

Ferroglobe, Mn alloys update

Pedro Larrea, IMnI 2019 Annual Conference, June 2019, Vienna



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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.

For additional information, including a reconciliation of the differences between such non-IFRS financial measures and the comparable IFRS financial measures, please refer to our periodic filings with the U.S. Securities and Exchange Commission, available in the SEC Filings section under the Investors tab on our website, www.ferroglobe.com.

Presentation summary

- 🌐 **Introduction to Ferroglobe**
- 🌐 **Update on the takeover of Mn alloys plants**
 - Progress on integration process
 - Review of consequences for the Group
- 🌐 **Ferroglobe views on the Mn market**
 - Mn ore
 - Mn alloys

Introduction to Ferroglobe

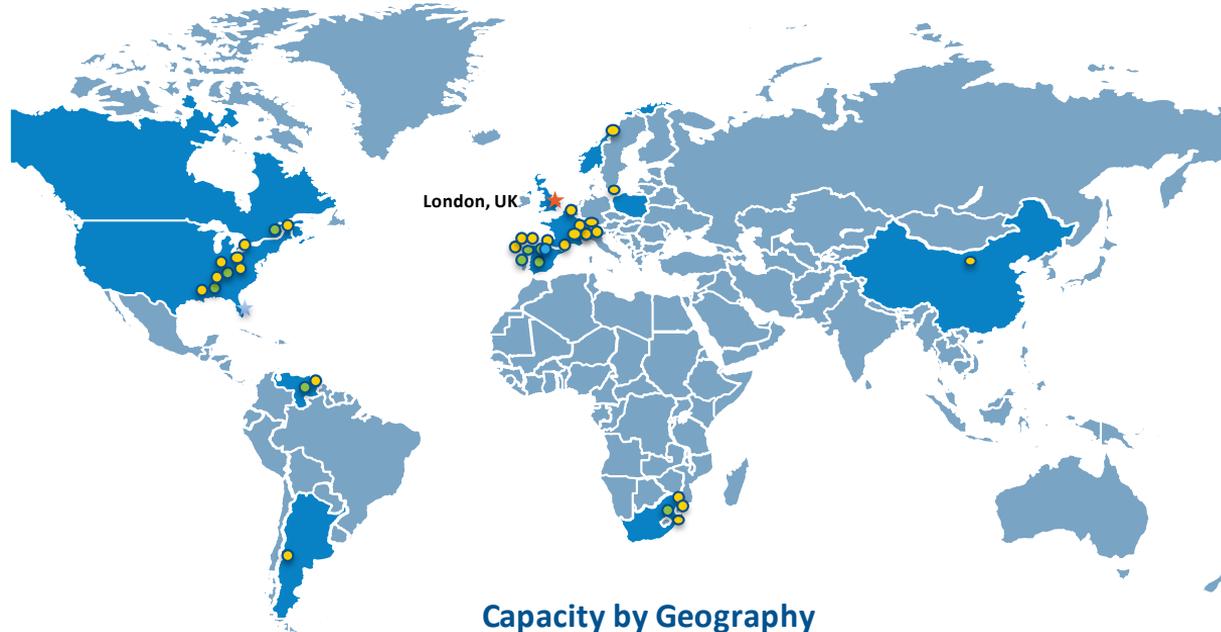


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Ferroglobe: global operations and diversified product offering

