



**FerroGlobe**

Advancing Materials Innovation  
NASDAQ: GSM

## **Third Quarter 2021 Results**

November 17<sup>th</sup> 2021

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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," "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 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 November 16<sup>th</sup>, 2021 accompanying this presentation, which is incorporated by reference herein.

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# OPENING REMARKS

**Continued momentum in spot prices to unprecedented levels on the heels of tightness in the market**

**Higher pricing in Q3 partially offset by higher input costs, coupled with operational and supply chain disruptions – solid execution of the turnaround plan mitigating some cost impact**

**2021 anticipated to end on a good note with the stage set for a step-change in performance beginning 2022 despite lingering cost headwinds**

A blue-tinted background image showing several people in business attire gathered around a table, looking at documents and using a pen. The scene is dimly lit, focusing on the hands and papers.

## **I. Q3 Business Review**

# KEY HIGHLIGHTS

## KEY DRIVERS

- Increasing prices in silicon metals, silicon alloys and manganese alloys driven by strong demand
- Unprecedented energy costs in Spain
- Inflationary cost pressures from several key inputs
- Operational disruptions at several facilities resulting in loss production and higher costs
- Global supply chain disruptions impacting procurement of inputs and outbound logistics for shipment of finished goods

## FINANCIAL HIGHLIGHTS

- Sales up 3% (\$429.2 million) over prior quarter with 10% Q/Q improvement in Adjusted EBITDA (\$37.6 million)
- Net loss of \$(97.6) million includes \$90.8 million accounting charge relating to Senior Notes refinancing
- Negative operating cash flow \$(34.7) million due to investment in working capital

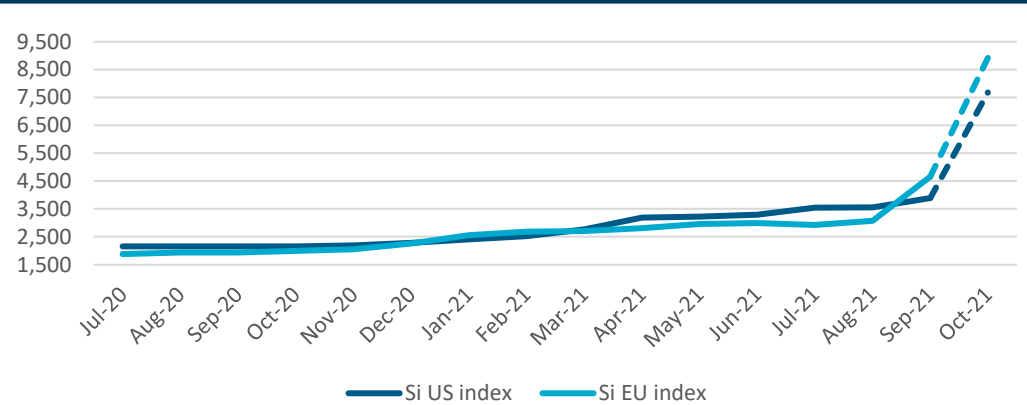
## POSTIVE NEAR-TERM OUTLOOK

- Stronger top line expected in Q4 which will more than offset cost pressures
- Attractive 2022 order book developing

