



February 26, 2018

Ferroglobe Reports Results for Fourth Quarter and Calendar Year 2017

- Q4 2017 results:

- Revenue of \$468.2 million, up 3.7% from \$451.6 million in Q3 2017
- Net profit of \$32.1 million, or \$0.19 on a fully diluted per share basis, up from a net loss of \$(5.0) million, or a \$(0.02) per share, in the prior quarter. The Q4 results include a tax benefit from recent US tax reform of \$30.9 million
- Adjusted net profit of \$11.0 million, or \$0.06 on a fully diluted per share basis, compared to a net profit of \$9.2 million, or \$0.05 on a fully diluted per share basis, in the prior quarter. The US tax reforms did not impact these figures
- Reported EBITDA of \$48.9 million, a decrease of 9.9% compared to reported EBITDA of \$54.3 million in Q3 2017
- Adjusted EBITDA of \$54.9 million, a decrease of 2.1% compared to \$56.1 million adjusted EBITDA in Q3 2017

- Calendar Year 2017 results:

- Revenue of \$1.7 billion up 10.5% from \$1.6 billion in 2016
- Net profit of \$20.0 million, or \$0.15 on a fully diluted per share basis, up from a net loss of \$(358.6) million, or a \$(1.97) per share, in 2016. The 2017 results include the tax benefit from US tax reform of \$30.9 million
- Adjusted net profit of \$21.5 million, or \$0.13 on a fully diluted per share basis, compared to a net loss of \$(39.3) million, or \$(0.23) on a fully diluted per share basis, in 2016. The US tax reforms did not impact these figures
- Reported EBITDA of \$170.9 million, compared to reported EBITDA of \$(247.4) million in 2016
- Adjusted EBITDA of \$185.8 million, an increase of 163.9%, compared to \$70.4 million adjusted EBITDA in 2016

- Maintained strong balance sheet with net debt of \$386.9 million as of year end 2017, compared to \$394.3 million as of September 30, 2017¹ and \$405.0 million at year end 2016

LONDON, Feb. 26, 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 fourth quarter and Calendar Year of 2017.

Q4 Summary:

In Q4 2017, Ferroglobe posted a net profit of \$32.1 million, or \$0.19 per share on a fully diluted basis, which includes a benefit resulting from US tax reform of \$30.9 million. On an adjusted basis, Q4 2017 net profit was \$11.0 million, or \$0.06 per share on a fully diluted basis. US tax reform did not impact adjusted net profit.

Q4 2017 reported EBITDA was \$48.9 million, down from \$54.3 million in the prior quarter. On an adjusted basis, Q4 2017 EBITDA was \$54.9 million, down 2.1% from Q3 2017 adjusted EBITDA of \$56.1 million. The company reported adjusted EBITDA margins of 11.7% for Q4 2017, compared to adjusted EBITDA margins of 12.4% for Q3 2017.

Net sales in Q4 2017 totaled \$468.2 million, up 3.7% from \$451.6 million in Q3 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 4.7% to \$2,440/MT in Q4 2017, as compared to \$2,330/MT in Q3 2017
- The average selling price for silicon-based alloys increased by 5.8% to \$1,741/MT in Q4 2017, as compared to \$1,645/MT in Q3 2017; and
- The average selling price for manganese-based alloys decreased by 0.2% to \$1,346/MT in Q4 2017, as compared to \$1,349/MT in Q3 2017

In addition to improved pricing, the company saw solid demand across its key products. In terms of sales volumes, silicon metal experienced a 0.4% increase quarter-over-quarter, silicon-based alloys experienced a 5.3% increase quarter-over-quarter and manganese-based alloys experienced a 1.7% decrease quarter-over-quarter.

Calendar Year 2017 Summary:

For the Calendar Year 2017, Ferroglobe posted a net profit of \$20.0 million, or \$0.15 per share on a fully diluted basis, which includes a benefit resulting from US tax reforms of \$30.9 million. On an adjusted basis, the Calendar Year 2017 net profit was \$21.5 million, or \$0.13 per share on a fully diluted basis - a result not impacted by the US tax reforms.

For the Calendar Year 2017 reported EBITDA was \$170.9 million, up from (\$247.4) million in the prior year. On an adjusted basis, 2017 EBITDA was \$185.8 million, up 163.9% from 2016 adjusted EBITDA of \$70.4 million. The company reported adjusted EBITDA margins of 10.7% for the Calendar Year 2017, compared to adjusted EBITDA margins of 4.5% for 2016.