- Factories
- Mining
- Energy

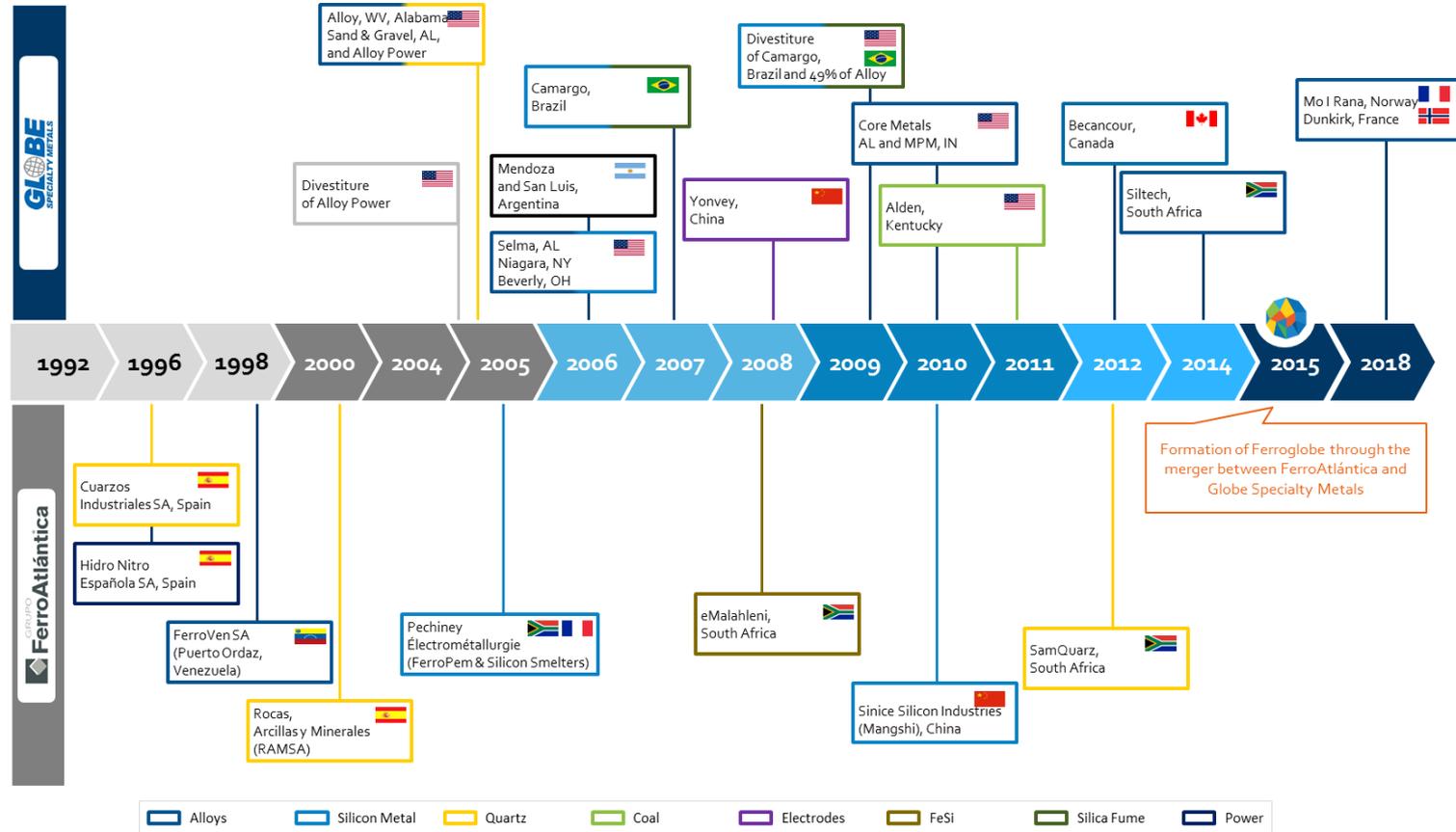


- Production flexibility
- Production optionality
- Natural F/X hedge
- Broadest product range
- Global customer reach
- Low cost operations
- High barriers to entry

