



**FerroGlobe**

Advancing Materials Innovation

NASDAQ: GSM

# Business Update

*September 2018*

# 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," 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 currently available to Ferroglobe PLC ("we," "our," "Ferroglobe," the "Company" or the "Parent") and assumptions that we believe to be reasonable, but which 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 or implicate known and unknown risks, uncertainties and other factors that are, in some cases, beyond our control.

We caution you that all such statements, as well as forward-looking statements made orally in the presentation hereof, involve or implicate myriad 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 and/or the 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) unanticipated costs of integration, including operating costs, customer loss and business disruption being greater than expected; (ii) our ability to optimize organizational and governance structure; (iii) our ability to hire and retain key personnel; (iv) regional, national or global political, economic, business, competitive, and market conditions; (v) changes in the cost and/or availability of raw materials or energy; (vi) competition in the metals and foundry industries; (vii) environmental and other regulatory risks; (viii) our ability to identify and evaluate liabilities associated with acquired assets prior to their acquisition; (ix) our ability to manage operational risks including industrial accidents and natural disasters; (x) our ability to manage international operations; (xi) changes in technology; (xii) our ability to acquire or renew permits and approvals; (xiii) changes in law and/or regulation and/or compliance costs affecting Ferroglobe; (xiv) conditions in the credit markets; (xv) risks associated with assumptions made in connection with critical accounting estimates and legal proceedings; (xvi) the risks of currency fluctuations and foreign exchange controls; and (xvii) the risks of local, regional and international unrest, economic downturn, tax assessments, tax adjustments, and changes in tax rates. The foregoing list is not exclusive or exhaustive.

You should carefully consider the foregoing factors and the other risks and uncertainties that may affect our business, including those described in the "Risk Factors" section of Ferroglobe's 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 decrees, cost reductions, business strategies, earnings or revenue trends or future financial results. Forward-looking financial information and other non-historical 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, and expressly disclaim, 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.

EBITDA, adjusted EBITDA, adjusted diluted profit (loss) per ordinary share and adjusted profit (loss) attributable to Ferroglobe 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 useful 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.

# I. Ferroglobe Overview

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Pedro Larrea, Chief Executive Officer



**Ferroglobe**

# Ferroglobe is a leading global player in advanced materials



**Ferroglobe**

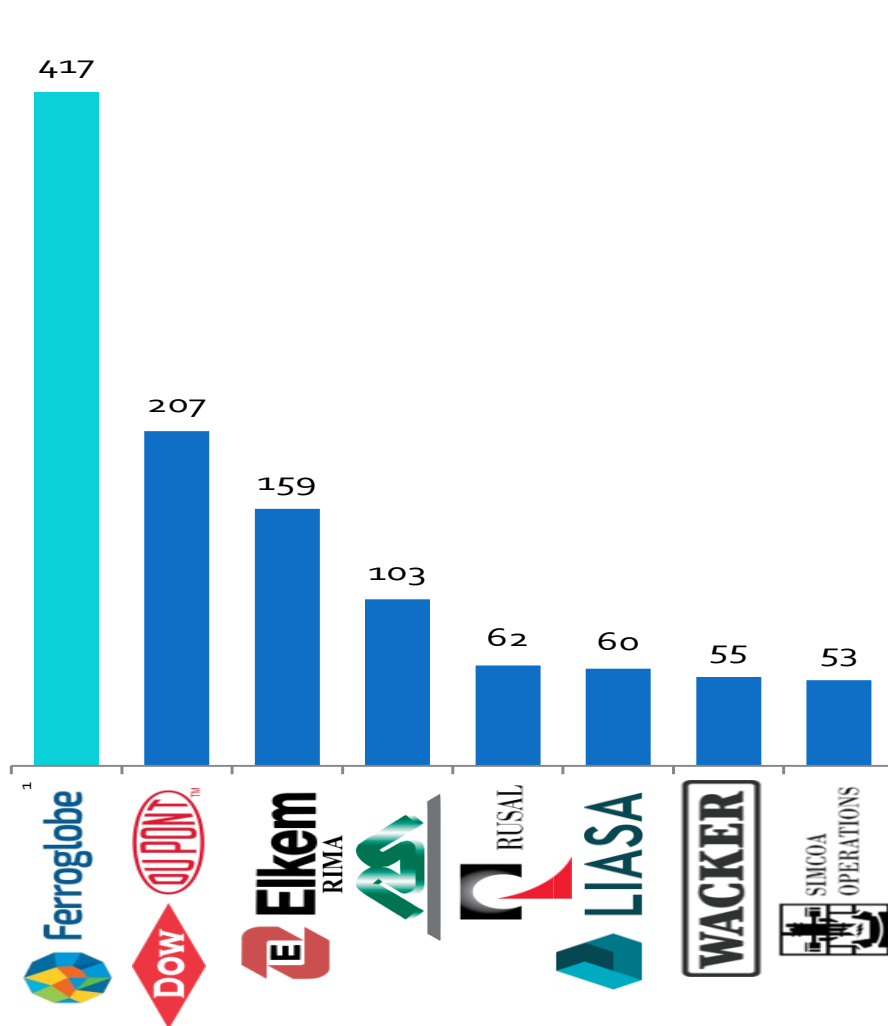
Advancing Materials Innovation

-  Global **leader** in an attractive growing industry
-  Best in class **operations** with unique competitive advantages
-  Entrepreneurial culture with strong **growth** track record
-  Unrivaled **technology** development and know-how
-  **Disciplined** financial management

# Global leader in niche, high value markets

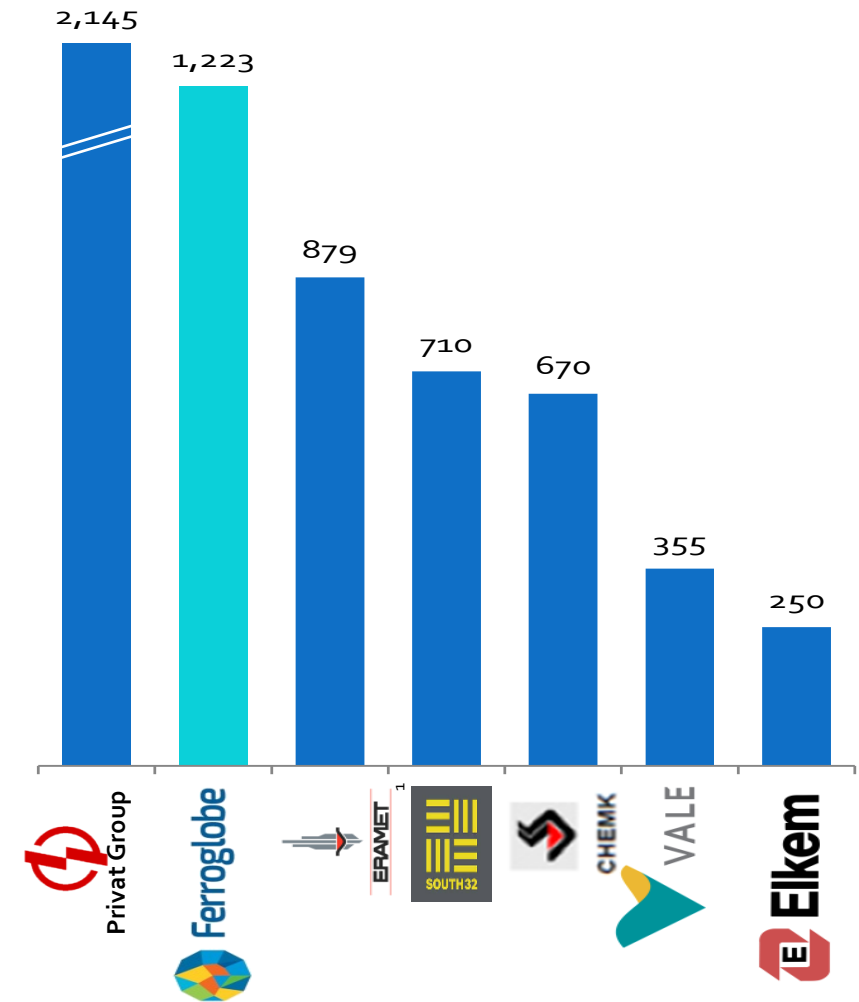
## The Leading Player In Silicon Metal...

Silicon Metal Capacity (ooo, mt)



## ...And One of the Leading Ferroalloys Producers

Other Ferroalloys Capacity (ooo, mt)



Source: Company data, CRU

<sup>1</sup> Includes attributable output and capacity from wholly-owned plants and joint ventures.