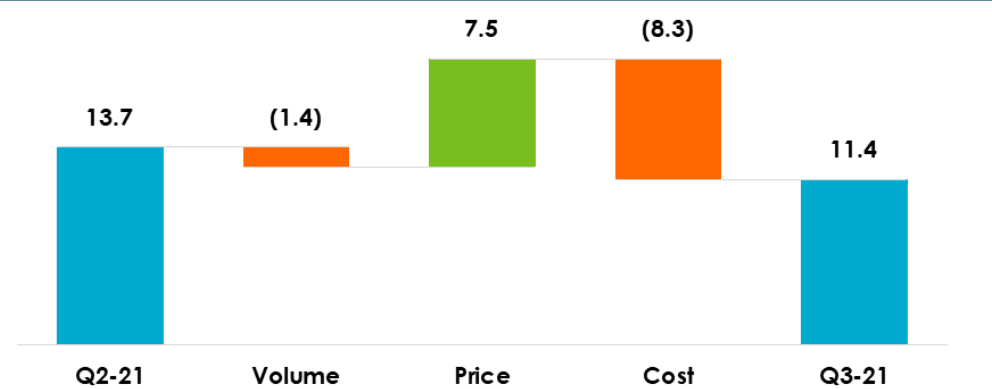
# PRODUCT CATEGORY SNAPSHOT

## Silicon Metal

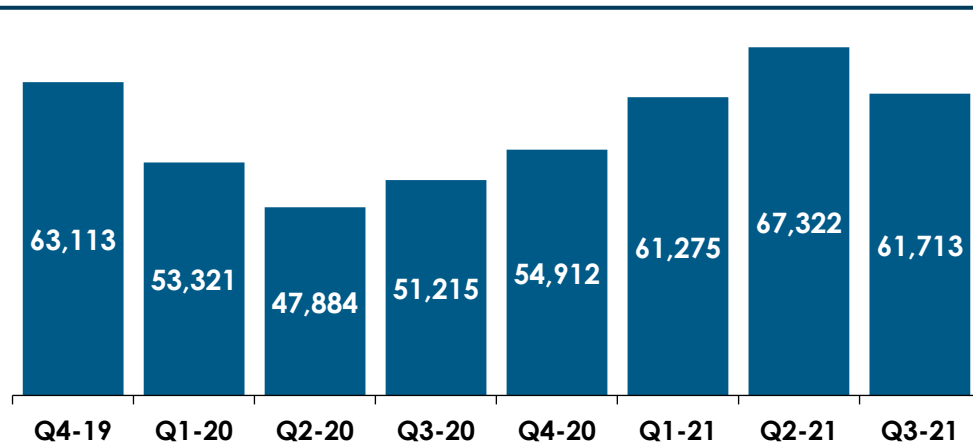
Index pricing trends (\$/mt)



Sequential quarters EBITDA evolution (\$m)



Volume trends

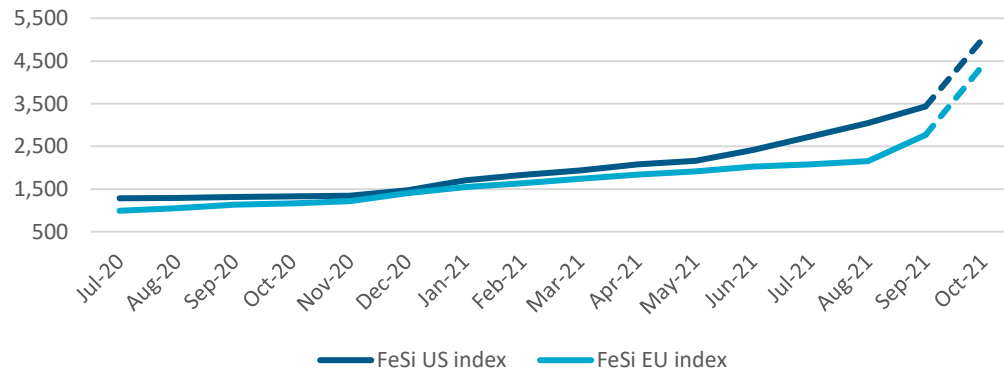


- Average realized price up 5.1% during the quarter
- Volume decreased by 8.3% due to a planned outage in the US (Alloy), as well as furnace shutdown in Spain (Sabon)
- Higher energy costs, primarily in Spain (\$4m) and Canada (\$1m)
- Inflationary pressures on coal into Europe (\$1.1m). Further impact on weaker furnace level efficiencies in France (\$1.2m)
- Lower fixed cost absorption in Spain (\$1m) with scale-back in production
- Stronger Q4 expected with pricing and volume recovery, offsetting cost pressures