Capacity by Geography

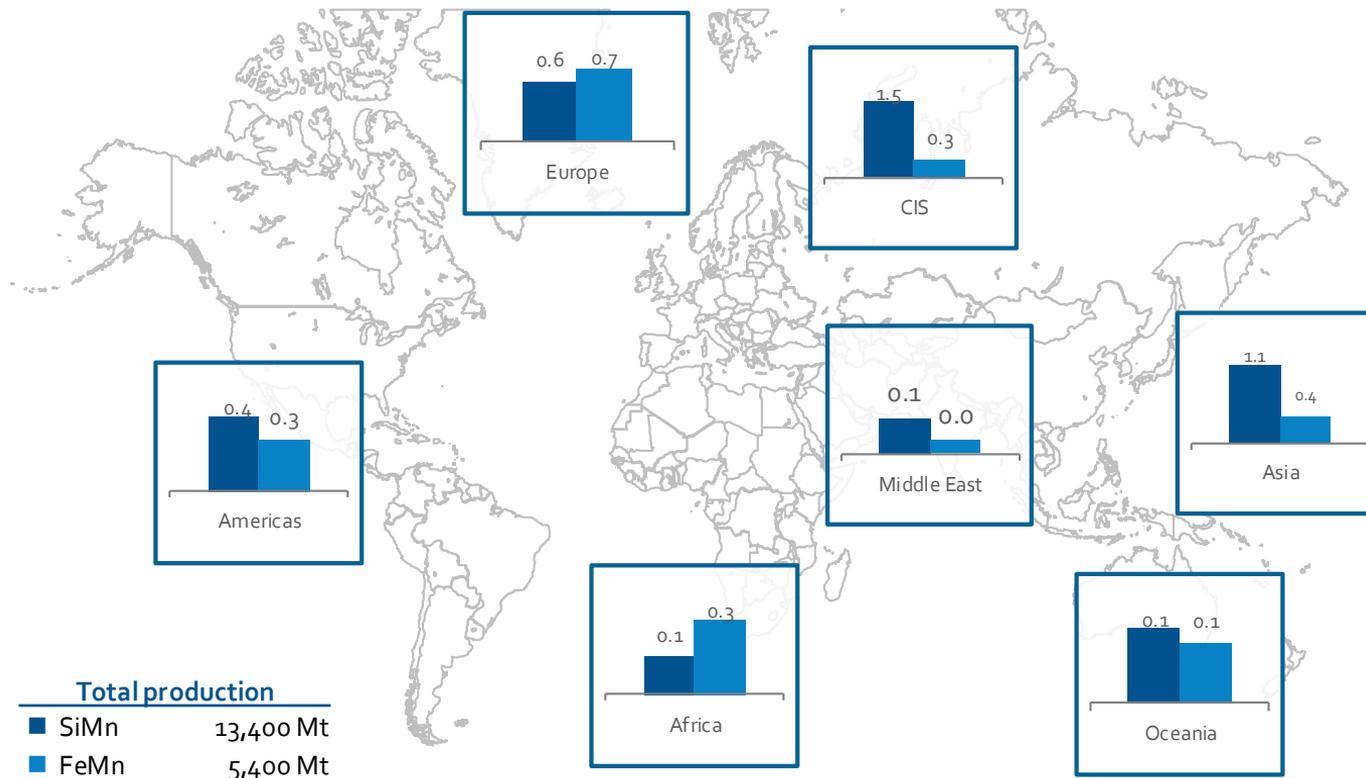
(000, mt)	Europe	North America	South America	Africa	Asia	Total
Silicon	178	64	-	59	-	301
Ferrosilicon / Foundry Alloys	225	120	13	67	-	425
Manganese-based Alloys	623	-	-	-	-	655
Other Silicon-Based Alloys	27	-	10	-	-	37
Total						1,418

Growth through bolt-on M&A and successful transformations

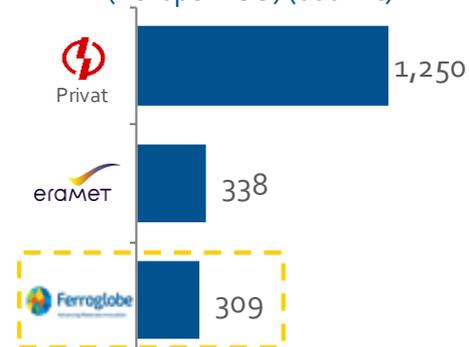


Ferroglobe has doubled its reach in Mn alloys by acquiring Dunkerque and Mo i Rana plants in 2018

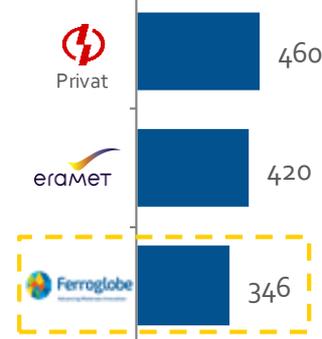
2017 manganese alloys production (Mt)



SiMn production capacity (Europe + CIS) (ooo'mt)



FeMn production capacity (Europe + CIS) (ooo'mt)





