



Ferroglobe Reports Results for First Quarter of 2018

May 21, 2018

- Sales of \$560.7 million, an increase of 19.8% from \$468.2 million in Q4 2017
- Net profit of \$35.6 million, or \$0.21 on a fully diluted per share basis, up from a net profit of \$6.3 million, or \$0.04 per share, in the prior quarter. Adjusted net profit of \$33.3 million, or \$0.19 on a fully diluted per share basis, compared to a net profit of \$8.1 million, or \$0.05 on a fully diluted per share basis, in the prior quarter
- Reported EBITDA of \$93.5 million, an increase of 321.2% compared to reported EBITDA of \$22.2 million in Q4 2017
- Adjusted EBITDA of \$89.6 million, an increase of 66.9% compared to \$53.7 million adjusted EBITDA in Q4 2017
- The Board decided to reinstate the dividend with an interim payment of \$0.06 per share with a record date of June 8, 2018 and a payment date of June 29, 2018

LONDON, May 21, 2018 (GLOBE NEWSWIRE) -- Ferroglobe PLC (NASDAQ:GSM), 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 2018.

In Q1 2018, Ferroglobe posted a net profit of \$35.6 million, or \$0.21 per share on a fully diluted basis. On an adjusted basis, Q1 2018 net profit was \$33.3 million, or \$0.19 per share on a fully diluted basis.

Q1 2018 reported EBITDA was \$93.5 million, up from \$22.2 million in the prior quarter. On an adjusted basis, Q1 2018 EBITDA was \$89.6 million, up 66.9% from Q4 2017 adjusted EBITDA of \$53.7 million. The Company reported adjusted EBITDA margins of 16.0% for Q1 2018, compared to adjusted EBITDA margins of 11.5% for Q4 2017.

Sales in Q1 2018 totaled \$560.7 million, up 19.8% from \$468.2 million in Q4 2017. Selling prices for Ferroglobe's key products continued to improve over the course of the quarter across both the U.S. and Europe:

- The average selling price for silicon metal increased by 13.2% to \$2,762/MT in Q1 2018, as compared to \$2,440/MT in Q4 2017;
- The average selling price for silicon-based alloys increased by 12.3% to \$1,956/MT in Q1 2018, as compared to \$1,741/MT in Q4 2017; and
- The average selling price for manganese-based alloys increased by 2.2% to \$1,375/MT in Q1 2018, as compared to \$1,346/MT in Q4 2017.

In addition to improved pricing, the Company saw solid demand across its key products. In terms of sales volumes, silicon metal experienced a 9.3% increase quarter-over-quarter, silicon-based alloys experienced a 8.4% increase quarter-over-quarter, while manganese-based alloys experienced a 1.7% decrease quarter-over-quarter. Note that the acquisition of the two manganese-based alloys production plants (at Dunkirk and Mo i Rana) was completed on February 1, 2018. All inventory of finished product at that date was retained by the party from whom the plants were acquired; sales and volumes of product produced after that date will be shown in the Company's results for the second quarter of 2018.

	Quarter Ended March 31, 2018	Quarter Ended December 31, 2017	Quarter Ended March 31, 2017	Year Ended December 31, 2017
Shipments in metric tons:				
Silicon Metal	91,615	83,785	75,753	325,884
Silicon-based Alloys	76,328	70,399	75,386	283,021
Manganese-based Alloys	71,176	72,374	63,700	274,119
Total shipments*	239,119	226,558	214,839	883,024
Average selling price (\$/MT):				
Silicon Metal	\$ 2,762	\$ 2,440	\$ 2,080	\$ 2,270
Silicon-based Alloys	\$ 1,956	\$ 1,741	\$ 1,473	\$ 1,608
Manganese-based Alloys	\$ 1,375	\$ 1,346	\$ 1,298	\$ 1,327
Total*	\$ 2,092	\$ 1,873	\$ 1,635	\$ 1,765
Average selling price (\$/lb.):				
	Quarter Ended March 31, 2018	Quarter Ended December 31, 2017	Quarter Ended March 31, 2017	Year Ended December 31, 2017

Silicon Metal	\$ 1.25	\$ 1.11	\$ 0.94	\$ 1.03
Silicon-based Alloys	\$ 0.89	\$ 0.79	\$ 0.67	\$ 0.73
Manganese-based Alloys	\$ 0.62	\$ 0.61	\$ 0.59	\$ 0.60
Total*	\$ 0.95	\$ 0.85	\$ 0.74	\$ 0.80

* Excludes by-products and other

"First quarter results reflect the strong fundamentals of our Company and of the markets we are serving. We have significantly increased volumes in most of our products and the newly acquired assets will start to contribute to our shipment volumes and financials in Q2. All of our end markets are showing strong demand and high capacity utilizations," said Pedro Larrea, CEO of Ferroglobe. "Prices in all of our products have continued to increase, and supply/demand dynamics in our industry provide a good support for continued healthy pricing levels."