# Diverse product mix provides exposure to a variety of end markets



## Silicon-Based Alloys

- **Typical Composition:**  
75% silicon
- **Products:** FeSi, HP FeSi, FeSiMg, inoculants, CaSi
- **Primary End Markets:**  
Steel, cast iron foundry



## Manganese-Based Alloys

- **Typical Composition:**  
65% - 77% manganese
- **Products:** FeMn HC/LC, SiMn HC/LC
- **Primary End Markets:**  
Steel production

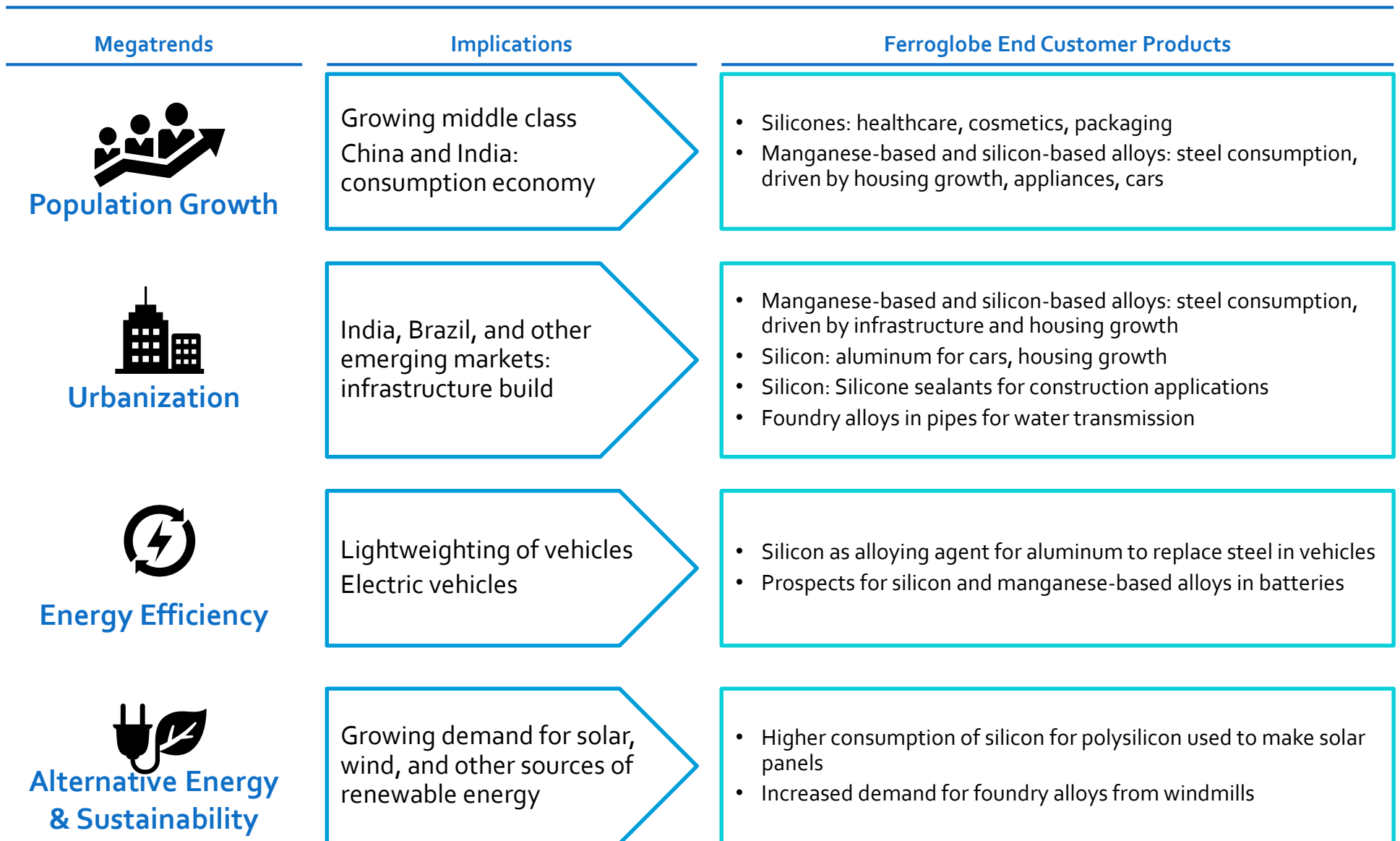


## Silicon Metal

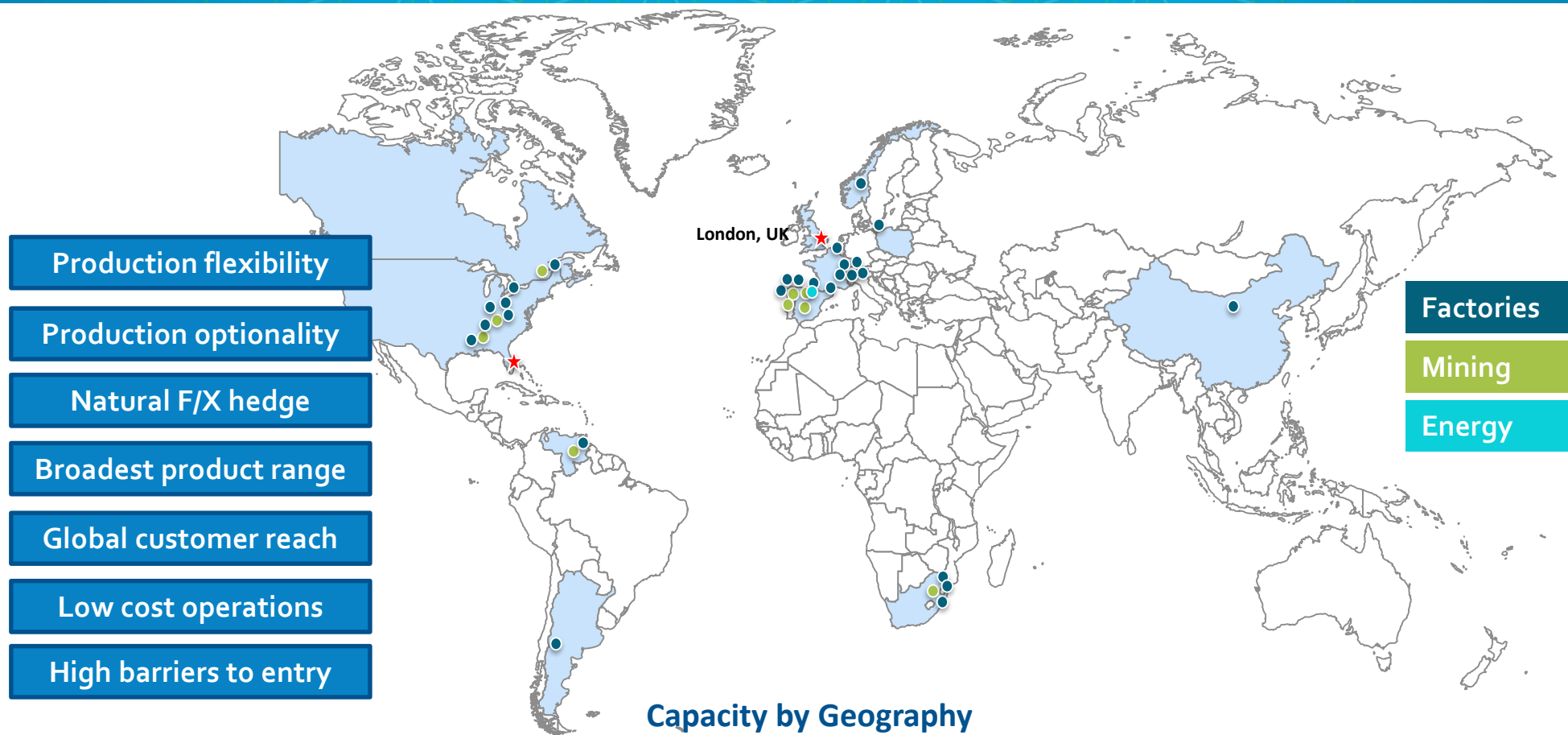
- **Typical Composition:**  
>99% silicon
- **Primary End Markets:**  
Aluminum(40-45%), silicones (35-40%), solar cells (20-25%)

# Market fundamentals are accelerating the demand for our products

## Global Megatrends Driving Increased Demand for Ferroglobe's Key Products



# Unparalleled Global Operations and Diversified Product Offering Provides Ferroglobe and its Customers Unique Optionality