Ferroglobe integration of Dunkerque and Mo i Rana plants



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Adding two high quality assets in Ferroglobe portfolio

Dunkerque, France



Mo I Rana, Norway



Successful integration of DKK and MIR fruitful to Ferroglobe

 **Integration date : 1st February 2018**

 **Marketing benefits**

- Consolidation positively received by customers and suppliers
- Association with Glencore
 - Fast forward access to worldwide market
 - Access to premium market analysis and market strategy

 **Production planning optimisation and technical synergies**

- Sinter production and distribution

 **Best practice exchanges ↔ cost savings**

- Increasing Mn units overall recovery and consuming cheaper raw materials

Ferroglobe views on the Mn market

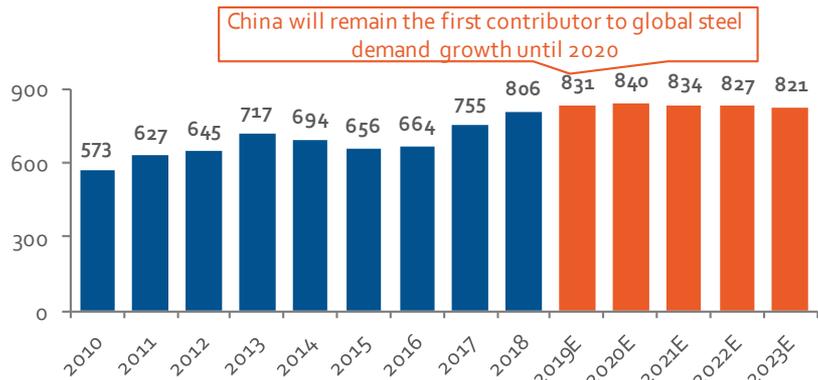


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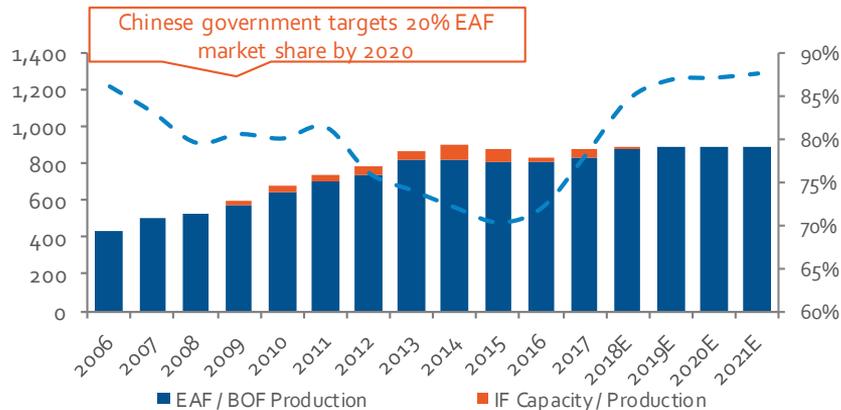
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Chinese consumption of manganese alloys and ore has steadily increased

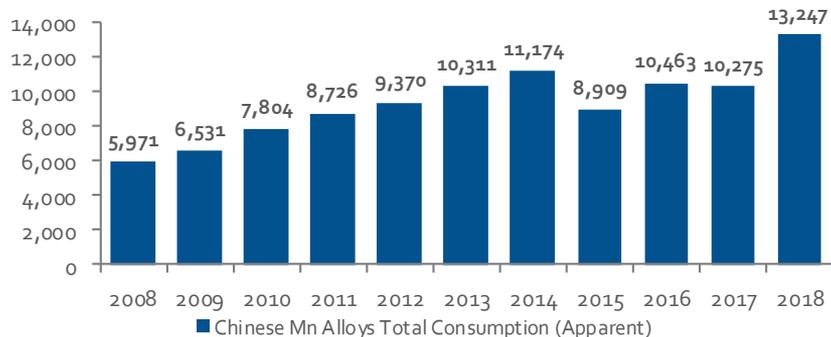
Chinese apparent finished steel consumption (mt)



