences between such non-IFRS financial measures and the comparable IFRS financial measures, refer to the press release dated March 2, 2022 accompanying this presentation, which is incorporated by reference herein.

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# I. Q4 Business Review

# OPENING REMARKS

**BUSINESS HIGHLIGHTS**

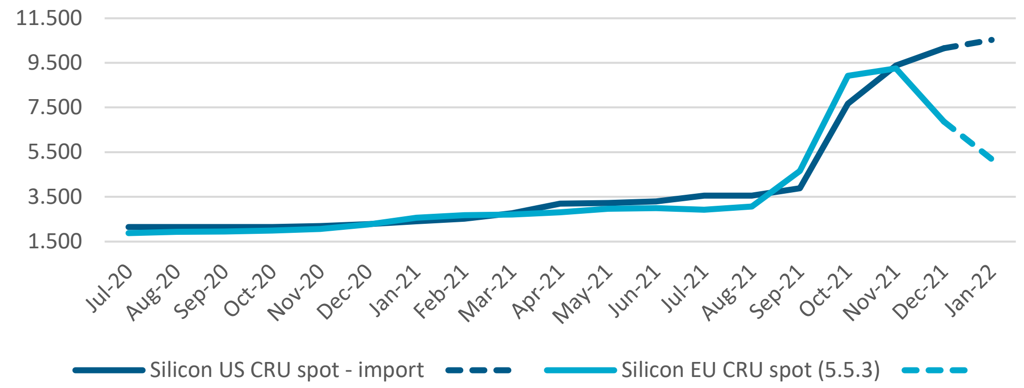
- Revenue growth in the fourth quarter was driven by strong fundamentals across all three product categories, which is expected to further fuel performance in 2022
- Tightness in the market is driving pricing to unprecedented levels, primarily silicon metal and ferrosilicon
- Yearly fixed price contracts in silicon metal have expired at year-end 2021, driving a step-change in realized prices in Q1 due to higher market prices and heavier weighting towards index-based contracts
- Outperformed 2021 targets set in turnaround plan with momentum into 2022; repositioning the Company to deliver stronger results through the cycle

**FINANCIAL HIGHLIGHTS**

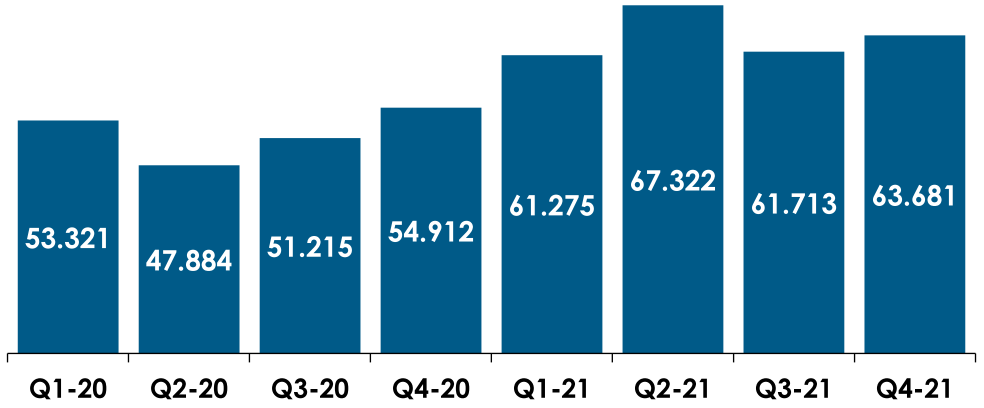
- Q4 2021 sales were $569.8 million, up 33% from $429.2 million in the prior quarter
- Record Adjusted EBITDA of $92.8 million in Q4, up 146.9% from $37.6 million in the prior quarter
- Adjusted EBITDA margin in Q4 was 16.3%, an increase from 8.8% in Q3
- Returned to profitability in Q4 with profit attributable to the parent of $66.3 million, compared to a loss of ($96.6 million) in Q3
- Returned to positive free cash flow, generating $14.2 million of free cash-glow in the fourth quarter, up from negative $42.9 million in the prior quarter
- Improved liquidity with total cash of $116.7 million in Q4, up $21.6 million from the prior quarter

# PRODUCT CATEGORY SNAPSHOT
## Silicon Metal

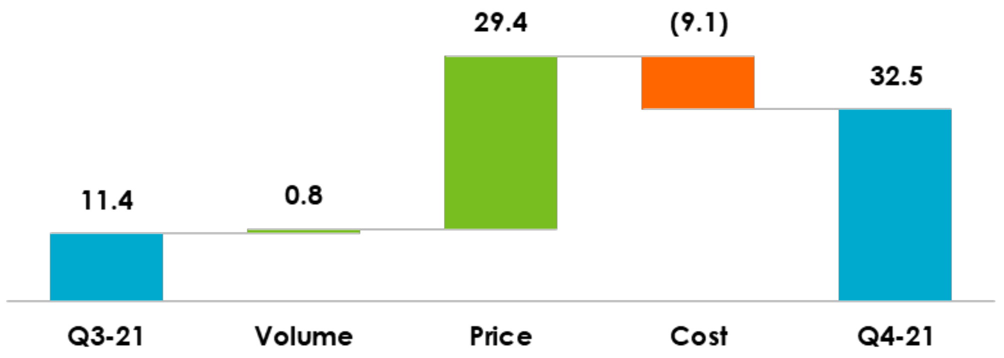
### Index pricing trends ($/mt)