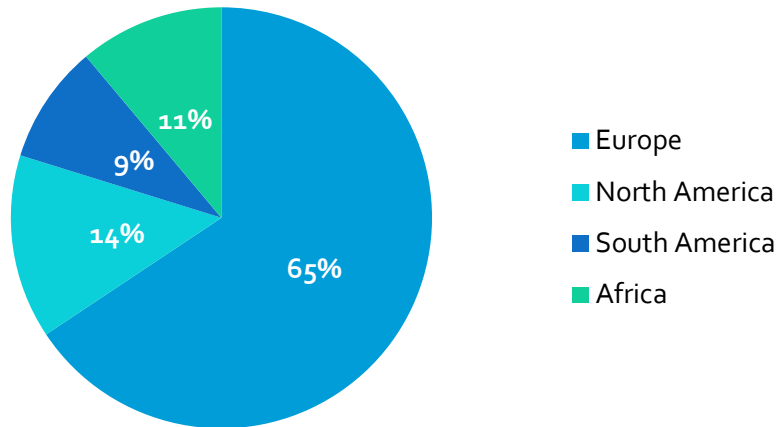
(000, mt)	Europe	North America	South America	Africa	Asia	Total
Silicon	218	127	-	72	-	417
Ferrosilicon / Foundry Alloys	172	104	109	93	-	497
Manganese-based Alloys	655	-	34	-	-	689
Other Silicon-Based Alloys	27	-	10	-	-	37
<b>Total</b>						<b>1,640</b>



# Diversified Portfolio Provides Earnings Stability

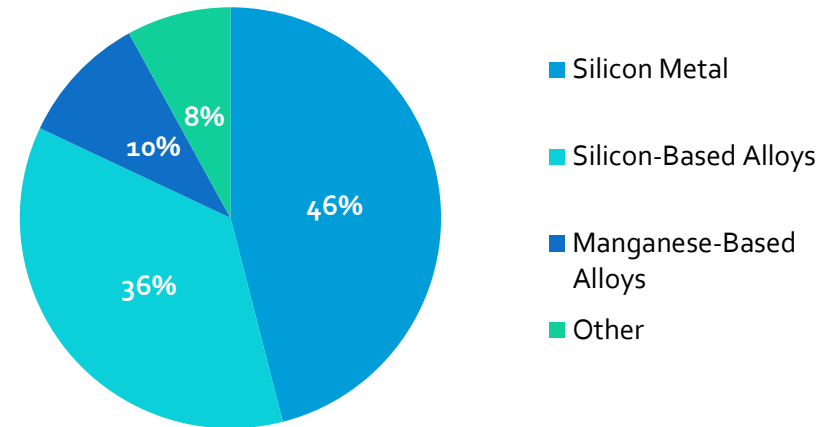
## Diversified by Geography

Production Capacity by Geography



## Diversified by Commodity

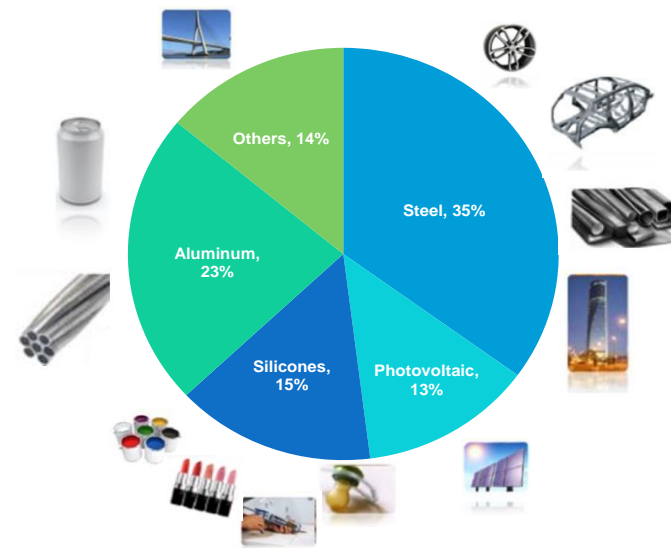
1H-2018 EBITDA by Product Category



## Diversified by Customer



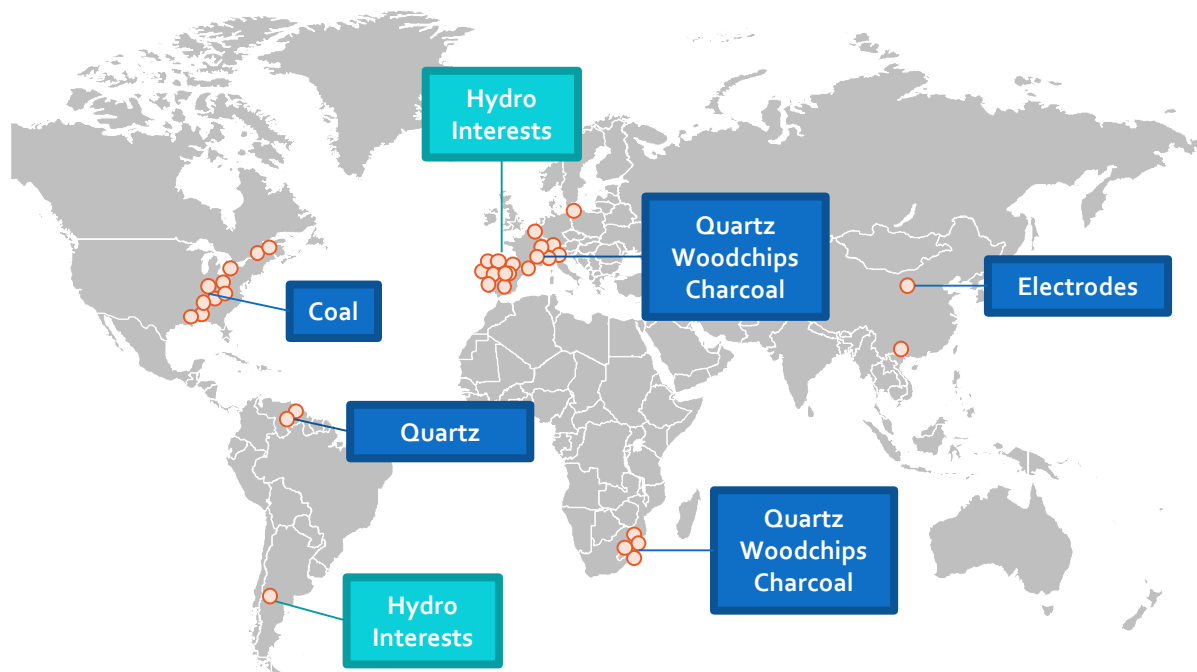
## Diversified by End Market



Notes:

<sup>1</sup> Mn-based alloys does not include two facilities acquired in France and Norway. Pro forma for the two acquired manganese facilities, the Mn-alloys business would have contributed 45-50% of total EBITDA, and 25-30% of total revenues in 2017

# Best-in-class operations: Ferroglobe is a low cost producer, which enhances its competitiveness

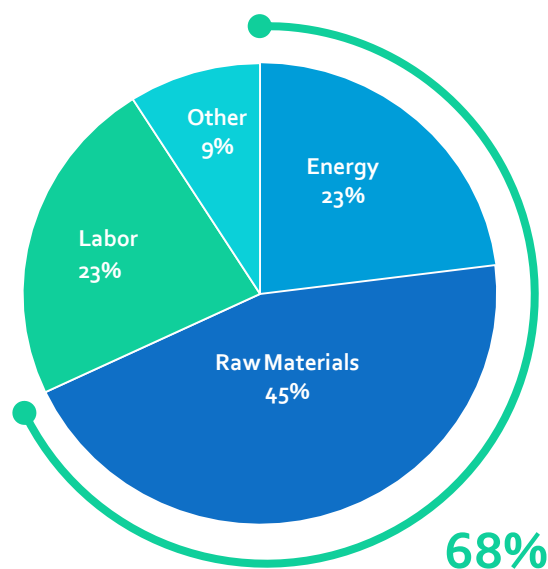


- Global production footprint: **Optionality on cost**
- Facilities benefit from **attractive energy prices**
- Significant **vertical integration** in raw materials: Quartz, coal, electrodes, and charcoal
- **Logistical advantages:** Import/export plants located by the sea and mostly close to customers
- Unrivalled **'know-how'**
  - Sharing of best practices
  - Deep knowledge gathered over decades
  - Improvement of processes; technical reliability

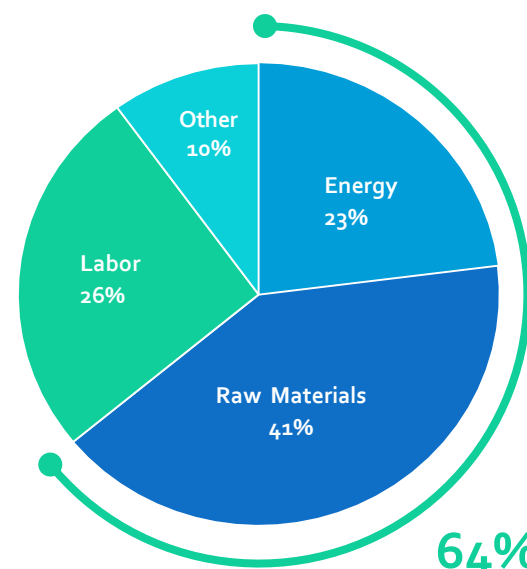
# Best-in-class operations: Unique competitive advantages