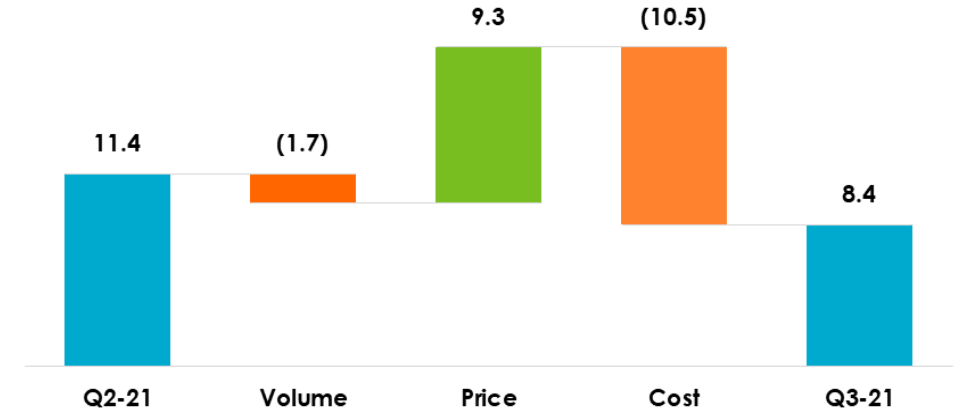
# PRODUCT CATEGORY SNAPSHOT

## Silicon-Based Alloys

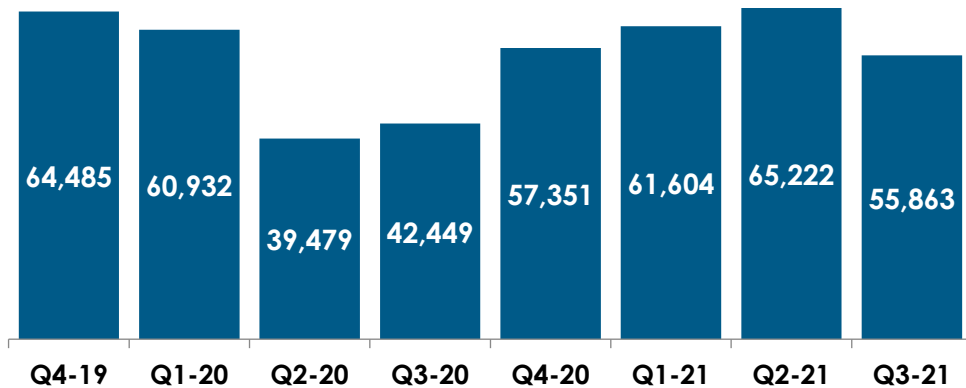
Index pricing trends (\$/mt)



Sequential quarters EBITDA evolution (\$m)



Volume trends



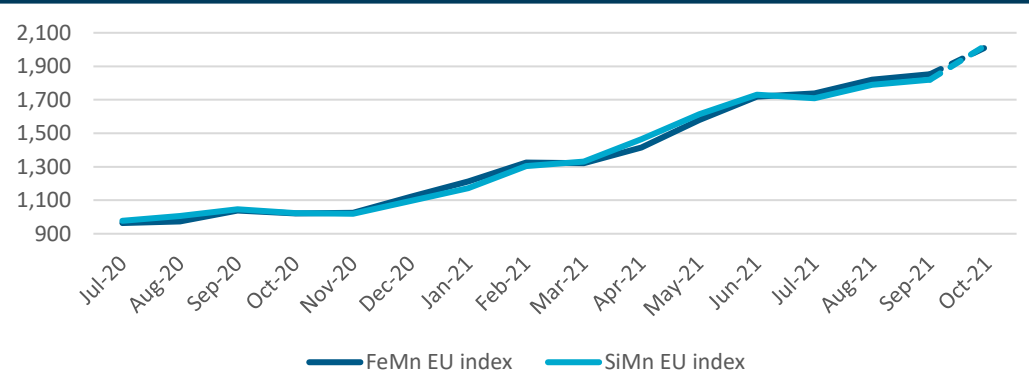
- Average realized selling price up 8.8%
- Volume decrease by 14.3% primarily in ferrosilicon and foundry due to (i) lower production in Spain, (ii) maintenance downtime in S. Africa, (ii) technical stoppages in the US, and (iv) seasonal slowdown in demand
- Cost increases due to energy in Spain (\$6m) and increase in key inputs such as coal and charcoal (\$1m). Change in raw materials adversely impacting plant performance increasing costs (\$1m).
- Lower fixed cost absorption (\$2.5m) resulting for disruptions in S. Africa and Bridgeport
- Near term demand outlook is strong. Higher volumes and pricing expected as the index continues to increase. Top line to offset energy and other input cost increases (coal, magnesium).