### Volume trends



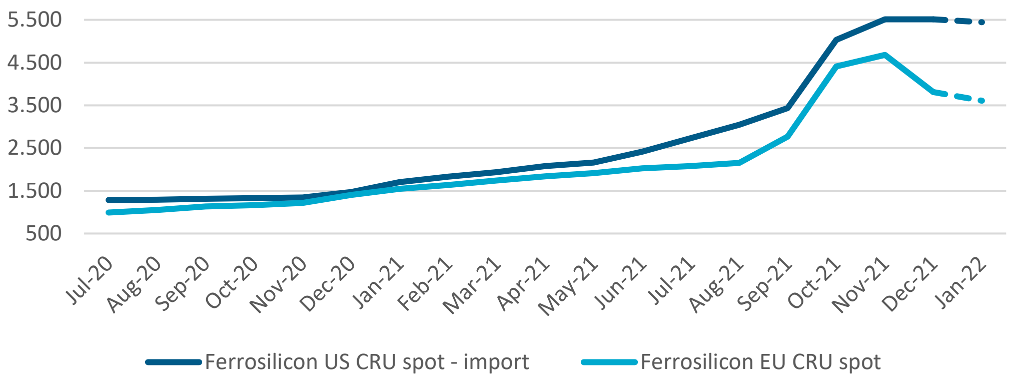

### Sequential quarters EBITDA evolution ($m)



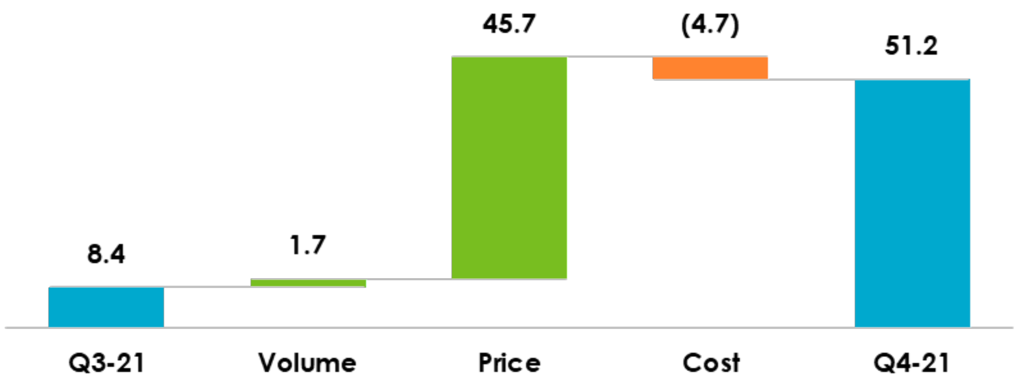

- Avg. realized price (non-JV shipments) up 23% in Q4 due to successful pass-through of higher energy costs
- Volumes increased by 3.2% supported by strong demand from the chemical industry; continued logistical bottlenecks, restart of Selma facility delayed to Jan-2022
- Higher costs impacted by energy ($9.9m) mainly in Spain ($7.7m), higher raw material costs ($1.6m), CO2 accrual ($5.8m) and bonus accrual ($1.6m). Partially offset by higher prices realized for out of spec material (+$7.1m) and pension plan adjustment in France (+$2.7m)
- Continued strong demand from the chemical sector, supported by improved consumer trends; caution in the aluminum sector due to concerns in operating cost driven by energy pricing in Europe

# PRODUCT CATEGORY SNAPSHOT
## Silicon-Based Alloys

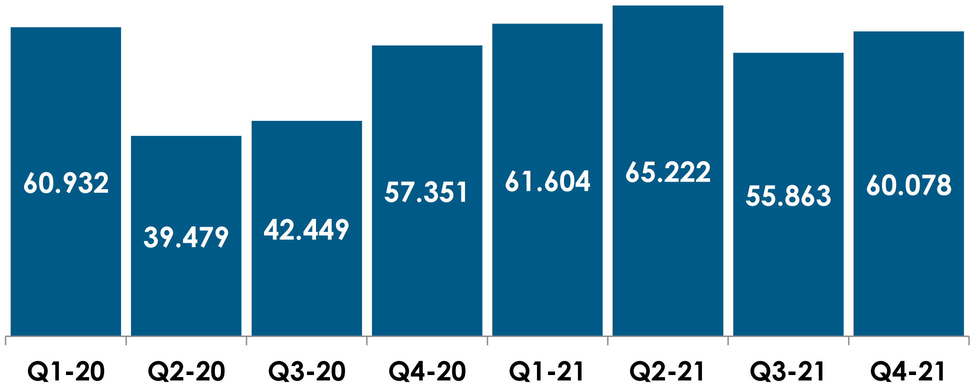
### Index pricing trends ($/mt)