Cash flow generation affected by acquisition of new assets

Working capital increased by \$57.5 million during the period. The new assets acquired from Glencore AG on February 1, 2018 have contributed \$55.5 million to this working capital increase.

Ferroglobe continued to generate positive cash flows. During the first quarter, cash flows used for operations was \$20.4 million. Excluding the cash flows related to Glencore AG, the Company generated operating cash flows of \$35.5 million.

Ferroglobe's net debt was \$449.3 million as of March 31, 2018, up from \$386.9 million as of December 31, 2017. The increase in net debt is mainly due to the \$55.5 million working capital increase from the acquisition of the new assets from Glencore AG on February 1, 2018, including the build-up of inventories of raw materials (mostly manganese ore) and finished goods (ferromanganese and silicomanganese) of the new plants. Excluding the impact of the Glencore AG acquisition, net debt increased by \$6.6 million as compared to December 31, 2017. Net of one-off items, the Company generated over \$35 million of cash during Q1.

The Company has decided to reinstate a dividend payment

The Board of Ferroglobe has decided to declare an interim dividend of \$0.06 per share, reflecting the confidence in the underlying strength of the business and the Company's long-term outlook. The dividend will have a record date of June 8, 2018 and a payment date of June 29, 2018.

About the Board's decision, Javier López Madrid, Executive Chairman of Ferroglobe, said, "As we balance our capital allocation alternatives, we believe this level of dividend is an effective way of returning value to shareholders, while continuing to focus on strengthening our balance sheet."

Adjusted EBITDA:

	Quarter Ended March 31, 2018	Quarter Ended December 31, 2017	Quarter Ended March 31, 2017	Year Ended December 31, 2017
Profit (loss) attributable to the parent	\$ 36,680	\$ 6,364	\$ (6,554)	\$ (678)
Loss attributable to non-controlling interest	(1,066)	(84)	(1,561)	(5,144)
Income tax (benefit) expense	15,668	(26,022)	(1,214)	(14,821)
Net finance expense	13,156	19,659	12,970	61,704
Financial derivatives loss	1,765	956	—	6,850
Exchange differences	(729)	(2,500)	20	(8,214)
Depreciation and amortization charges, operating allowances and write-downs	28,016	23,830	27,222	104,529
EBITDA	93,490	22,203	30,883	144,226
Non-controlling interest settlement	—	—	—	1,751
Power credit	—	—	—	(3,696)
Long lived asset charge due to reclassification of discontinued operations to continuing operations	—	—	—	2,608
Accrual of contingent liabilities	—	6,044	—	12,444
Impairment loss	—	30,618	—	30,618
Business interruption	—	—	—	(1,980)
Revaluation of biological assets	—	(5,195)	—	(5,195)
Step-up valuation adjustment	—	—	—	3,757
Share-based compensation	(3,886)	—	—	—
Adjusted EBITDA	\$ 89,604	\$ 53,670	\$ 30,883	\$ 184,533

Adjusted profit (loss) attributable to Ferroglobe:

	Quarter Ended March 31, 2018	Quarter Ended December 31, 2017	Quarter Ended March 31, 2017	Year Ended December 31, 2017
Profit (loss) attributable to the parent	\$ 36,680	\$ 6,364	\$ (6,554)	\$ (678)
Tax rate adjustment	(742)	(19,705)	1,771	(8,215)
Non-controlling interest settlement	—	—	—	1,191
Power credit	—	—	—	(2,513)
Long lived asset charge due to reclassification of discontinued operations to continuing operations	—	—	—	1,773
Accrual of contingent liabilities	—	4,110	—	8,462
Impairment loss	—	20,820	—	20,820
Business interruption	—	—	—	(1,346)
Revaluation of biological assets	—	(3,533)	—	(3,533)
Step-up valuation adjustment	—	—	—	2,555
Share-based compensation	(2,642)	—	—	—
Adjusted profit (loss) attributable to the parent	\$ 33,296	\$ 8,056	\$ (4,783)	\$ 18,516

Adjusted diluted profit (loss) per share:

	Quarter Ended March 31, 2018	Quarter Ended December 31, 2017	Quarter Ended March 31, 2017	Year Ended December 31, 2017
Diluted profit (loss) per ordinary share	\$ 0.21	\$ 0.04	\$ (0.04)	\$ —
Tax rate adjustment	—	(0.11)	0.01	(0.05)
Non-controlling interest settlement	—	—	—	0.01
Power credit	—	—	—	(0.01)
Long lived asset charge due to reclassification of discontinued operations to continuing operations	—	—	—	0.01
Accrual of contingent liabilities	—	0.02	—	0.05
Impairment loss	—	0.12	—	0.12
Business interruption	—	—	—	(0.01)
Revaluation of biological assets	—	(0.02)	—	(0.02)
Step-up valuation adjustment	—	—	—	0.01
Share-based compensation	(0.02)	—	—	—
Adjusted diluted profit (loss) per ordinary share	\$ 0.19	\$ 0.05	\$ (0.03)	\$ 0.11

Conference Call

Ferroglobe will review the first quarter results of 2018 during a conference call at 9:00 a.m. Eastern Time on Tuesday, May 22, 2018.

The dial-in number for the call for participants in the United States is 877-293-5491 (conference ID 7495697). International callers should dial +1 914-495-8526 (conference ID 7495697). 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/8pis2qum>

About Ferroglobe

Ferroglobe PLC is one of the world's leading suppliers of silicon metal, silicon-based specialty alloys, and 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 presented 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 diluted profit (loss) per ordinary share and adjusted profit (loss) attributable to the parent are, we believe, pertinent non-IFRS financial metrics that Ferroglobe utilizes to measure its 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 March 31, 2018	Quarter Ended December 31, 2017	Quarter Ended March 31, 2017	Year Ended December 31, 2017
Sales	\$ 560,704	\$ 468,218	\$ 396,037	\$ 1,741,693
Cost of sales	(320,678)	(284,614)	(241,138)	(1,043,395)
Other operating income	6,786	5,158	1,629	18,199
Staff costs	(82,423)	(87,127)	(66,485)	(301,963)
Other operating expense	(70,862)	(55,052)	(60,124)	(239,926)
Depreciation and amortization charges, operating allowances and write-downs	(28,016)	(23,830)	(27,222)	(104,529)
Impairment losses	—	(30,859)	—	(30,957)
Other (loss) gain	(37)	6,479	964	575
Operating profit (loss)	65,474	(1,627)	3,661	39,697
Finance income	4,445	2,493	795	3,708
Finance expense	(17,601)	(22,152)	(13,765)	(65,412)
Financial derivatives loss	(1,765)	(956)	—	(6,850)
Exchange differences	729	2,500	(20)	8,214
Profit (loss) before tax	51,282	(19,742)	(9,329)	(20,643)
Income tax (expense) benefit	(15,668)	26,022	1,214	14,821
Profit (loss) for the period	35,614	6,280	(8,115)	(5,822)
Loss attributable to non-controlling interest	1,066	84	1,561	5,144
Profit (loss) attributable to the parent	\$ 36,680	\$ 6,364	\$ (6,554)	\$ (678)
EBITDA	\$ 93,490	\$ 22,203	\$ 30,883	\$ 144,226
Adjusted EBITDA	\$ 89,604	\$ 53,670	\$ 30,883	\$ 184,533
Weighted average shares outstanding				
Basic	171,977	171,953	171,838	171,949
Diluted	172,215	172,128	171,838	171,949
Profit (loss) per ordinary share				
Basic	\$ 0.21	\$ 0.04	\$ (0.04)	\$ —
Diluted	\$ 0.21	\$ 0.04	\$ (0.04)	\$ —

Ferroglobe PLC and Subsidiaries

Unaudited Condensed Consolidated Statement of Financial Position

(in thousands of U.S. dollars)