# PRODUCT CATEGORY SNAPSHOT

## Manganese-Based Alloys

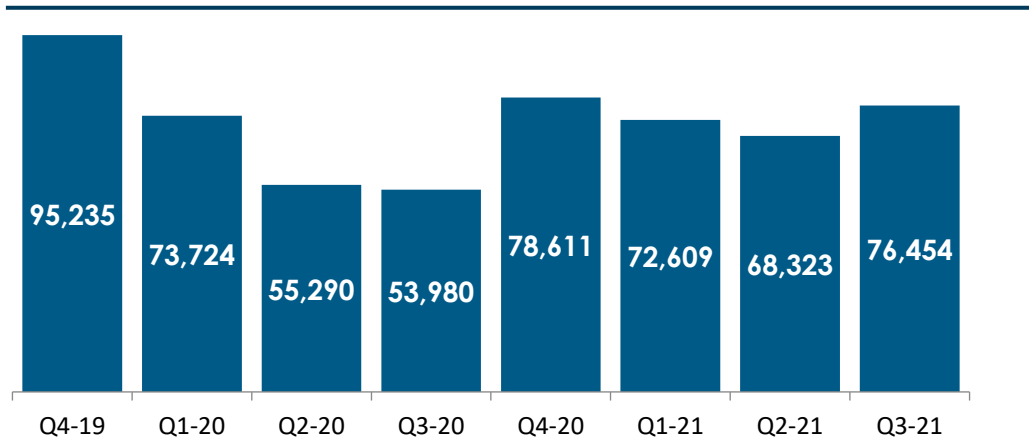
### Index pricing trends (\$/mt)



### Sequential quarters EBITDA evolution (\$m)



### Volume trends



- Average realized selling price up 11.3%
- Volume increased by 11.9%; higher contribution from furnace restart at Mo I Rana (Norway)
- Costs adversely impacted by energy in Spain (\$6.5m), and price inflation in coke (\$0.6m); positive impact of reallocating production from Spain to Norway +\$2m
- Worsening performance in operations (\$1.7m)
- Overall improvement in spreads with price increases outpacing manganese ore costs
- Continued end market strength (construction and machinery); backlog in auto

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## **II. Q3 Financial Review**