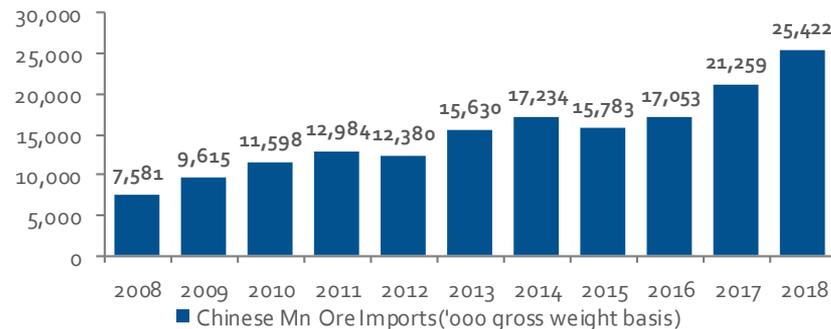
Chinese steel capacity and utilization rate⁽¹⁾ (mt)



Chinese consumption of Mn alloys (kt) has increased...

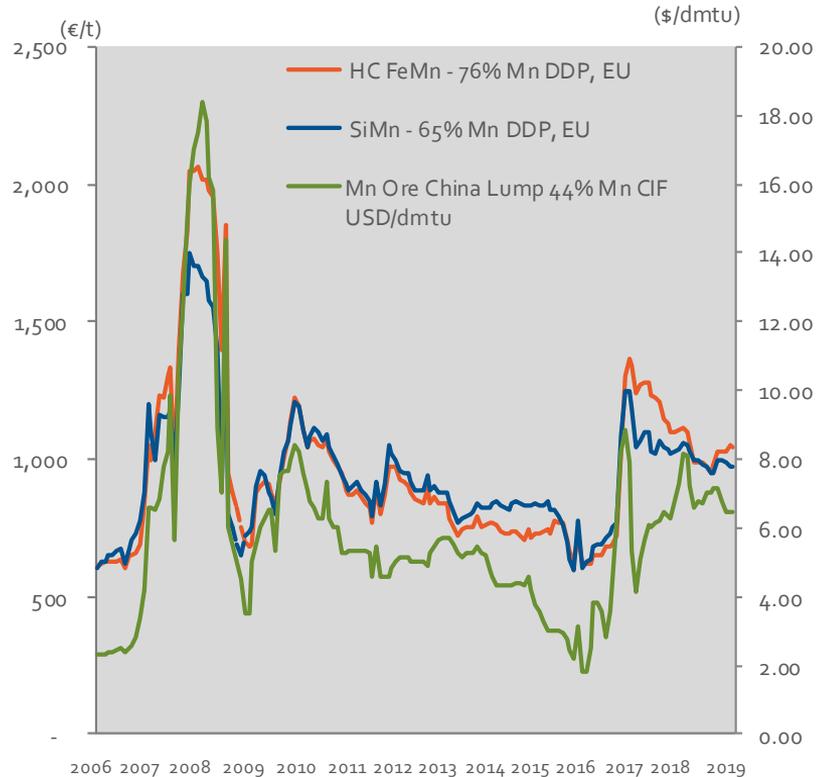


...resulting in a significant increase in seaborne trade of Mn ore (kt)