### Sequential quarters EBITDA evolution ($m)



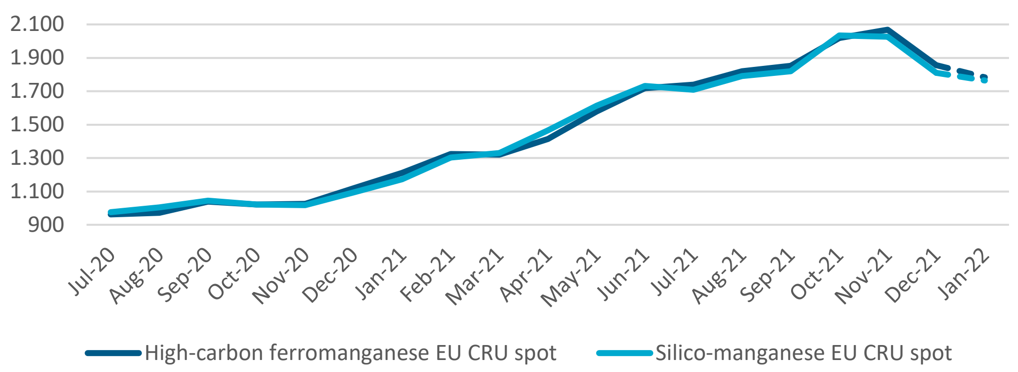

### Volume trends



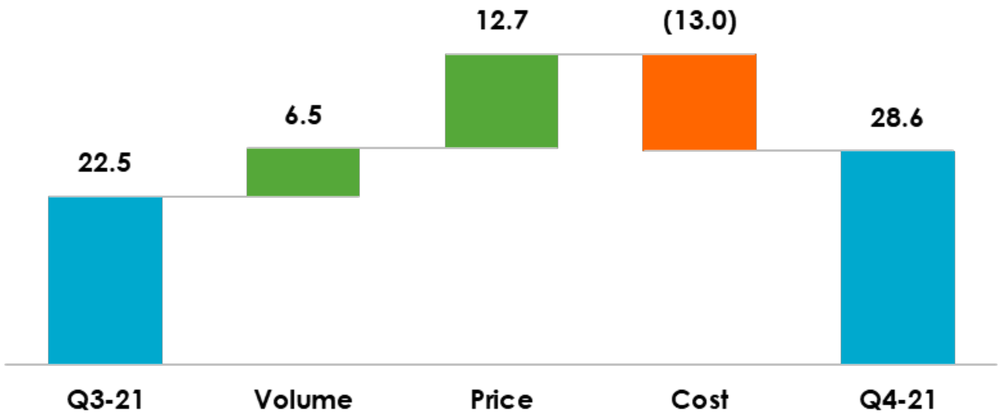

- Average realized selling price up 39.1%, predominantly supported by ferrosilicon and foundry – strong momentum in FeSi index pricing during Q4
- Volumes increased by 7.5% due to continued strength in ferrosilicon and foundry products
- Higher costs primarily impacted by energy ($7.2m) mainly in Spain ($8.4m), higher raw materials ($4.1m), bonus accrual ($1.7m). Partially offset by impact of CO2 accrual (+$7.5m) and pension plan adjustment in France (+$1.2m)
- Despite some recent volatility, overall global steel sector fundamentals remain favourable as the industry recovers to pre-COVID production levels

# PRODUCT CATEGORY SNAPSHOT
## Manganese-Based Alloys

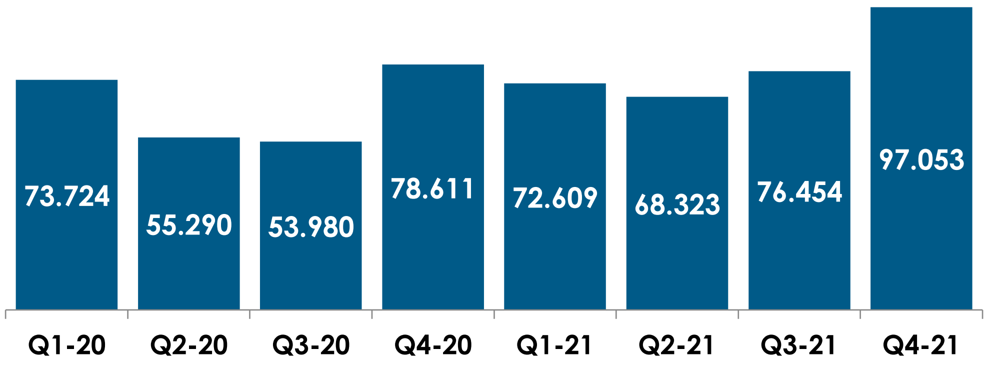
### Index pricing trends ($/mt)