# INCOME STATEMENT SUMMARY

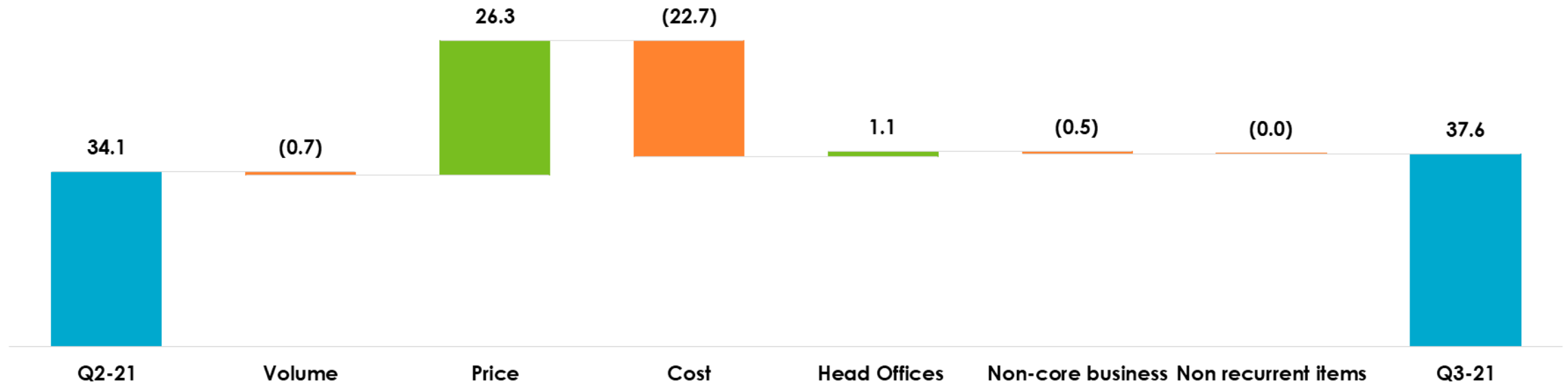
## Q3-21 VS. Q2-21

Consolidated Income Statement (\$'000)	Q3-21	Q2-21	vs Q
Sales	429,210	418,538	3%
Cost of sales	(295,273)	(267,939)	(10%)
<b>Cost of sales %</b>	<b>69%</b>	<b>64%</b>	<b>8%</b>
Other operating income	31,447	37,105	(15%)
Staff costs	(50,386)	(63,197)	20%
Other operating expense	(79,785)	(93,171)	14%
Depreciation and amortization	(23,971)	(23,523)	(2%)
<b>Operating profit/(loss) before adjustments</b>	<b>11,242</b>	<b>7,813</b>	<b>44%</b>
Others	18	608	(97%)
<b>Operating profit/(loss)</b>	<b>11,261</b>	<b>8,421</b>	<b>34%</b>
Net finance expense	(103,379)	(11,178)	(825%)
FX differences & other gains/losses	(6,180)	3,237	(291%)
<b>Profit/(loss) before tax</b>	<b>(98,299)</b>	<b>480</b>	<b>n.m.</b>
Income tax	680	250	172%
<b>Profit/(loss)</b>	<b>(97,619)</b>	<b>730</b>	<b>n.m.</b>
Profit/(loss) attributable to non-controlling interest	1,023	1,180	(13%)
<b>Profit/(loss) attributable to the parent</b>	<b>(96,596)</b>	<b>1,910</b>	<b>(5,157%)</b>
<b>EBITDA</b>	<b>35,231</b>	<b>31,944</b>	<b>10%</b>
<b>Adjusted EBITDA</b>	<b>37,592</b>	<b>34,088</b>	<b>10%</b>
<b>Adjusted EBITDA %</b>	<b>9%</b>	<b>8%</b>	<b>9%</b>

- **Sales** relative flat quarter over quarter; higher prices offset with lower volumes
- **Cost of sales** as a % of sales increase due to higher energy prices in Spain and higher input costs (coal, coke)
- **Other operating income and Other operating expense** includes the mark to market of the 2021 free CO2 emission rights. Zero net impact in the P&L
- **Staff cost** in Q3 includes a partial release resulting from the restructuring provision
- **Net finance expense** reflects the accounting impact of the refinancing cost of prior Senior Notes considered as debt extinguishment for \$90.8m

# ADJUSTED EBITDA BRIDGE

## Q3-21 to Q2-21 (\$m)



- **Volume** decreased 3% across main product categories: Silicon (8)%, Si-based alloys (14)% and Mn-based alloys 12%.
- **Average selling price** increased 6% across the main product categories: Silicon 5%, Silicon-based alloys 9% and Mn-based alloys 11%.
- **Cost** increase primarily driven by:
  - Variable cost increases in energy prices globally \$(19m), primarily Spain \$(15m), and higher input costs (coal in Europe, charcoal and coke) \$(2.6)millions
  - Lower fixed cost absorption due to production stoppages \$(4.5m)

# BALANCE SHEET SUMMARY

Balance sheet (\$'000)	Q3-21 <sup>1</sup>	Q2-21 <sup>1</sup>	Q3-20 <sup>1</sup>
Cash and Restricted Cash <sup>3</sup>	95,047	106,089	147,400
Total Assets	1,420,315	1,426,570	1,426,242
Gross Debt <sup>2</sup>	499,270	464,078	442,300
Net Debt	404,227	358,138	294,900
Book Equity	281,910	299,469	483,487
Total Working Capital	395,867	334,292	354,331
Net Debt / Adjusted EBITDA <sup>4</sup>	2.7x	2.6x	3.3x
Net Debt / Total Assets	28.5%	25.1%	30.7%
Net Debt / Capital	58.9%	54.5%	37.9%