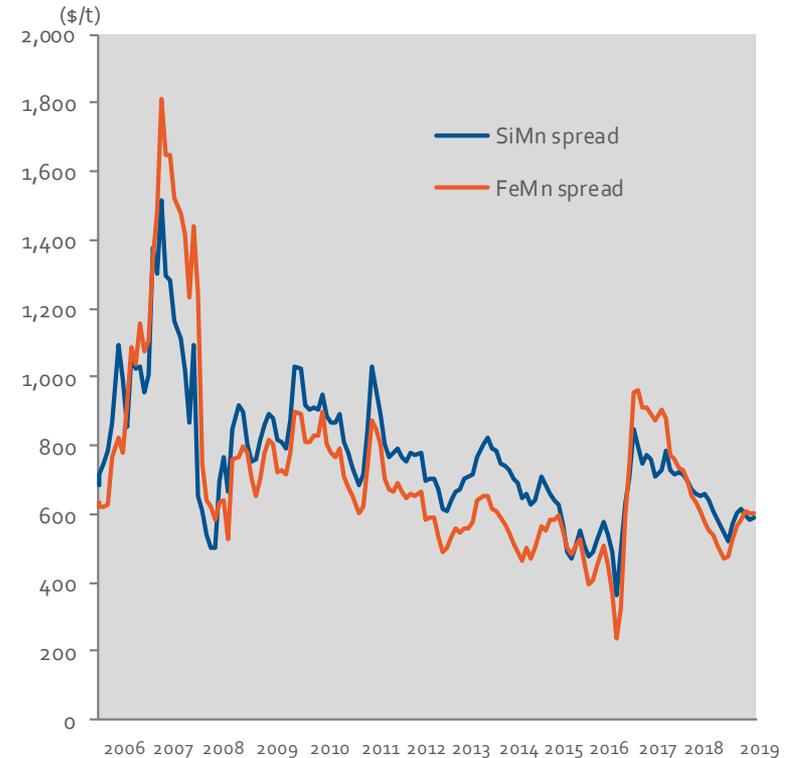


Spreads under severe pressure since 2018

Mn alloy prices and ore cost evolution since 2006



Spread evolution since 2007



Mn alloys spreads should recover

Current spread situation unsustainable

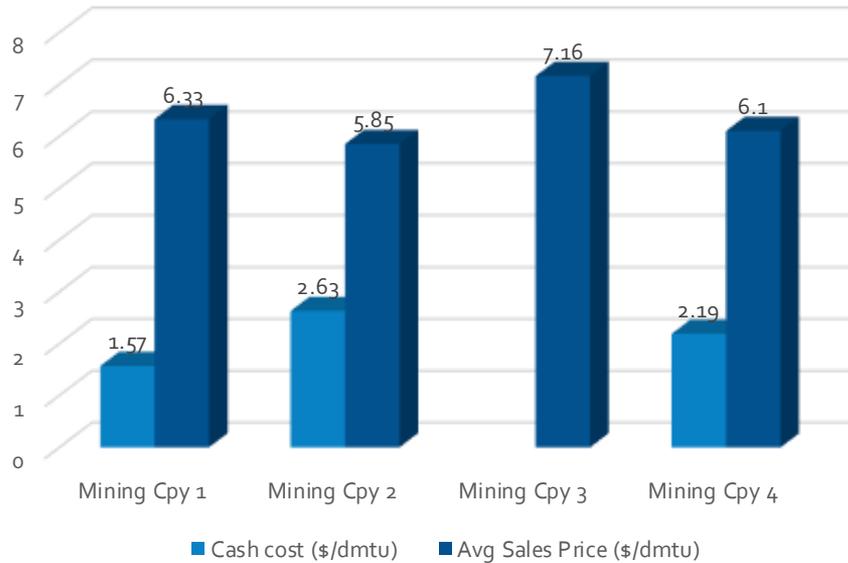
- Best performing Mn alloys producers are at break even or worse
- Increasing alloys production is unsustainable
- Likely reduction of production foreseen
 - Exit of the lower performing players
 - Potential divestitures

Market prices need to realign

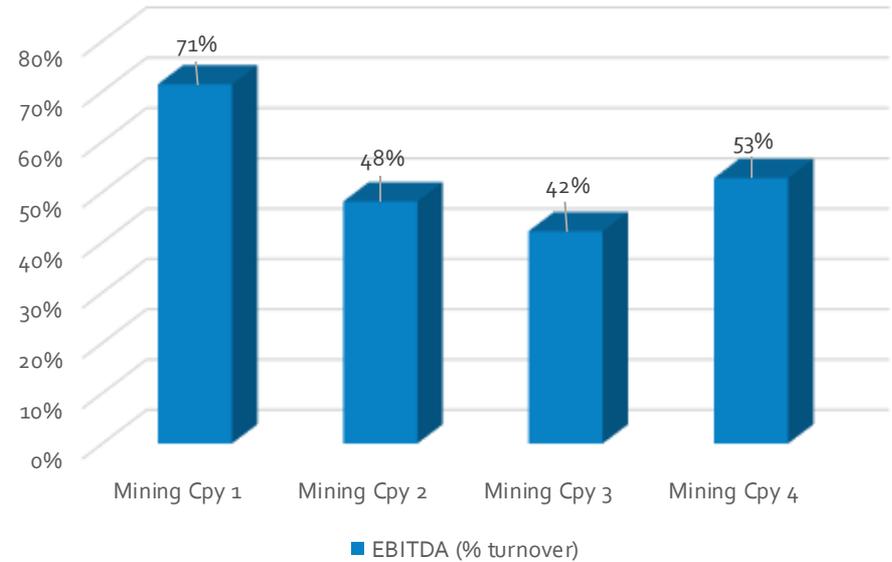
- Continuous losses of new greenfield projects and other producers provide support for alloys prices
- Current political atmosphere = favorable ground for trade frictions

Extremely profitable mining...