### Sequential quarters EBITDA evolution ($m)



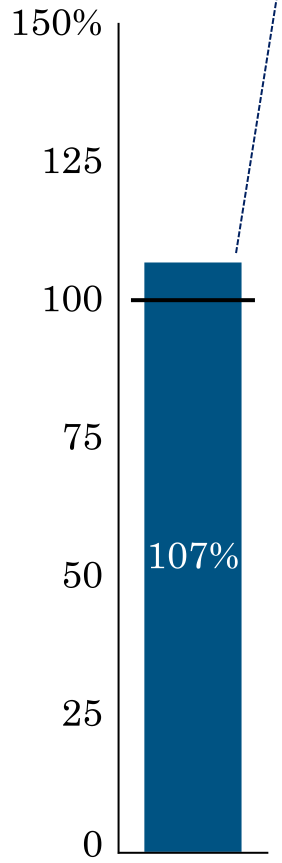

### Volume trends




- Average realized selling price up 9.3%, supported by higher prices and product mix
- Volume increased by 26.9% due to some seasonal spill-over from Q3
- Costs adversely impacted by higher energy costs ($8.9m) mainly in Spain ($9.6m), lower fixed cost absorption due to curtailments in Spain ($1.6m), $CO_2$ accrual ($7.2m) and inventory adjustments ($2.1m). Partially off-set by the benefit on energy costs from shifting production (+$4.5m) and positive contribution of product mix (+$2.3m)
- Sustained market recovery to pre-COVID levels supports stable near-term demand outlook

# STRATEGIC PLAN DELIVERED ABOVE TARGET DURING FIRST YEAR OF EXECUTION

***EBITDA 2021 Target ($55M)***




**Footprint Optimization**
— sale of Niagara facility **in United States**
— rightsizing in **Spain**
— final stage of **France restructuring**

**Centralized Procurement**
— **new organization** working well
— ability to learn from data points across the plants
— focus on **operations initiatives** (consumables, packing, parts, subcontracting, and strong impact in logistics)
— Expansion around the **raw-materials and energy** categories

**Operational Improvement**
— ramp up in benefit based on learnings to date
— **new culture** centered on knowledge sharing and continuous improvement

**Commercial Excellence**
— Continued implementation **transformation program initiatives** (i.e. target portfolio definition, account management, etc.)
— increased **collaboration** with customers
— Increased **coordination** with Operations and Finance

***Working Capital 2021 Target ($47M)***

**Inventory reduction**
— target setting (min/max)
— dynamic inventory dashboards to enhance management and reaction time
— established supply chain processes and created new roles to optimize results
— control process in external warehouse