Net sales for the Calendar Year 2017 totaled \$1.7 billion, up 10.5% from \$1.6 billion in 2016. Selling prices for Ferroglobe's key products continued to improve over the course of the year across both the U.S. and Europe:

- l The average selling price for silicon metal increased by 3.1% to \$2,270/MT in 2017, as compared to \$2,201/MT in 2016
- l The average selling price for silicon-based alloys increased by 14.9% to \$1,608/MT in 2017, as compared to \$1,400/MT in 2016; and
- l The average selling price for manganese-based alloys increased by 60.7% to \$1,327/MT in 2017, as compared to \$826/MT in 2016

	Quarter Ended December 31, 2017	Quarter Ended September 30, 2017	Quarter Ended December 31, 2016	Year Ended December 31, 2017	Year Ended December 31, 2016
Shipments in metric tons:					
Silicon Metal	83,785	83,465	82,372	325,884	341,388
Silicon-based Alloys	70,399	66,873	78,698	283,021	297,669
Manganese-based Alloys	72,374	73,642	76,445	274,119	270,430
Total shipments*	<u>226,558</u>	<u>223,980</u>	<u>237,515</u>	<u>883,024</u>	<u>909,487</u>

	Quarter Ended December 31, 2017	Quarter Ended September 30, 2017	Quarter Ended December 31, 2016	Year Ended December 31, 2017	Year Ended December 31, 2016
Average selling price (\$/MT):					
Silicon Metal	\$2,440	\$2,330	\$2,080	\$2,270	\$2,201
Silicon-based Alloys	\$1,741	\$1,645	\$1,340	\$1,608	\$1,400
Manganese-based Alloys	\$1,346	\$1,349	\$890	\$1,327	\$826
Total*	<u>\$1,873</u>	<u>\$1,803</u>	<u>\$1,452</u>	<u>\$1,765</u>	<u>\$1,530</u>

	Quarter Ended December 31, 2017	Quarter Ended September 30, 2017	Quarter Ended December 31, 2016	Year Ended December 31, 2017	Year Ended December 31, 2016
Average selling price (\$/lb.):					
Silicon Metal	\$1.11	\$1.06	\$0.94	\$1.03	\$1.00
Silicon-based Alloys	\$0.79	\$0.75	\$0.61	\$0.73	\$0.64
Manganese-based Alloys	\$0.61	\$0.61	\$0.40	\$0.60	\$0.37
Total*	<u>\$0.85</u>	<u>\$0.82</u>	<u>\$0.66</u>	<u>\$0.80</u>	<u>\$0.69</u>

* Excludes by-products and other

"2017 has been an exceptional turnaround year for Ferroglobe, and we are thrilled that the business has performed according to our expectations through Q4. Our swift actions, with continued focus on cost reduction, flexible capacity deployment and financial discipline, have returned the company to profitability, and brought net leverage close to our target level of 2.0x," said Pedro Larrea, CEO of Ferroglobe. "Robust fundamentals for the global demand of advanced materials, strong performance in our end markets and pricing momentum, as well as our timely capacity restarts, will contribute to stronger results throughout 2018. Acceleration in cash flow generation this year will further strengthen our company, and is reinforcing our focus on value creation for our stakeholders."

Strong cash flow generation continues to support liquidity

Working capital decreased by \$80.4 million during the year, primarily a result of the accounts receivable securitization. Ferroglobe continued to generate positive cash flows. During the fourth quarter, the company generated operating cash flows of \$61.3 million, and free cash flow of \$24.0 million, resulting in total free cash flow of \$82.0 million for Calendar Year 2017.

Ferroglobe's net debt was \$386.9 million as of December 2017, down from \$394.3 million¹ as of September 30, 2017 and \$405.0 million at end of December 2016.

¹ As of September 30, 2017, the Balance Sheet includes financing of \$120.1 million related to the Company's accounts receivable securitization program. The net debt figure of \$394.3 million excludes these securitized accounts receivables for comparison purposes.

Adjusted EBITDA:

	Quarter Ended December 31, 2017	Quarter Ended September 30, 2017	Quarter Ended December 31, 2016	Year Ended December 31, 2017	Year Ended December 31, 2016
Profit (loss) attributable to the parent	\$ 32,210	(3,347)	(241,967)	25,168	(338,427)
Loss attributable to non-controlling interest	(84)	(1,640)	(4,350)	(5,144)	(20,186)
Income tax (benefit) expense	(22,120)	14,364	(8,276)	(10,919)	(46,695)
Net finance expense	16,567	14,528	7,499	58,612	28,715
Financial derivatives loss	956	1,823	-	6,850	-
Exchange differences	(2,491)	1,529	633	(8,205)	3,513
Depreciation and amortization charges, operating allowances and write-downs	23,830	27,076	27,705	104,529	125,677
EBITDA	48,868	54,333	(218,756)	170,891	(247,403)
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	-	-	199,834	-	267,449
Transaction and due diligence expenses	-	-	-	-	7,979
Business interruption	-	(1,980)	-	(1,980)	2,532
Inventory impairment	-	-	1,080	-	5,410
Executive severance	-	-	24,430	-	24,430
Step-up valuation adjustment	-	3,757	-	3,757	-
Globe purchase price allocation adjustments	-	-	-	-	10,022
Adjusted EBITDA	\$ 54,912	56,110	6,588	185,775	70,419