## Summary of Cost Components

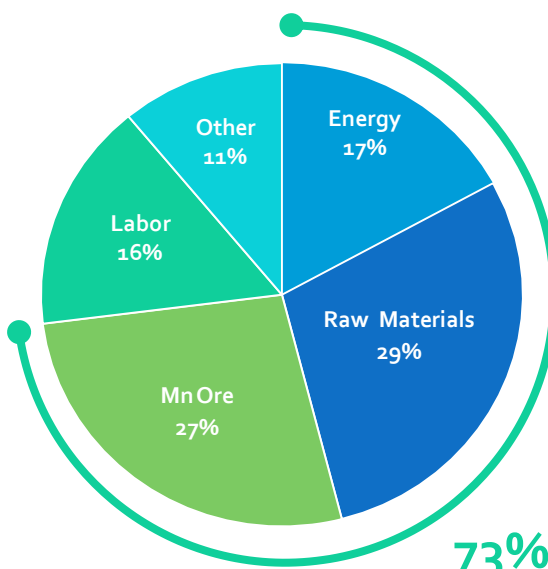
### Silicon Metal



### Silicon-based Alloys



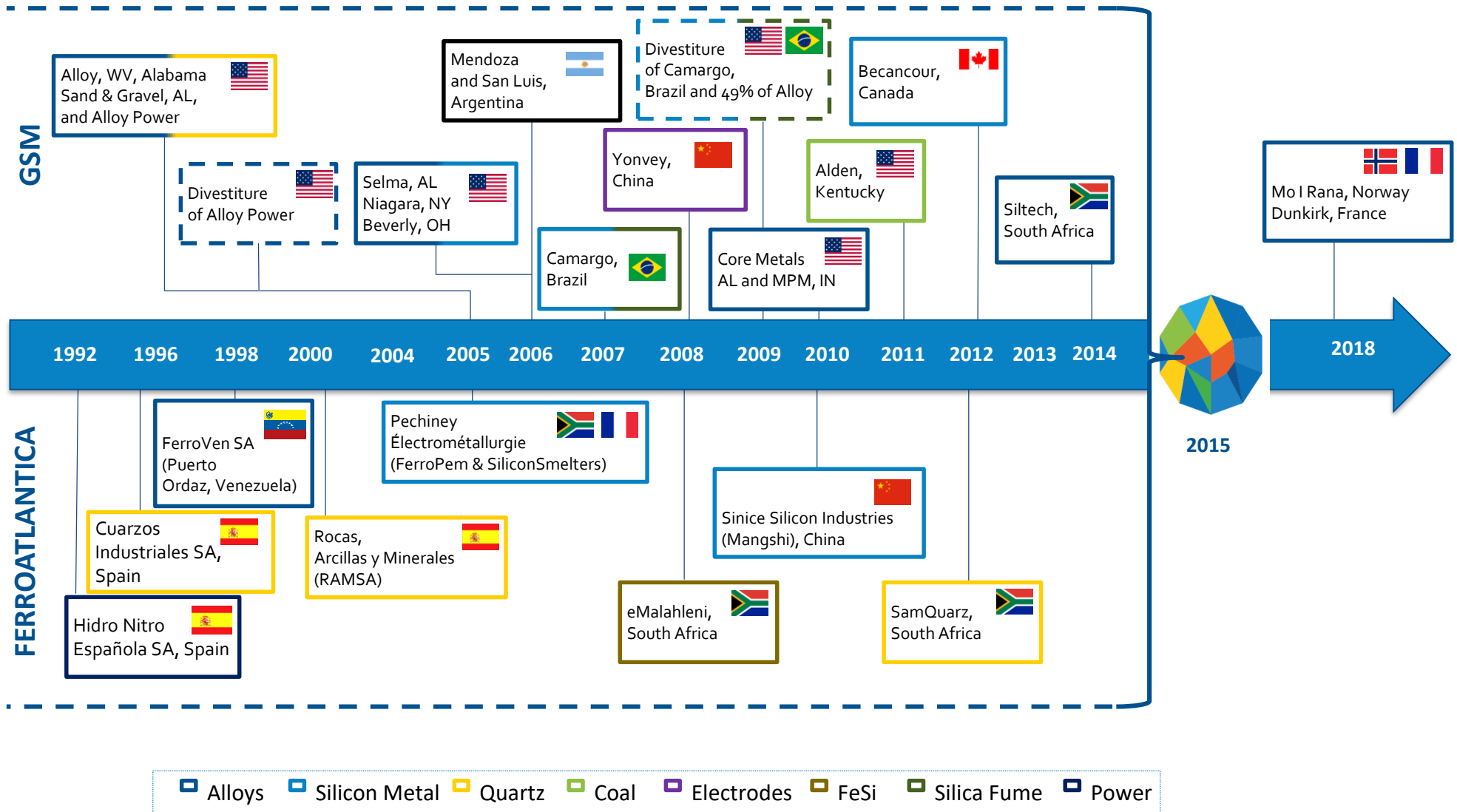
### Manganese-based Alloys



●——● Highly Variable Portion of Cost Structure

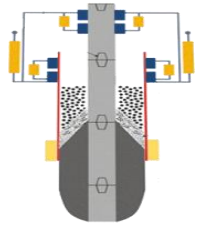
Ferroglobe benefits from vertical integration and attractive power contracts, which together allow the company to maintain a low cost structure and ensure through-the-cycle profitability

# History Of Growth Through Integrating Bolt-On M&A And Successful Turnarounds



# Innovative technological solutions have always allowed to improve operational excellence and products value added

PROCESS



ELSA electrode



Si Granulation process



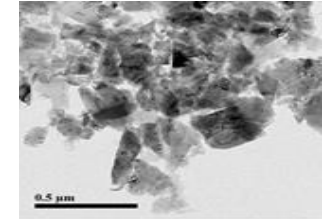
Solar grade silicon metal (UMG)



Hyperfines Recycling



KERF Recycling



Micro / Nano Technologies

1990

1995

2000

2005

2010

2015

Current Projects

PRODUCTS



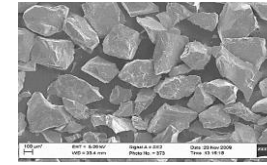
Silicon for Silicones



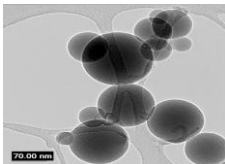
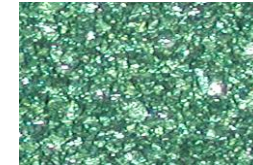
Granulated Silicon



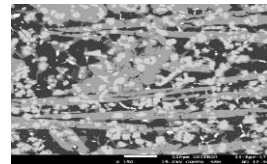
Silicon Powder



High value powders



Silica fume



High Performance Foundry Products

## II. Selected Financial Highlights

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Phillip Murnane, Chief Financial Officer