	March 31, 2018	December 31, 2017	March 31, 2017
ASSETS			
Non-current assets			
Goodwill	\$ 204,537	\$ 205,287	\$ 230,733
Other intangible assets	61,774	58,658	56,854
Property, plant and equipment	980,101	917,974	790,501
Non-current financial assets	147,744	89,315	5,967
Deferred tax assets	6,581	5,273	47,768
Non-current receivables from related parties	2,464	2,400	2,139
Other non-current assets	32,125	30,059	20,892
Total non-current assets	1,435,326	1,308,966	1,154,854
Current assets			
Inventories	493,108	361,231	312,757
Trade and other receivables	142,641	111,463	214,738
Current receivables from related parties	8,841	4,572	5,576
Current income tax assets	6,524	17,158	16,614
Current financial assets	897	2,469	3,640
Other current assets	16,095	9,926	10,703
Cash and cash equivalents	197,669	184,472	172,647
Assets and disposal groups classified as held for sale	—	—	120,094
Total current assets	865,775	691,291	856,769
Total assets	\$ 2,301,101	\$ 2,000,257	\$ 2,011,623
EQUITY AND LIABILITIES			
Equity	\$ 979,504	\$ 937,758	\$ 902,872
Non-current liabilities			
Deferred income	7,321	3,172	3,656
Provisions	82,957	82,397	83,993
Bank borrowings	71,242	—	78,123
Obligations under finance leases	68,101	69,713	1,906
Debt instruments	341,036	339,332	339,693
Other financial liabilities	58,288	49,011	86,962
Other non-current liabilities	64,457	3,536	2,317
Deferred tax liabilities	64,733	65,142	132,753
Total non-current liabilities	758,135	612,303	729,403
Current liabilities			
Provisions	30,162	33,095	11,915
Bank borrowings	850	1,003	1,545
Obligations under finance leases	13,478	12,920	586
Debt instruments	2,735	10,938	4,156
Other financial liabilities	91,243	88,420	1,616
Payables to related parties	10,671	12,973	10,283
Trade and other payables	298,438	192,859	177,015
Current income tax liabilities	5,889	7,419	3,616
Other current liabilities	109,996	90,569	63,346
Liabilities associated with assets classified as held for sale	—	—	105,270
Total current liabilities	563,462	450,196	379,348
Total equity and liabilities	\$ 2,301,101	\$ 2,000,257	\$ 2,011,623

Ferroglobe PLC and Subsidiaries

Unaudited Condensed Consolidated Statement of Cash Flows
(in thousands of U.S. dollars)

Quarter Ended March 31, 2018	Quarter Ended March 31, 2017	Year Ended December 31, 2017
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Cash flows from operating activities:				
Profit (loss) for the period	\$ 35,614	\$ (8,115) \$ (5,822)
Adjustments to reconcile net profit (loss) to net cash (used) provided by operating activities:				
Income tax expense (benefit)	15,668	(1,214	)	(14,821
Depreciation and amortization charges, operating allowances and write-downs	28,016	27,222		104,529
Finance income	(4,445	)	(795)
Finance expense	17,601	13,765		65,412
Financial derivatives loss	1,765	—		6,850
Exchange differences	(729	)	20	(8,214
Impairment losses	—	—		30,957
(Gain) loss on disposals of non-current and financial assets	—	(558	)	4,316
Share-based compensation	699	—		2,405
Other adjustments	37	(406	)	(4,891
Changes in operating assets and liabilities				
(Increase) decrease in inventories	(107,481	)	7,108	(16,274
(Increase) decrease in trade receivables	(513	)	3,765	50,168
Increase in trade payables	70,375	18,156		17,613
Other	(49,770	)	(34,545)
Income taxes paid	(9,982	)	(2,297)
Interest paid	(17,301	)	(9,729)
Net cash (used) provided by operating activities	(20,446	)	12,377	150,375
Cash flows from investing activities:				
Payments due to investments:				
Other intangible assets	(703	)	(410)
Property, plant and equipment	(22,531	)	(12,362)
Non-current financial assets	—	(14	)	(343
Disposals:				
Non-current financial assets	942	—		—
Acquisition of subsidiary	(20,379)	—	—
Interest and finance income received	3,147	353		952
Net cash used by investing activities	(39,524	)	(12,433)
Cash flows from financing activities:				
Dividends paid	—	—		—
Payment for debt issuance costs	(4,476	)	(10,477)
Proceeds from debt issuance	—	350,000		350,000
Increase/(decrease) in bank borrowings:				
Borrowings	182,364	31,425		31,455
Payments	(106,514	)	(372,380)
Proceeds from stock option exercises	—	—		180
Other amounts paid due to financing activities	(2,987	)	(7,211)
Net cash provided (used) by financing activities	68,387	(8,643	)	(113,397
Total net cash flows for the period	8,417	(8,699	)	(37,840
Beginning balance of cash and cash equivalents	184,472	196,982		196,982
Exchange differences on cash and cash equivalents in foreign currencies	4,780	4,748		25,330
Ending balance of cash and cash equivalents	\$ 197,669	\$ 193,031	\$	184,472

 [Primary Logo](#)

Source: Ferroglobe PLC