Adjusted net profit (loss) attributable to Ferroglobe:

	Quarter Ended December 31, 2017	Quarter Ended September 30, 2017	Quarter Ended December 31, 2016	Year Ended December 31, 2017	Year Ended December 31, 2016
Profit (loss) attributable to the parent	\$ 32,210	(3,347)	(241,967)	25,168	(338,427)
Tax rate adjustment	(25,322)	11,363	73,195	(13,833)	83,004
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	-	-	135,887	-	181,865
Transaction and due diligence expenses	-	-	-	-	5,426

Business interruption	-	(1,346)	-	(1,346)	1,722
Inventory impairment	-	-	735	-	3,679
Executive severance	-	-	16,612	-	16,612
Step-up valuation adjustment	-	2,555	-	2,555	-
Globe purchase price allocation adjustments	-	-	-	-	6,815
Adjusted profit (loss) attributable to the parent	\$ 10,998	9,225	(15,538)	21,457	(39,304)

Adjusted diluted profit (loss) per share:

	Quarter Ended December 31, 2017	Quarter Ended September 30, 2017	Quarter Ended December 31, 2016	Year Ended December 31, 2017	Year Ended December 31, 2016
Diluted profit (loss) per ordinary share	\$ 0.19	(0.02)	(1.41)	0.15	(1.97)
Tax rate adjustment	(0.15)	0.07	0.43	(0.08)	0.48
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	-	-	0.79	-	1.06
Transaction and due diligence expenses	-	-	-	-	0.03
Business interruption	-	(0.01)	-	(0.01)	0.01
Inventory impairment	-	-	-	-	0.02
Executive severance	-	-	0.10	-	0.10
Step-up valuation adjustment	-	0.01	-	0.01	-
Globe purchase price allocation adjustments	-	-	-	-	0.04
Adjusted diluted profit (loss) per ordinary share	\$ 0.06	0.05	(0.09)	0.13	(0.23)

Conference Call

Ferroglobe will review the results for the fourth quarter and Calendar Year of 2017 during a conference call at 9:00 a.m. Eastern Time on Tuesday, February 27, 2018.

The dial-in number for the call for participants in the United States is 877-293-5491 (conference ID 5384356). International callers should dial +1 914-495-8526 (conference ID 5384356). 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/ekx96f53>

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 December 31, 2017	Quarter Ended September 30, 2017	Quarter Ended December 31, 2016	Year Ended December 31, 2017	Year Ended December 31, 2016
Sales	\$ 468,218	451,628	389,878	1,741,693	1,576,037
Cost of sales	(285,201)	(267,364)	(272,174)	(1,043,982)	(1,043,412)
Other operating income	5,122	7,404	15,202	18,163	26,215
Staff costs	(87,304)	(74,183)	(89,580)	(302,140)	(296,399)
Other operating expense	(53,156)	(59,741)	(64,141)	(238,030)	(243,946)
Depreciation and amortization charges, operating allowances and write-downs	(23,830)	(27,076)	(27,705)	(104,529)	(125,677)
Impairment losses	(241)	(98)	(200,458)	(339)	(268,089)
Other gain (loss)	1,430	(3,313)	2,517	(4,474)	2,191
Operating profit (loss)	25,038	27,257	(246,461)	66,362	(373,080)
Finance income	2,487	258	303	3,702	1,536
Finance expense	(19,054)	(14,786)	(7,802)	(62,314)	(30,251)
Financial derivatives loss	(956)	(1,823)	-	(6,850)	-
Exchange differences	2,491	(1,529)	(633)	8,205	(3,513)
Profit (loss) before tax	10,006	9,377	(254,593)	9,105	(405,308)
Income tax benefit (expense)	22,120	(14,364)	8,276	10,919	46,695
Profit (loss) for the period	32,126	(4,987)	(246,317)	20,024	(358,613)
Loss attributable to non-controlling interest	84	1,640	4,350	5,144	20,186
Profit (loss) attributable to the parent	\$ 32,210	(3,347)	(241,967)	25,168	(338,427)
EBITDA	\$ 48,868	54,333	(218,756)	170,891	(247,403)
Adjusted EBITDA	54,912	56,110	6,588	185,775	70,419
Weighted average shares outstanding					
Basic	171,953	171,947	171,838	171,948	171,838

Diluted		172,128	171,947	171,838	172,119	171,838
Profit (loss) per ordinary share						
Basic	\$	0.19	(0.02)	(1.41)	0.15	(1.97)
Diluted		0.19	(0.02)	(1.41)	0.15	(1.97)