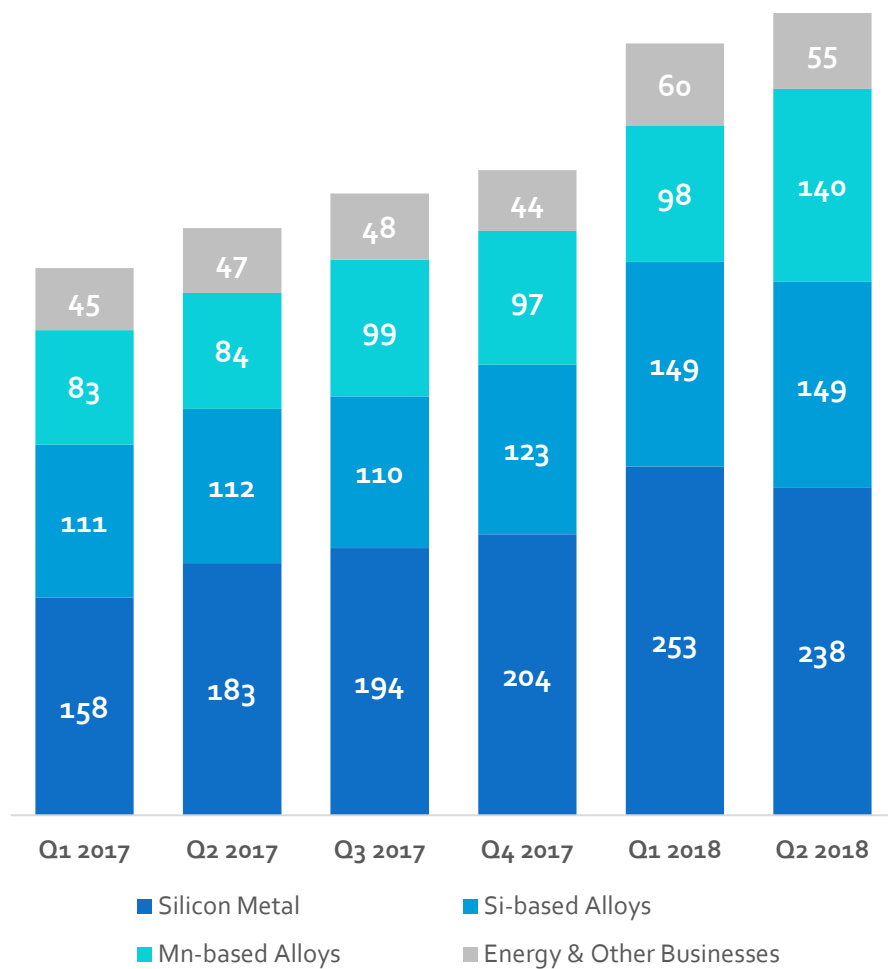
**Ferroglobe**

## Q2 2018 key performance indicators: Income Statement

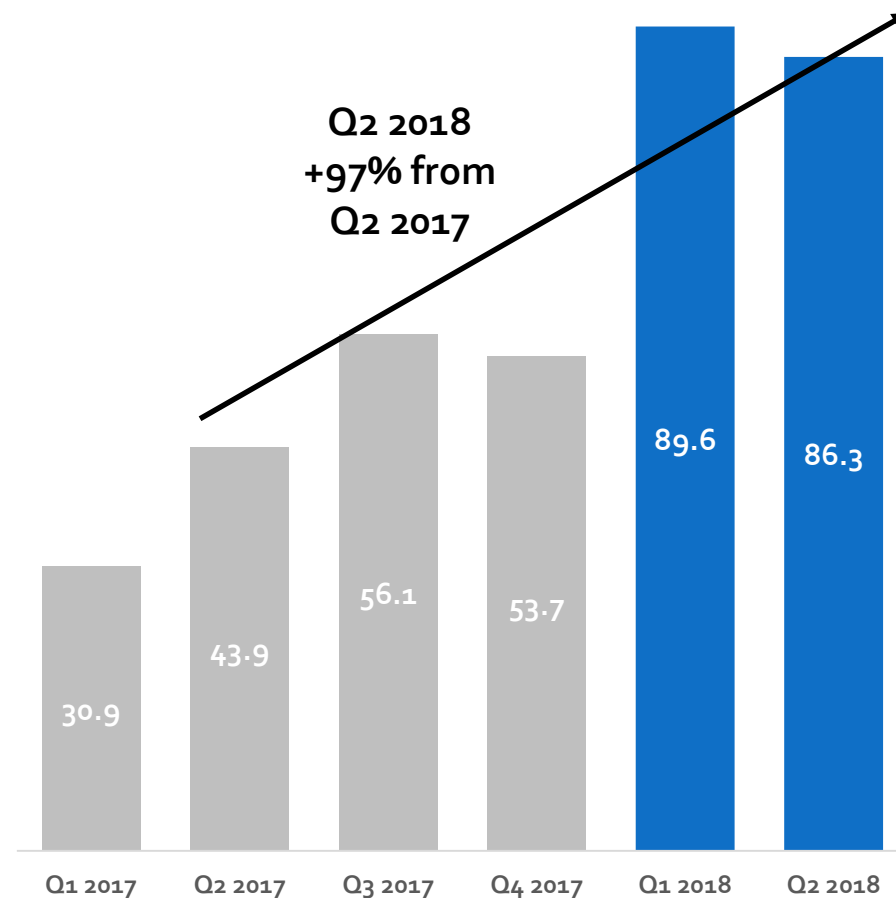
Key Performance Indicators	Q2 2018	Q1 2018	Diff, %	H1 2018	H1 2017	Diff, %
Sales volumes (tons)	271,584	239,119	13.6%	510,703	433,036	17.9%
Revenue (\$m)	583.0	560.7	4.0%	1,143.7	821.8	39.2%
Operating Profit (\$m)	100.6	65.5	53.6%	166.1	14.1	1078.0%
Net Income (\$m)	66.0	35.6	85.4%	101.6	-7.1	2845.9%
Adjusted Net Income (\$m)	25.7	33.3	-22.8%	59.0	1.2	4816.7%
Reported EBITDA (\$m)	130.9	93.5	40.0%	224.4	67.7	231.5%
Adjusted EBITDA (\$m)	86.3	89.6	-3.7%	175.9	74.8	135.2%
Adjusted EBITDA Margin	14.8%	16.0%	-7.5%	15.4%	9.1%	69.2%

# Q2 confirms the strong performance of Ferroglobe in 2018

Quarterly trend – revenue contribution per family of products (\$m)



Quarter Adjusted EBITDA (\$m)





# Q2 2018 key performance indicators: Balance Sheet

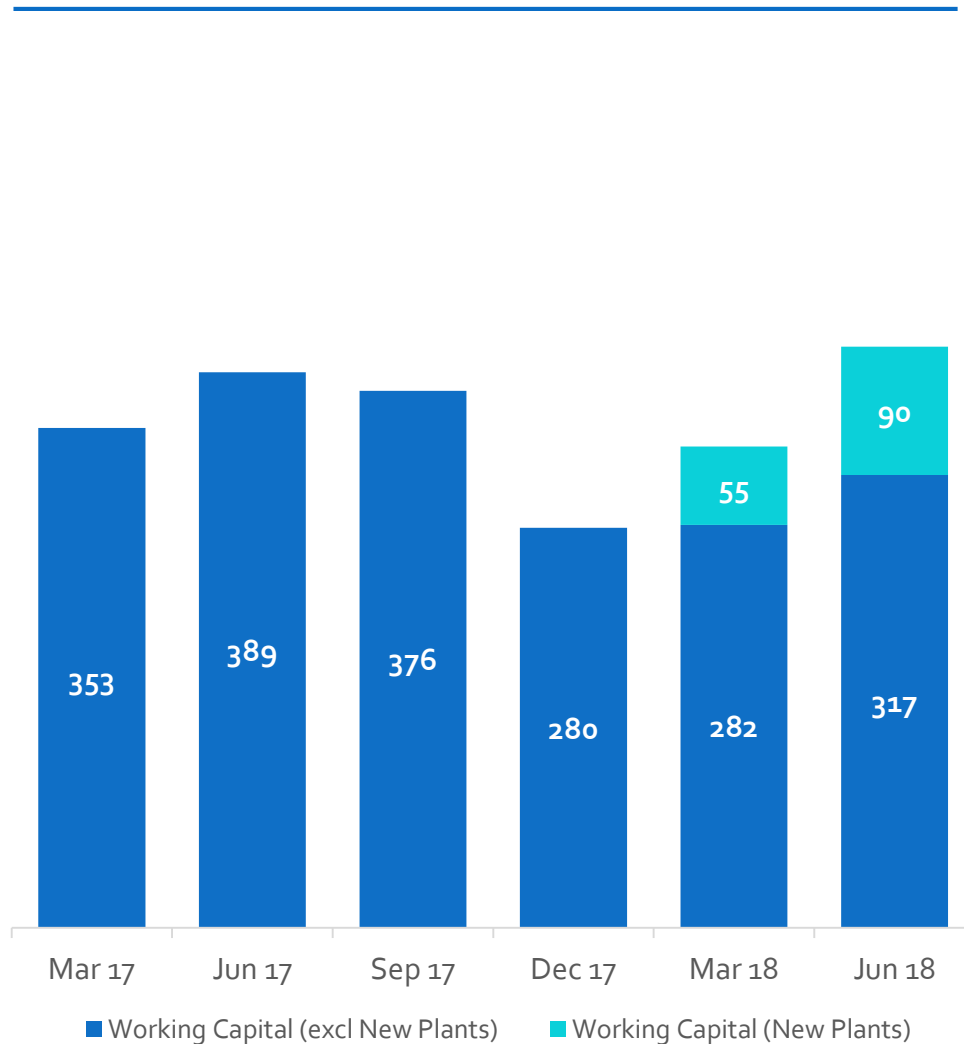
Key Performance Indicators	30 Jun 2018	31 Mar 2018	31 Dec 2017	30 Sep 2017	30 Jun 2017	31 Mar 2017
Total Working Capital (\$m)	407.3	337.3	279.8	375.5	388.7	353.3
Total Assets (\$m)	2,225.7	2,301.1	2,000.3	2,162.9	2,046.4	2,011.6
Net Debt <sup>2</sup> (\$m)	475.3	449.3	386.9	394.4	434.6	406.6
Book Equity (\$m)	1,004.1	979.5	937.8	915.8	906.5	902.9
Net Debt <sup>2</sup> / Adjusted EBITDA	1.83x	1.85x	2.10x	2.87x	4.62x	6.03x
Net Debt <sup>2</sup> / Total Assets	21.4%	19.5%	19.3%	18.2%	21.2%	20.2%
Net Debt <sup>2</sup> / Capital <sup>3</sup>	32.1%	31.4%	29.2%	30.1%	32.4%	31.0%
Free cash-flow <sup>4</sup>	-34.3	-43.0	17.2	52.7	5.8	0.0