## 1. Unaudited Financial Statements

2. **Gross debt** excludes bank borrowings on factoring program at Sep. 30, 2021 and 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:

- **Mar. 31, 2021** – Unrestricted cash of \$78.3 million, and current, non-current restricted cash and cash equivalents of \$6.0 million
- **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

4. **Net Leverage** based on annualized quarterly Adjusted EBITDA

# CASH FLOW SUMMARY

Simplified Cash Flows \$'000	Q3-20	Q4-20	Q1-21	Q2-21	Q3-21
<b>EBITDA</b>	<b>(12,242)</b>	<b>(630)</b>	<b>(18,898)</b>	<b>31,943</b>	<b>35,231</b>
Non-cash items <sup>1</sup>	33,379	2,014	36,563	65	1,250
<b>Changes in Working capital</b>	<b>2,484</b>	<b>3,320</b>	<b>668</b>	<b>7,003</b>	<b>(71,518)</b>
Changes in Accounts Receivables	(4,731)	(53,604)	(41,692)	(8,625)	(27,683)
Changes in Accounts Payable	(20,359)	(4,667)	26,152	16,184	9,138
Changes in Inventory	3,725	71,754	11,446	(8,770)	(51,835)
Securitization and others	23,849	(10,163)	4,762	8,214	(1,138)
<b>Less Cash Tax Payments</b>	<b>(633)</b>	<b>(1,177)</b>	<b>(57)</b>	<b>(1,178)</b>	<b>359</b>
<b>Operating cash flow</b>	<b>22,988</b>	<b>3,527</b>	<b>18,277</b>	<b>37,833</b>	<b>(34,677)</b>
<b>Cash-flow from Investing Activities</b>	<b>(8,410)</b>	<b>(14,207)</b>	<b>(9,134)</b>	<b>(43,571)</b>	<b>(8,168)</b>
<b>Cash-flow from Financing Activities</b>	<b>(19,979)</b>	<b>(4,713)</b>	<b>(56,243)</b>	<b>27,379</b>	<b>31,952</b>
Bank Borrowings	8,022	169,571	127,690	149,945	159,861
Bank Payments	(7,800)	(161,936)	(157,464)	(144,983)	(158,118)
Other amounts paid due to financing activities	(2,463)	(9,444)	(2,856)	(3,157)	(2,602)
Payment of debt issuance costs	(608)	(2,077)	(6,598)	(11,093)	(26,060)
Proceeds from equity issuance	-	-	-	-	40,000
Proceeds from debt issuance	-	-	-	40,000	20,000
Interest Paid	(17,130)	(827)	(17,015)	(3,333)	(1,125)
<b>Net cash flow</b>	<b>(5,401)</b>	<b>(15,393)</b>	<b>(47,100)</b>	<b>21,641</b>	<b>(10,893)</b>
<b>Total cash * (Beginning Bal.)</b>	<b>153,242</b>	<b>147,425</b>	<b>131,557</b>	<b>84,367</b>	<b>106,089</b>
<b>Exchange differences on cash and cash equivalents in foreign currencies</b>	<b>(416)</b>	<b>(475)</b>	<b>(90)</b>	<b>81</b>	<b>(153)</b>
<b>Total cash * (Ending Bal.)</b>	<b>147,425</b>	<b>131,557</b>	<b>84,367</b>	<b>106,089</b>	<b>95,043</b>
<b>Free cash flow<sup>1</sup></b>	<b>14,300</b>	<b>(10,693)</b>	<b>9,108</b>	<b>(6,409)</b>	<b>(42,866)</b>

Notes:

1. Non-cash items primarily relate to the restructuring process associated to the footprint optimization program

- **Operating cash flow** was negative in the quarter driven by the significant investment in working capital.