**Accounts receivables**
— target setting
— developed analytical tool to support better and faster decision making

# II. Q4 Financial Update

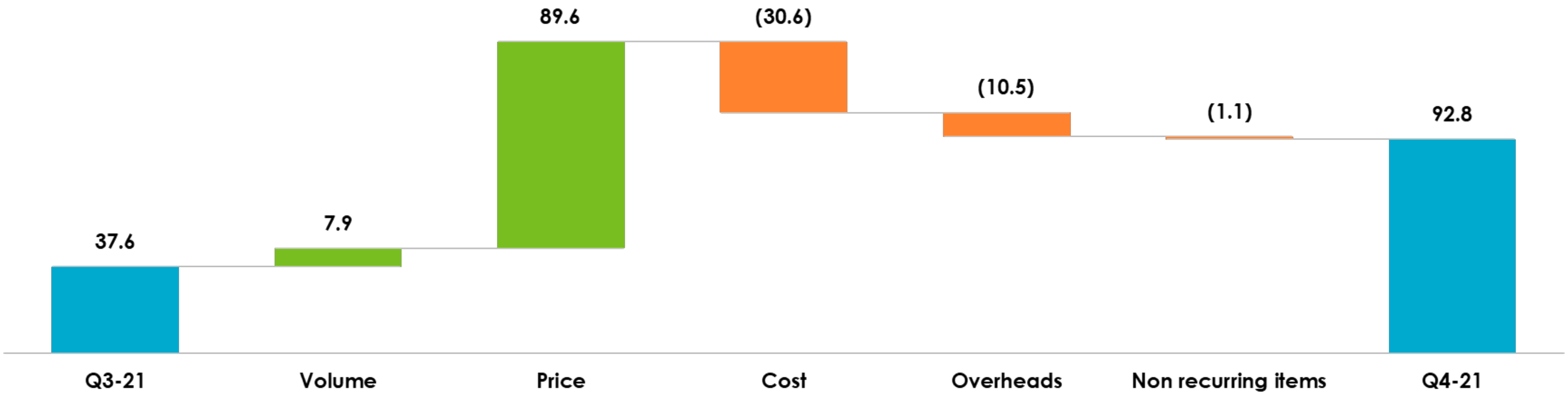
# INCOME STATEMENT SUMMARY

## Q4-21 VS. Q3-21 & FY 2021 VS. FY 2020

| Consolidated Income Statement ($'000) | Q4-21 | Q3-21 | Q/Q | FY-21 | FY-20 | Y/Y |
|---|---|---|---|---|---|---|
| Sales | 569,771 | 429,210 | 33% | 1,778,908 | 1,144,434 | 55% |
| Cost of sales | (371,519) | (295,273) | (26%) | (1,184,896) | (835,486) | (42%) |
| **Cost of sales %** | **65%** | **69%** | **79%** | **67%** | **73%** | **75%** |
| Other operating incomes | 39,619 | 31,447 | 26% | 110,085 | 33,627 | 227% |
| Staff costs | (72,068) | (50,386) | (43%) | (280,917) | (214,782) | (31%) |
| Other operating expense | (79,770) | (79,785) | 0% | (289,564) | (132,059) | (119%) |
| Depreciation and amortization | (24,549) | (23,971) | (2%) | (97,328) | (108,189) | 10% |
| **Operating profit/(loss) before adjustments** | **61,484** | **11,242** | **447%** | **36,288** | **(112,455)** | **132%** |
| Others | 3,376 | 18 | 18,856% | 4,073 | (71,895) | 106% |
| **Operating profit/(loss)** | **64,860** | **11,260** | **476%** | **40,361** | **(184,350)** | **122%** |
| Net finance expense | (12,445) | (103,379) | 88% | (142,865) | (66,791) | (114%) |
| FX differences & other gains/losses | 9,874 | (6,180) | 260% | (2,384) | 28,721 | (108%) |
| **Profit (loss) before tax** | **62,289** | **(98,299)** | **163%** | **(104,888)** | **(222,420)** | **53%** |
| Income tax | 2,789 | 680 | 310% | 4,562 | (21,939) | 121% |
| **Profit (loss) for the year from continuing operations** | **65,078** | **(97,619)** | **167%** | **(100,326)** | **(244,359)** | **59%** |
| Profit for the period from discontinued operations | - | - | 0% | - | (5,399) | 100% |
| **Profit (loss)** | **65,078** | **(97,619)** | **167%** | **(100,326)** | **(249,758)** | **60%** |
| Profit/(loss) attributable to non-controlling interest | 1,242 | 1,023 | 21% | 4,580 | 3,419 | 34% |
| **Profit (loss) attributable to the parent** | **66,320** | **(96,596)** | **169%** | **(95.746)** | **(246,339)** | **61%** |
| **EBITDA** | **86,728** | **35,231** | **146%** | **137,689** | **(76,161)** | **281%** |
| **Adjusted EBITDA** | **92,825** | **37,592** | **147%** | **186,575** | **32,510** | **474%** |
| **Adjusted EBITDA %** | **16%** | **9%** | | **10%** | **3%** | |

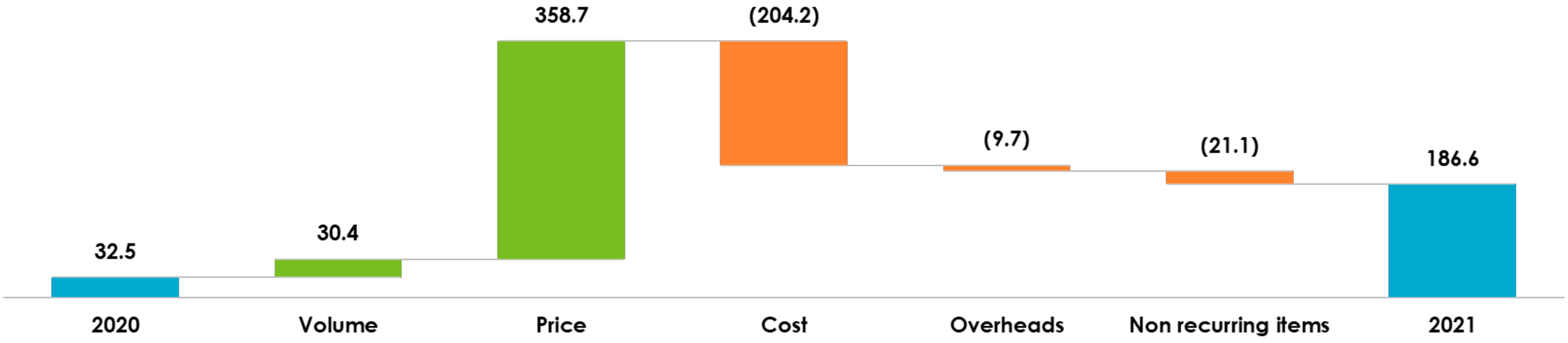
- **Sales** 33% up versus previous quarter driven by strong demand across all products
- **Cost of sales** as a % of sales has improved by 4%, as top-line growth more than offset higher energy and other cost
- **Other operating income / expenses** variance is primarily driven by the fair value of the CO2 accrual. Additionally, in the case of other operating expense has been partially offset by a decrease in advisors fees and the weakening of the euro vs. dollar in the quarter
- **Staff cost** in Q4 increased due an updated bonus accrual. Q3 includes a partial release of the restructuring provision $9.9 million
- **Net finance expense** in Q3 included the accounting impact of the refinancing cost of the prior Sr. Notes considered as debt extinguishment for $90.8 million