Notes:

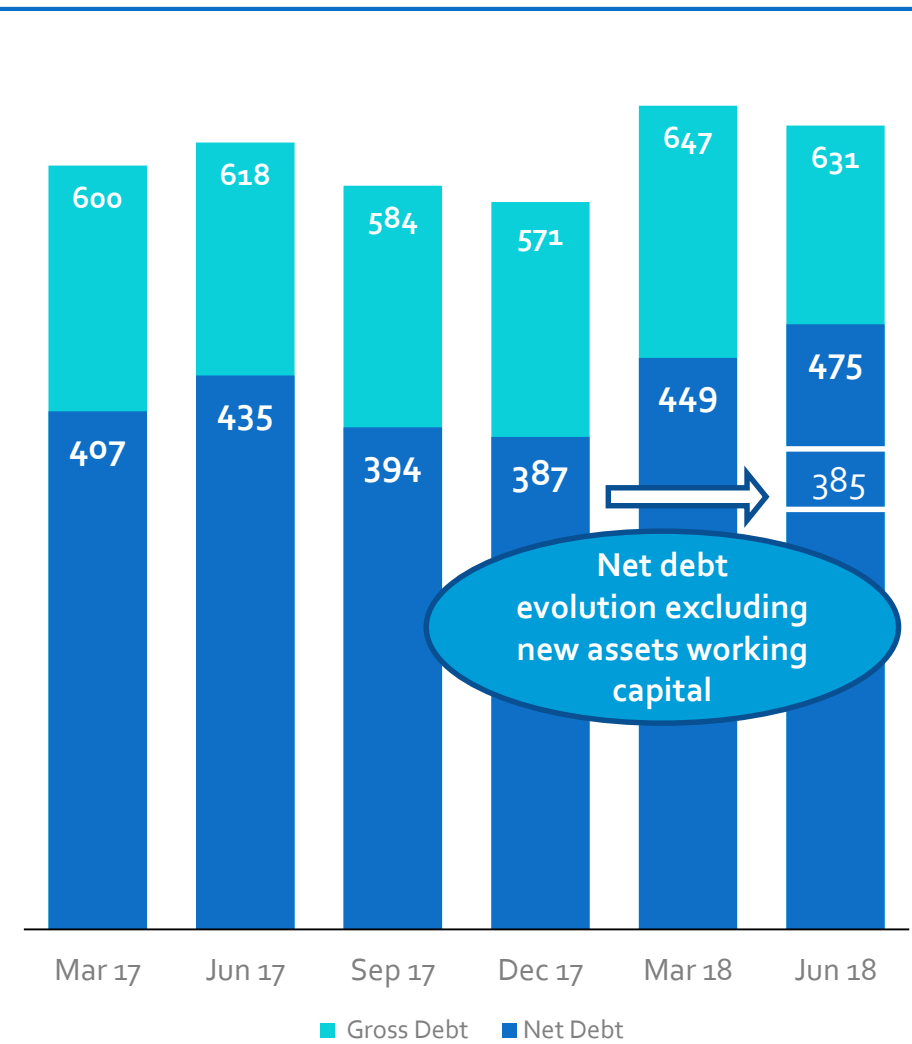
- 1 Financial results are unaudited
- 2 Net Debt includes finance lease obligations
- 3 Capital is calculated as book equity plus net debt
- 4 Free cash-flow defined as "Net cash provided by operating activities "minus "payments for property, plant & equipment

# Increase in Working Capital for new assets, primary driver for increase in Net Debt

Working Capital Evolution (\$m)

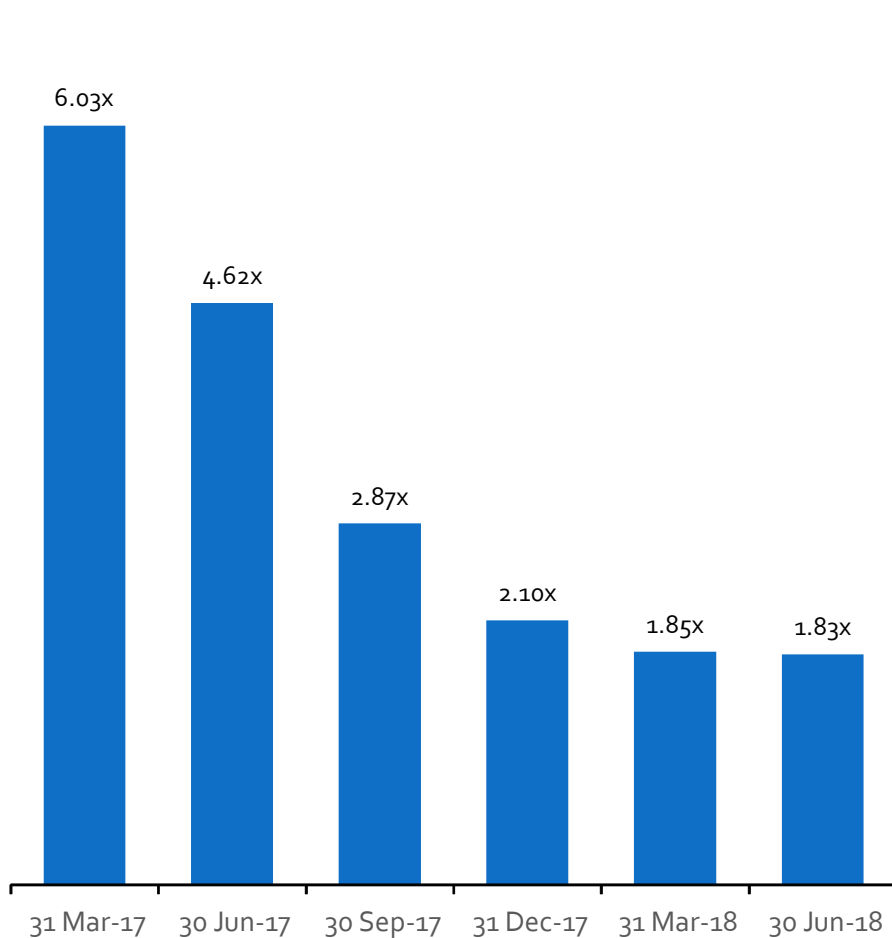


Gross and Net Debt Evolution (\$m)