Mn producers annual 2018-2019H1 reports



Mn producers annual 2018 reports



... does/will attract new miners and expansion projects...

New mining

- Ghana Manganese
- Gulf Manganese

South Africa expansion

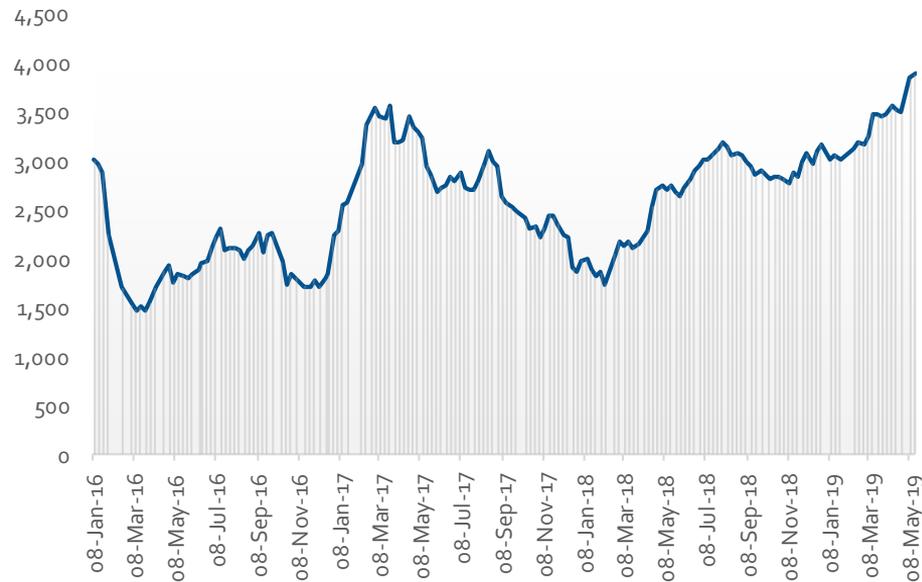
- Incremental production increases

Brazil expansion

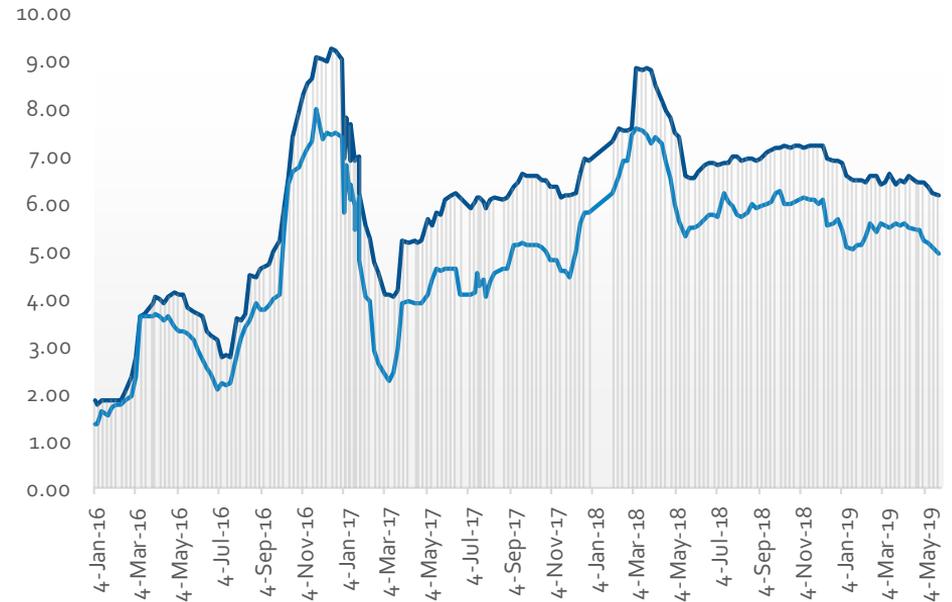
- Buritirama ramp-up
- Debottlenecking projects