# ADJUSTED EBITDA Bridge
## Q4-21 vs Q3-21 ($m)




- Average selling price across core products increased 19.2%: Silicon Metal (+19.3%), Silicon-based alloys (+39.1%) and Mn-based alloys (+9.3%)
- Volume across core products increased 13.8%: Silicon Metal (+3.2%), Si-based alloys (+7.5%) and Mn-based alloys (+26.9%)
- Costs were adversely impacted by higher energy prices increase $(26.0 m), especially in Spain $(25.9 m), higher raw materials prices $(5.7)million, and the CO2 accrual of $(5.5m). Partially offsetting these costs was the sale of by-products at significantly higher prices (+$3.1m), a positive impact from pension plan in France (+$3.9m), proceeds from the sale of the Niagara Falls facility (+$1.4 m)
- Overhead cost variance is driven by LTIP/bonus accruals $(8m) and audit related accruals amounting $(2m)

# ADJUSTED EBITDA Bridge
## Full Year 2021 vs. 2020 ($m)




- Average selling price across core products increased 28.2%: Silicon Metal (+12.4%), Silicon-based alloys (+35.8%), and Mn-based alloys (+46.0%)
- Volume across core products increased 21.2%: Silicon Metal (+22.5%), Si-based alloys (+21.3%), and Mn-based alloys (+20.2%)
- Costs were mainly adversely impacted by higher energy prices increase $111.2m, especially in Spain $90.6 million, higher raw materials prices $53.3 million, fixed cost increase due to Materials and logistics price rise $19.9 million and higher costs of the off-grade products $15.3 million
- Overhead cost variance is driven by LTIP/bonus accruals $(8m) and audit related accruals amounting $(2m)
- Non-recurring items in 2020 included the release of several accruals and provisions. The main ones relate to an R&D project in France (+$5 million), earn out provision (+$5.2 million), and Pension Fair Value adjustment ($6 million)

# BALANCE SHEET SUMMARY

Ferroglobe
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| Balance sheet ($'000) | Q4-21[1] | Q3-21[1] | Q4-20[1] |
|---|---|---|---|
| Cash and Restricted Cash[3] | 116,663 | 95,047 | 131,556 |
| Total Assets | 1,525,057 | 1,420,315 | 1,391,843 |
| Adjusted Gross Debt[2] | 507,711 | 499,270 | 472,699 |
| Net Debt | 391,047 | 404,227 | 341,143 |
| Book Equity | 335,068 | 281,910 | 421,060 |
| Total Working Capital | 464,870 | 395,867 | 339,015 |
| Working capital as a % of sales[4] | 20.4% | 23.1% | 26.5% |
| Net Debt / Adjusted EBITDA[4] | 1.05x | 2.71x | 10.41x |
| Net Debt / Total Assets | 25.6% | 28.5% | 24.5% |
| Net Debt / Capital | 53.9% | 58.9% | 44.8% |

1. **Unaudited Financial Statements**
2. **Adjusted gross debt** excludes bank borrowings on factoring program at Dec. 31, 2021 & Dec. 31, 2020, and on the A/R securitization at Sept. 30, 2020
3. **Cash and restricted cash** includes the following as at the respective period ends:
   - **Jun. 30, 2021** – Unrestricted cash of $99.9 million, and current, non-current restricted cash and cash equivalents of $6.0 million
   - **Sep. 30, 2021** - Unrestricted cash of $89.0 million, and current, non-current restricted cash and cash equivalents of $6.0 million
   - **Dec. 31, 2021** - Unrestricted cash of $114.4 million, and current, non-current restricted cash and cash equivalents of $2.3 million
4. **Net Leverage** and **Working Capital as % of sales** based on annualized quarterly Adjusted EBITDA and sales respectively