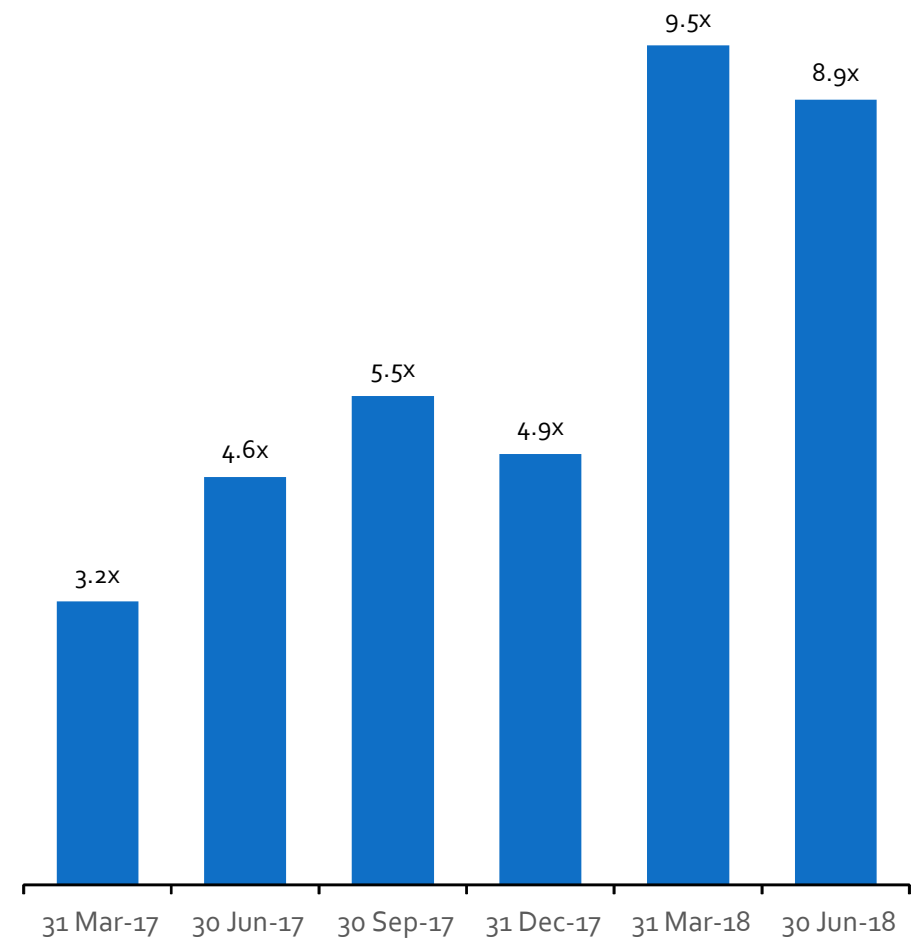


# Meanwhile Net Leverage continues to steadily improve, as well as Interest Coverage metrics

Net Debt / LTM Adjusted EBITDA (x)



Interest Coverage (x)



# Committed to Cash Flow generation

## H1 2018 Free-cash flow evolution

\$m	H1 2018
Profit for the period	101.6
Adjustments for non-cash items	76.2
<b>Profit adjusted for non-cash items</b>	<b>177.8</b>
Changes in Operating Assets/Liabilities	(158.4)
Interest Paid	(20.2)
Income taxes paid	(24.2)
<b>Net cash used by operating activities</b>	<b>(25.0)</b>
Payments due to investments	(52.3)
<b>Free cash-flow<sup>1</sup></b>	<b>(77.3)</b>

Note:

<sup>1</sup> Free cash-flow defined as "Net cash provided by operating activities "minus "payments for property, plant & equipment

## Cash-flow impacts

- Changes in Operating Assets/Liabilities (\$158.4)M: including Working Capital increase linked to newly acquired plants, and increase in AR securitization program
- Interest Paid (\$20.2M): Refinancing of the "9.375% 2022 Senior Notes" is actively being considered, and we expect any new debt to reduce interest expense
- Payments due to Investments (\$52.3): normalized recurrent capital expenditure should be below H1 2018 levels

## Cash Generating Initiatives being implemented in H2 2018

- Increased A/R securitization program will provide additional liquidity: \$35m
- Reduction in Mn ore inventory levels, after having ramped-up the new facilities: \$20m
- Increasing rotation of finished product inventories in key products and adapting production capacity to commercial commitments: \$20m
- Completion of non-core assets divestitures: \$20m

# Delivering value for shareholders and positioning Ferroglobe for the long-term

## Q2 2018 Performance

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- Adjusted EBITDA of \$86.3m for the quarter, -4% vs Adjusted EBITDA of \$89.6m in Q1 2018
- Net Profit of \$66.0m for the quarter and Adjusted Net Profit of \$25.7m for the quarter, or \$0.14 on a fully diluted per share basis
- Working capital increased to \$407.3 million during the quarter, including new Mn plants and other inventory
- Operating cash flow of \$-4.6m and free cash flow of \$-34.3m for the quarter
- Net debt of \$475.3 million at end of Q2 2018, up from \$449.3 million at the end of Q1 2018 — largely attributable to the working capital build
- Net Debt to LTM EBITDA metrics have improved. Reduction in net leverage, leverage below target of 2x in Q1 2018 and Q2 2018

## Remain Focused on Delivering Value

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- Quarterly dividend payment and Share Repurchase Program
  - Quarterly dividend of \$0.06 per share, confidence in maintaining this stable level
  - Balanced approach to capital allocation
  - Returning value to shareholders
- Conservative capital structure — company positioned to pursue growth opportunities
  - Continued commitment to further lowering leverage by year end
  - Refinancing of the “9.375% 2022 Senior Notes” is actively being considered to capitalize on market conditions and lower our interest expense

## II. Future Growth

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Pedro Larrea, Chief Executive Officer



**Ferroglobe**

# Ferroglobe's strategy for growth is based in three critical components



Commitment to be **best-in-class**



Developing our **leadership** in core products



Leveraging our silicon metal **technology**

- Disciplined value creation through the cycle for all stakeholders
- Current initiatives expected to contribute an incremental 20%-30% in EBITDA over 24 months <sup>1,2</sup>
- Deliver value to shareholders through a dividend policy

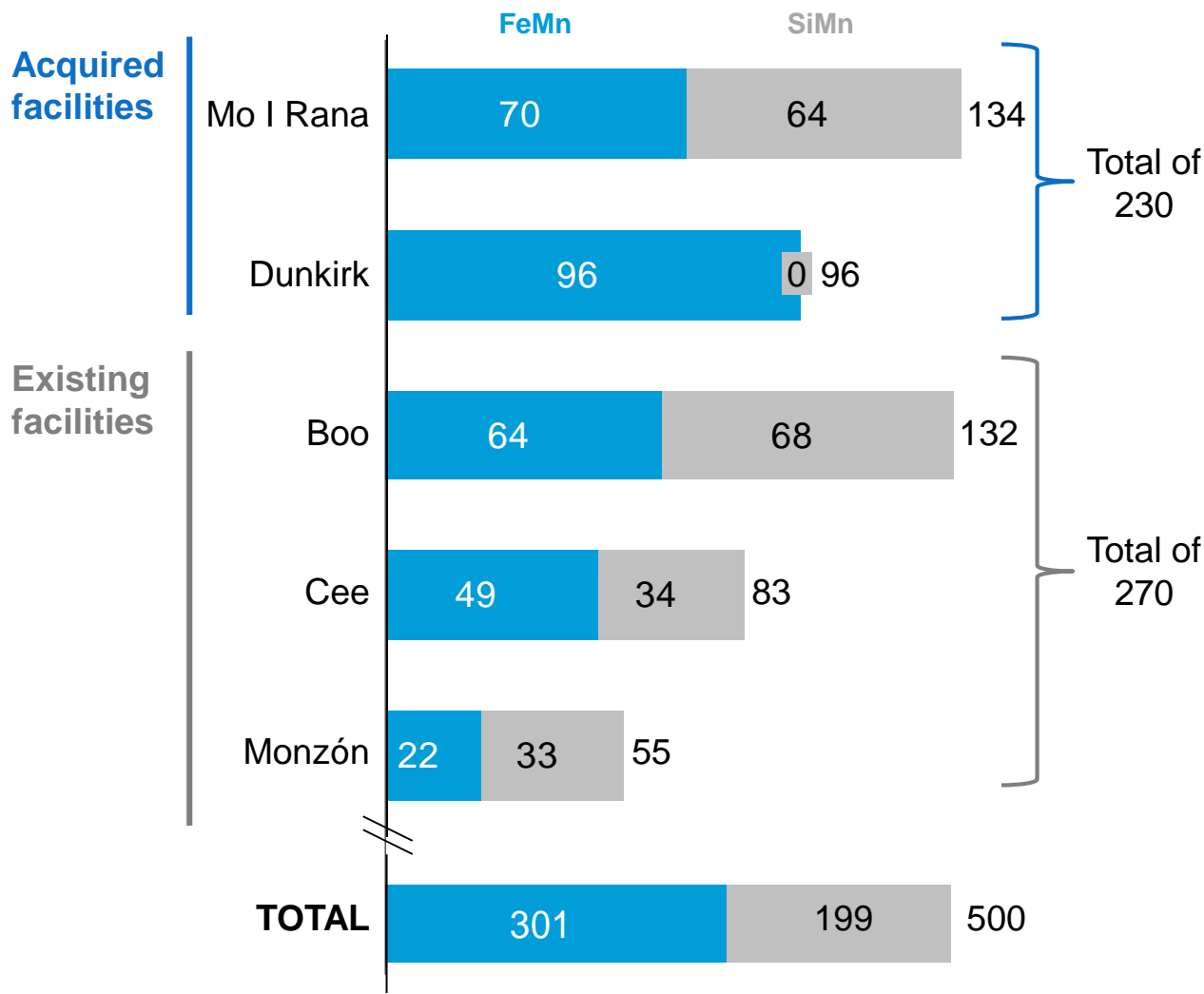
Notes:

<sup>1</sup> Announced at the Ferroglobe Investor Day (October 17, 2017)

<sup>2</sup> The incremental 20% - 30% increase in EBITDA is based on the existing business portfolio as of October 17, 2017

# Developing our leadership: New plants confirm our commitment to growth through opportunistic M&A

Ferroglobe and Glencore Europe production in 2017 (kt).