... with Mn ore prices steadily reacting to increased supply

Mn ore Chinese Port Inventory (kt) - Mysteel



Mn ore prices 2016-2019 (\$/dmtu)



— Manganese Ore Index 44% Mn, Cif Tianjin

— Manganese Ore Index 37% Mn, Fob Port Elizabeth

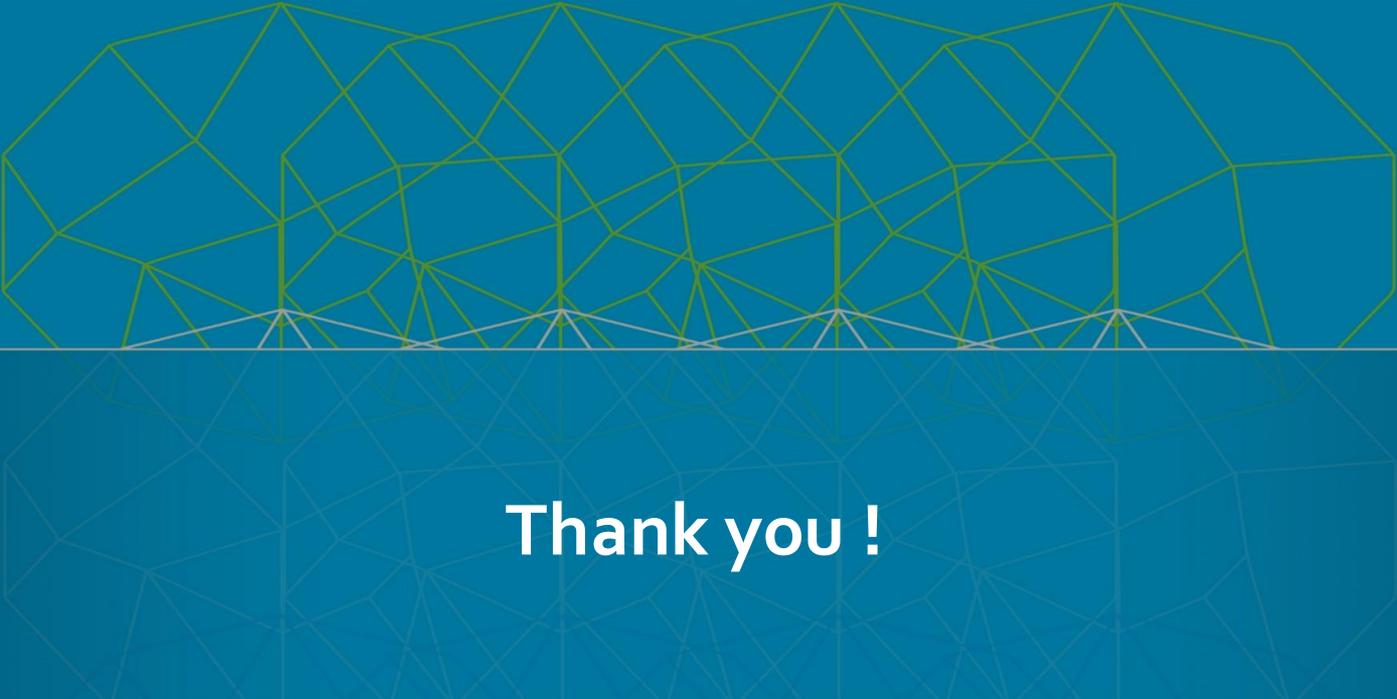
Key take-aways

2018/2019 : successful integration of Dunkerque and Mo i Rana in a difficult environment

- Doubling our Mn alloys capacity
- Improving our cost base
- Increased market reach

Spreads have to improve

- Current spreads are unsustainable for all producers
- Foreseen reduction in production of Mn alloys
- Decreasing Mn ore costs
 - Increased offer
 - Not to impact the smelters costs within the next 3 months



Thank you !



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