# CASH FLOW SUMMARY

| Simplified Cash Flows $'000 | Q4-20 | Q1-21 | Q2-21 | Q3-21 | Q4-21 | FY2021 |
|---|---|---|---|---|---|---|
| **EBITDA** | **(630)** | **(18,898)** | **31,943** | **35,231** | **86,728** | **135,004** |
| Non-cash items | 2,014 | 36,563 | 65 | 1,250 | 768 | 38,646 |
| **Changes in Working capital** | **3,320** | **668** | **(37,476)** | **(71,518)** | **(62,871)** | **(171,197)** |
| Changes in Accounts Receivables | (53,604) | (41,692) | (8,625) | (27,683) | (83,434) | (161,434) |
| Changes in Accounts Payable | (4,667) | 26,152 | 16,184 | 9,138 | 12,908 | 64,382 |
| Changes in Inventory | 71,754 | 11,446 | (8,770) | (51,835) | (11,137) | (60,296) |
| $CO^2$ and Others | (10,163) | 4,762 | (36,265) | (1,138) | 18,792 | (13,849) |
| **Less Cash Tax Payments** | **(1,177)** | **(57)** | **(1,178)** | **359** | **(2,918)** | **(3,794)** |
| **Operating cash flow** | **3,527** | **18,276** | **(6,646)** | **(34,677)** | **21,707** | **(1,341)** |
| **Cash-flow from Investing Activities** | **(14,207)** | **(9,134)** | **908** | **(8,168)** | **(7,458)** | **(23,848)** |
| **Cash-flow from Financing Activities** | **(4,713)** | **(56,243)** | **27,379** | **31,952** | **7,364** | **10,452** |
| Bank Borrowings | 169,571 | 127,690 | 149,945 | 159,861 | 221,587 | 659,083 |
| Bank Payments | (161,936) | (157,464) | (144,983) | (158,118) | (210,902) | (671,467) |
| Other amounts paid due to financing activities | (9,444) | (2,856) | (3,157) | (2,602) | (2,617) | (11,232) |
| Payment of debt issuance costs | (2,077) | (6,598) | (11,093) | (26,060) | 0 | (43,751) |
| Proceeds from equity issuance | - | - | - | 40,000 | - | 40,000 |
| Proceeds from debt issuance | - | - | 40,000 | 20,000 | - | 60,000 |
| Interest Paid | (827) | (17,015) | (3,333) | (1,125) | (704) | (22,177) |
| **Net cash flow** | **(15,393)** | **(47,101)** | **21,641** | **(10,893)** | **21,613** | **(14,737)** |
| **Total cash * (Beginning Bal.)** | **147,425** | **131,557** | **84,367** | **106,089** | **95,043** | **131,557** |
| **Exchange differences on cash and cash equivalents in foreign currencies** | **(475)** | **(90)** | **81** | **(153)** | **7** | **(157)** |
| **Total cash * (Ending Bal.)** | **131,557** | **84,366** | **106,089** | **95,043** | **116,663** | **116,663** |
| **Free cash flow [1]** | **(10,693)** | **9,142** | **(5,738)** | **(42,845)** | **14,249** | **(25,188)** |

[1] Free cash flow is calculated as operating cash flow plus investing cash flow

- **Non-cash items** primarily relates to the footprint optimization restructuring program

# FINANCING UPDATE

**SEPI Fund Loans (Spain)**

- On February 15, the Spanish Fund for supporting strategic companies, on a proposal of Sociedad Estatal de Participaciones Industriales (“SEPI”), approved a loan of €34.5 million
- These loans are part of the SEPI fund intended to provide assistance to non-financial companies operating in strategically important sectors within Spain in the wake of the COVID-19 pandemic
- Funding of the dual-tranche loan is expected around the end of the first quarter 2022

# III. Trading Update

# TRADING UPDATE

- Estimated (unaudited) Adjusted EBITDA for January 2022 is approximately $74 million
  – portfolio of products benefited from a strong pricing environment in January, particularly with the reset of silicon metal contracts
  – continued uncertainties and cost pressures lingering from higher energy costs and inflationary impact across other inputs

- Emerging uncertainties stemming from the Russia-Ukraine conflict
  – Russia is a meaningful supplier to Ferroglobe (metcoke, anthracite, electrodes)
  – Russia/Ukraine are meaningful producers of silicon metal, ferroalloys and manganese-based alloys, exporting into our markets
  – Potential for supply chain disruptions

- Management continually tracks developments in the nascent conflict in Ukraine and is committed to actively managing our response to potential distributions to the business, but can provide no assurance that the conflict in Ukraine or other ongoing headwinds will not have a material adverse effect on our business, operations and financial results.

*Note: Investors should also consider the risk factors and other disclosures in our annual reports on Form 20-F and other filings with the US Securities and Exchange Commission*

# Q&A

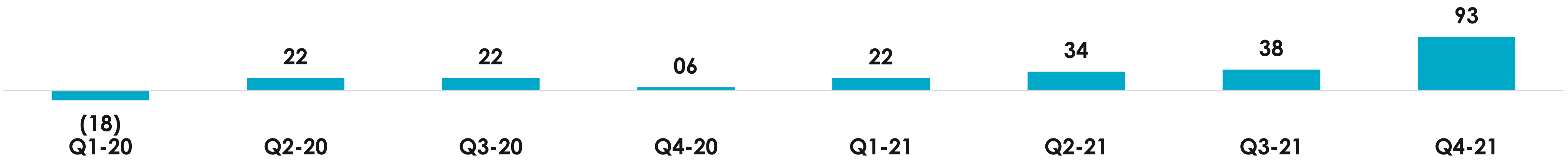
# IV. Appendix — Supplemental Information