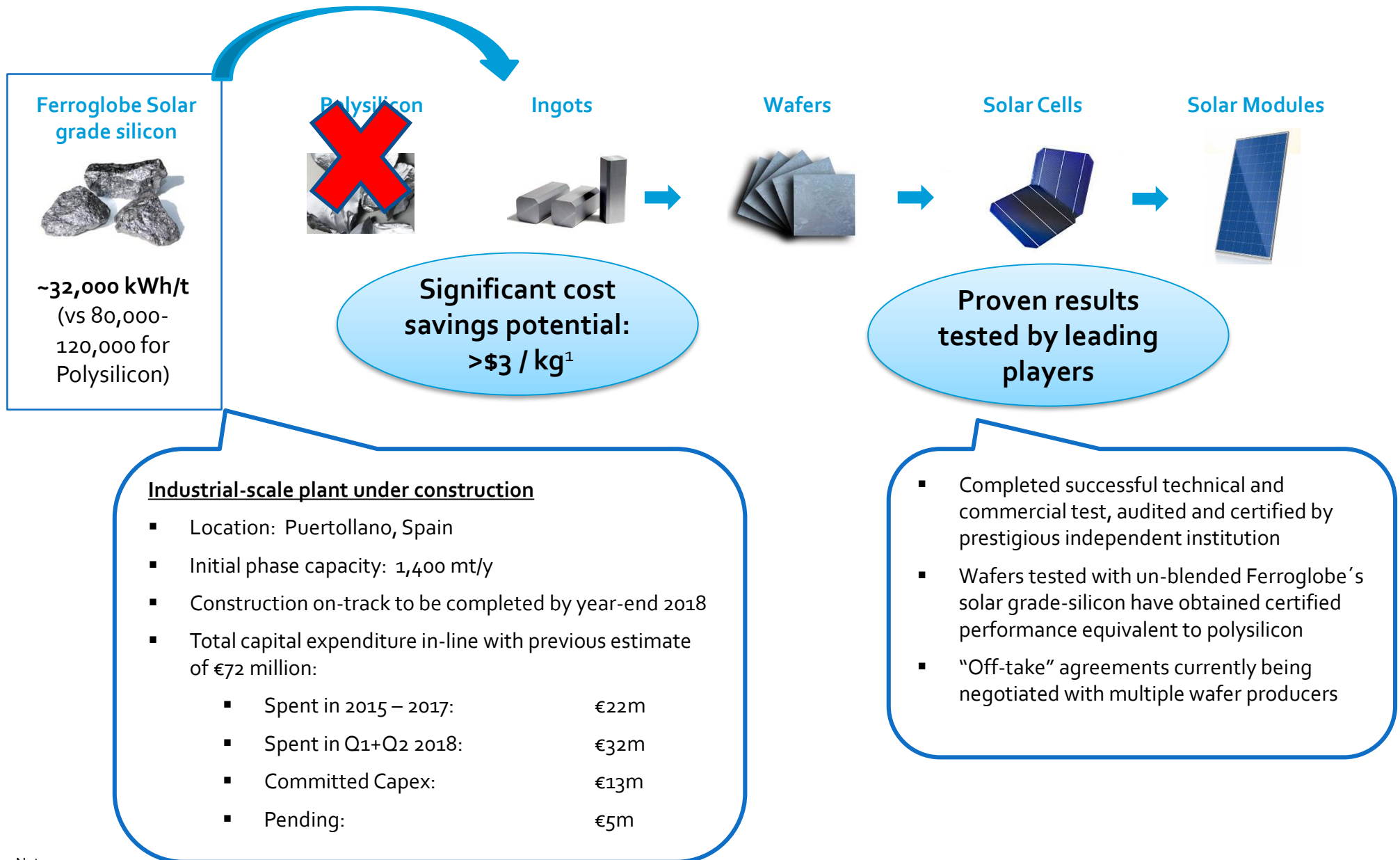


- Transaction closed on February 1, 2018
- Immediately accretive
- Significant potential for sharing best practices (in both directions)
- Financial contribution from acquired facilities commenced in Q2-2018

The new facilities add scale and breadth to our Manganese-based alloys operations



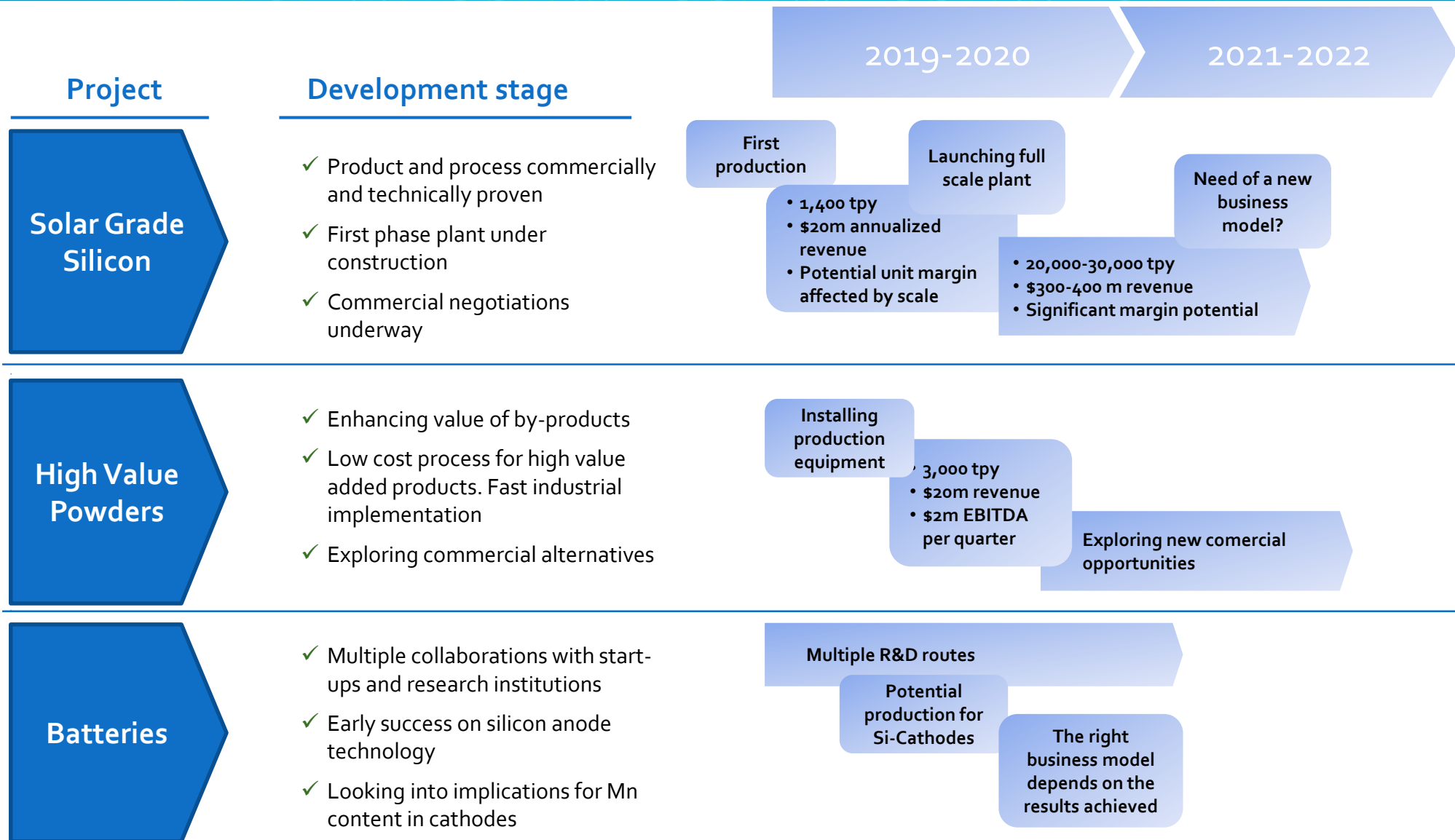
# Leveraging our technology: Our Solar-grade silicon disrupts the solar energy value chain with lower production costs



Note:

1 Illustration assumes 85,000 x \$40 MWh

# Leveraging our technology: New products and technologies provide significant growth potential



High value added products target to contribute up to 15-20% to Ferroglobe's results

## Closing remarks

**A global leader with unrivalled position and diversified portfolio**

**Commitment to strong balance sheet and free cash flow generation**

**High growth potential based on tested capabilities**



**FerroGlobe**

Advancing Materials Innovation

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# Business Update

*September 2018*