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

	December 31, 2017	September 30, 2017	December 31, 2016
ASSETS			
Non-current assets			
Goodwill	\$ 236,455	234,613	230,210
Other intangible assets	57,141	59,120	62,839
Property, plant and equipment	917,974	890,084	781,606
Non-current financial assets	6,677	6,372	5,823
Non-current financial assets from related parties	-	-	9,845
Deferred tax assets	2,000	49,463	44,950
Non-current receivables from related parties	2,400	2,363	2,108
Other non-current assets	33,830	21,971	20,245
Total non-current assets	1,256,477	1,263,986	1,157,626
Current assets			
Inventories	361,914	353,296	316,702
Trade and other receivables	121,525	328,056	209,406
Current receivables from related parties	4,572	3,351	11,971
Current income tax assets	7,313	7,896	19,869
Current financial assets	80,156	3,681	4,049
Other current assets	10,566	12,834	9,810
Cash and cash equivalents	184,472	189,763	196,931
Assets and disposal groups classified as held for sale	-	-	92,937
Total current assets	770,518	898,877	861,675
Total assets	\$ 2,026,995	2,162,863	2,019,301
EQUITY AND LIABILITIES			
Equity	\$ 970,776	915,837	892,042
Non-current liabilities			
Deferred income	3,172	5,077	3,949
Provisions	82,397	87,490	81,957
Bank borrowings	-	-	179,473
Obligations under finance leases	69,713	71,894	3,385
Debt instruments	339,332	338,772	-
Other financial liabilities	102,558	97,560	86,467
Other non-current liabilities	1,962	2,385	5,737
Deferred tax liabilities	65,412	143,789	139,535
Total non-current liabilities	664,546	746,967	500,503
Current liabilities			
Provisions	31,580	23,736	19,627
Bank borrowings *	1,003	146,221	241,818
Obligations under finance leases	12,920	12,572	1,852
Debt instruments	10,938	2,738	-
Other financial liabilities	34,873	34,375	1,592
Payables to related parties	12,973	10,466	30,738
Trade and other payables	195,477	184,244	157,706
Current income tax liabilities	168	8,350	961
Other current liabilities	91,741	77,357	64,780

Liabilities associated with assets classified as held for sale	-	-	107,682
	<u>391,673</u>	<u>500,059</u>	<u>626,756</u>
Total equity and liabilities	\$ 2,026,995	2,162,863	2,019,301
Total current liabilities			

* As of September 30, 2017, includes \$120,091 related to the Company's accounts receivable securitization program that are recorded "off balance sheet" as of December 31, 2017.

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

	<u>Year Ended December 31, 2017</u>	<u>Year Ended December 31, 2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit (loss) for the period	\$ 20,024	(358,613)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Income tax benefit	(10,919)	(46,695)
Depreciation and amortization charges, operating allowances and write-downs	104,529	125,677
Finance income	(3,702)	(1,536)
Finance expense	62,314	30,251
Financial derivatives loss	6,850	-
Exchange differences	(8,205)	3,513
Impairment losses	339	268,089
Loss (gain) on disposals of non-current and financial assets	4,172	(340)
Share-based compensation	2,385	-
Other adjustments	303	(1,851)
Changes in operating assets and liabilities		
(Increase) decrease in inventories	(15,835)	108,207
Decrease in trade receivables	131,756	56,297
Increase in trade payables	20,079	28,572
Other	(87,687)	(50,001)
Income taxes paid	(26,764)	(10,933)
Interest paid	(38,473)	(29,468)
Net cash provided by operating activities	<u>161,166</u>	<u>121,169</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments due to investments:		
Other intangible assets	(642)	(4,914)
Property, plant and equipment	(78,517)	(71,119)
Non-current financial assets	(343)	(9,807)
Current financial assets	-	(105)
Disposals:		
Non-current financial assets	-	11
Current financial assets	-	99
Interest received	503	1,554
Net cash used by investing activities	<u>(78,999)</u>	<u>(84,281)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid	-	(54,988)
Payment for debt issuance costs	(16,765)	-
Proceeds from debt issuance	350,000	-
Increase/(decrease) in bank borrowings:		
Borrowings	31,455	124,384
Payments	(453,948)	(81,237)
Proceeds from stock option exercises	180	-
Other amounts paid due to financing activities	(24,139)	61,758
Net cash (used) provided by financing activities	<u>(113,217)</u>	<u>49,917</u>

TOTAL NET CASH FLOWS FOR THE PERIOD	<u>(31,050)</u>	<u>86,805</u>
Beginning balance of cash and cash equivalents	196,982	116,666
Exchange differences on cash and cash equivalents in foreign currencies	<u>18,540</u>	<u>(6,489)</u>
Ending balance of cash and cash equivalents	<u>\$ 184,472</u>	<u>196,982</u>

 [Primary Logo](#)

Source: Ferroglobe PLC

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