# APPENDIX
## Quarterly sales and Adjusted EBITDA

### Quarterly Sales

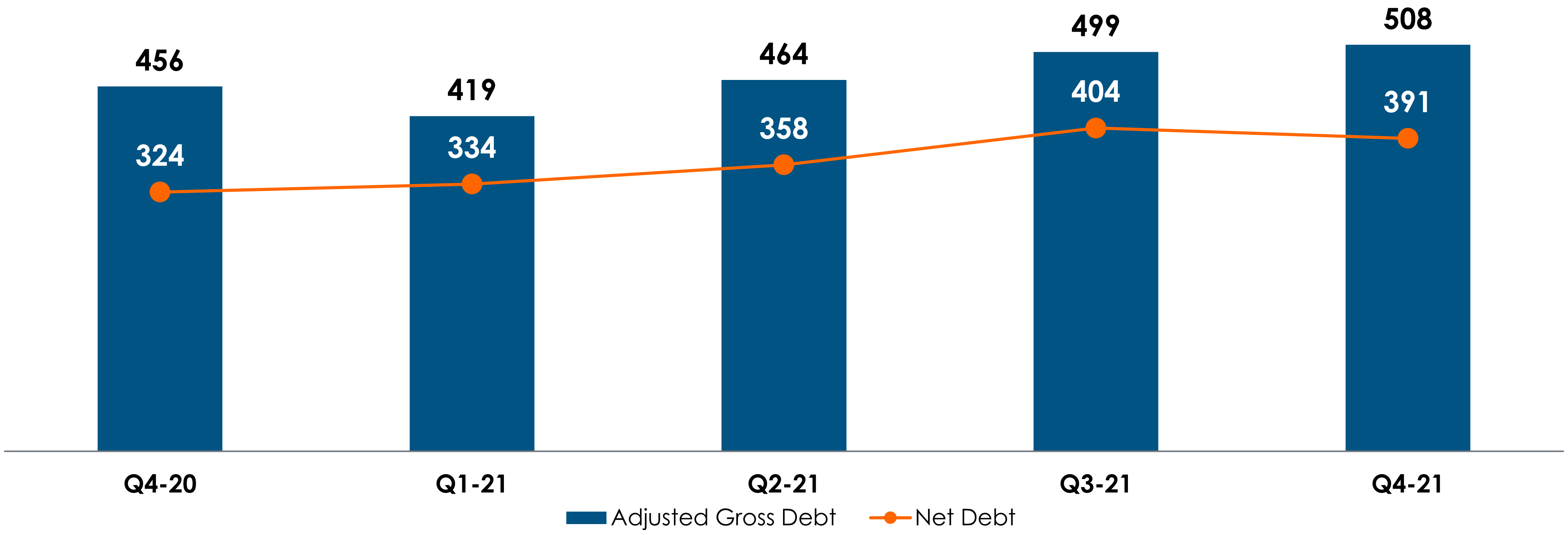
| $ millions | Q1 2020 | Q2 2020 | Q3 2020 | Q4 2020 | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 |
|---|---|---|---|---|---|---|---|---|
| Silicon Metal | 118 | 106 | 115 | 124 | 140 | 158 | 152 | 187 |
| Silicon Alloys | 90 | 61 | 65 | 88 | 104 | 119 | 111 | 166 |
| Mn Alloys | 72 | 60 | 55 | 81 | 85 | 97 | 121 | 167 |
| Other Business | 31 | 23 | 28 | 28 | 33 | 45 | 43 | 50 |
| **Total Revenue** | **311** | **250** | **263** | **321** | **361** | **419** | **429** | **570** |

### Adjusted EBITDA




Note: The amounts for prior periods have been restated to show the results of the Company's Spanish hydroelectric plants within (Loss) profit for the period from discontinued operations and therefore these results are also excluded from adjusted EBITDA

# APPENDIX
## Adjusted Gross And Net Debt Evolution




- **Adjusted gross debt** increased by $9 million due to the accrual of the Super Senior Notes and reinstated Senior Notes coupon
- **Net debt** has decreased by $13 million driven by $21.6 million of cash generated during Q4

# APPENDIX
# Adjusted Gross Debt (Dec. 31, 2021)

| ($'000) | Current | Non-current | Total balance sheet | Less operating leases (1) | Less LBP Factoring(2) | Adjusted. gross debt |
|---|---|---|---|---|---|---|
| **Bank borrowings** | 95,297 | 3,670 | 98,967 | - | (93,090) | **5,877** |
| **Lease liabilities** | 8,390 | 9,968 | 18,358 | (17,751) | - | **607** |
| **Debt instruments** | 35,359 | 404,938 | 440,297 | - | - | **440,297** |
| **Other financial liabilities** | 24,087 | 36,843 | 60,930 | - | - | **60,930** |
| **Total** | **163,133** | **455,419** | **618,552** | **(17,751)** | **(93,090)** | **507,711** |

Notes:

1. **Operating leases** are excluded for comparison purposes and to align to the balance sheet prior to IFRS16 adoption
2. **LBP Factoring** excluded for comparison purposes
3. **Other bank loans** relates to COVID-19 funding received in France with a supported guarantee from the French Government
4. **Other government loans** include primarily COVID-19 funding received in Canada from the Government for $3.0 million

The nominal value of the reinstated notes totaled $345 million

| ($´000) | Adj. Gross debt |
|---|---|
| **Bank borrowings:** | |
| PGE (3) | 5,877 |
| | **5,877** |
| **Finance leases:** | |
| Other finance leases | 607 |
| | **607** |
| **Debt instruments:** | |
| Reinstated Senior Notes | 351,520 |
| Stub Notes | 4,942 |
| Super Senior Notes | 60,000 |
| Debt issuance costs | (6,550) |
| Accrued coupon interest | 30,385 |
| | **440,297** |
| **Other financial liabilities:** | |
| Reindus loan | 55,732 |
| Canada and other loans (4) | 5,198 |
| | **60,930** |
| **Total** | **507,711** |

# THANK YOU

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