# FINANCING UPDATE

## Refinancing Completed

- July 30th marked the “Transaction Effective Date” under the lock-up agreement date March 27th
- Completion of the following financing transactions:
  - Extension of the maturity of the prior Senior Notes from March 31, 2022 to December 31, 2025.
    - 98.588% of the prior notes exchanged
  - Issuance of \$60 million of new Super Senior Secured Notes
    - \$40 million closed on May 18, 2021
    - \$20 million closed on July 30, 2021
  - Issuance of \$40 million in new equity

## Entered into Equity Distribution Agreement

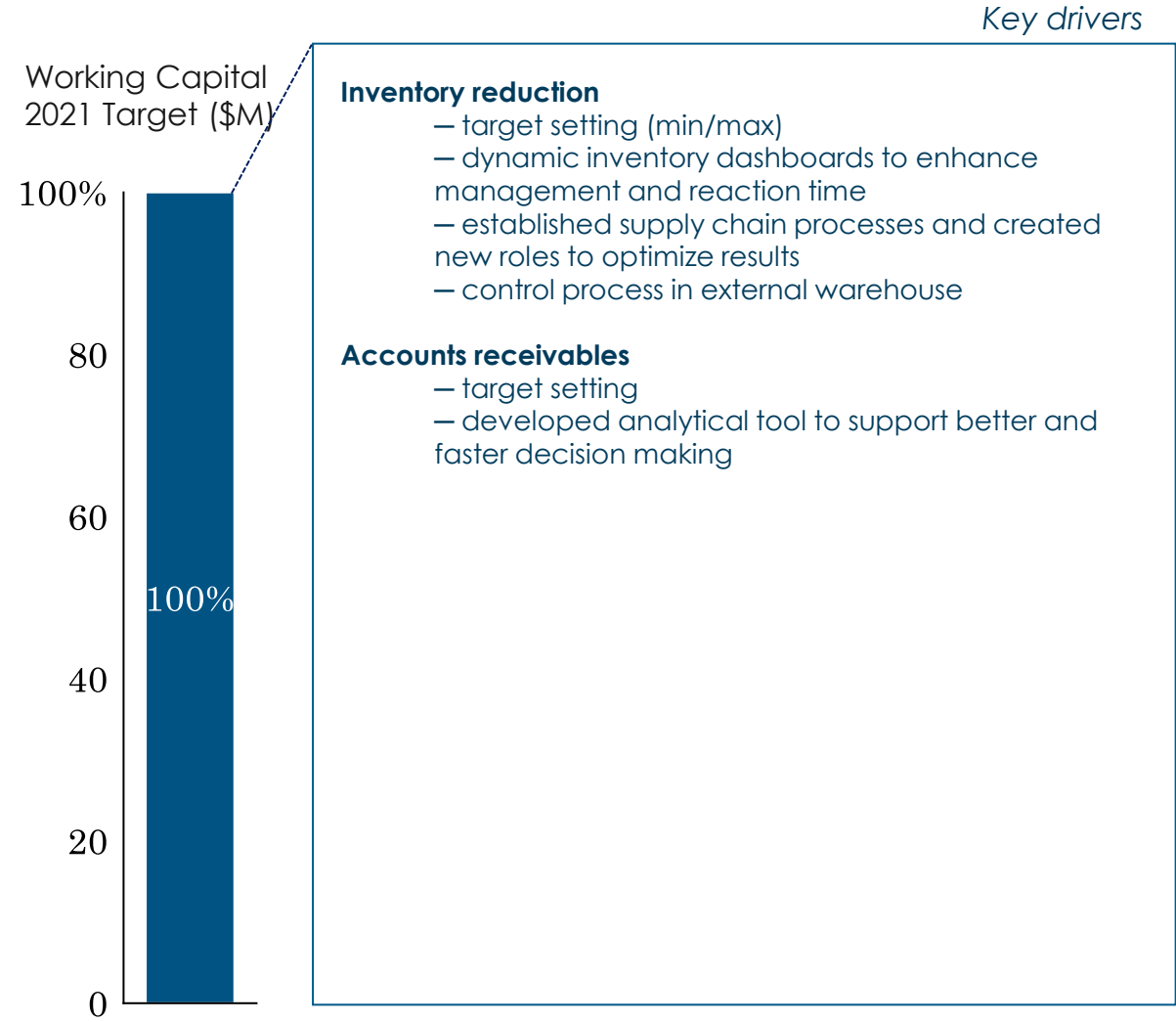
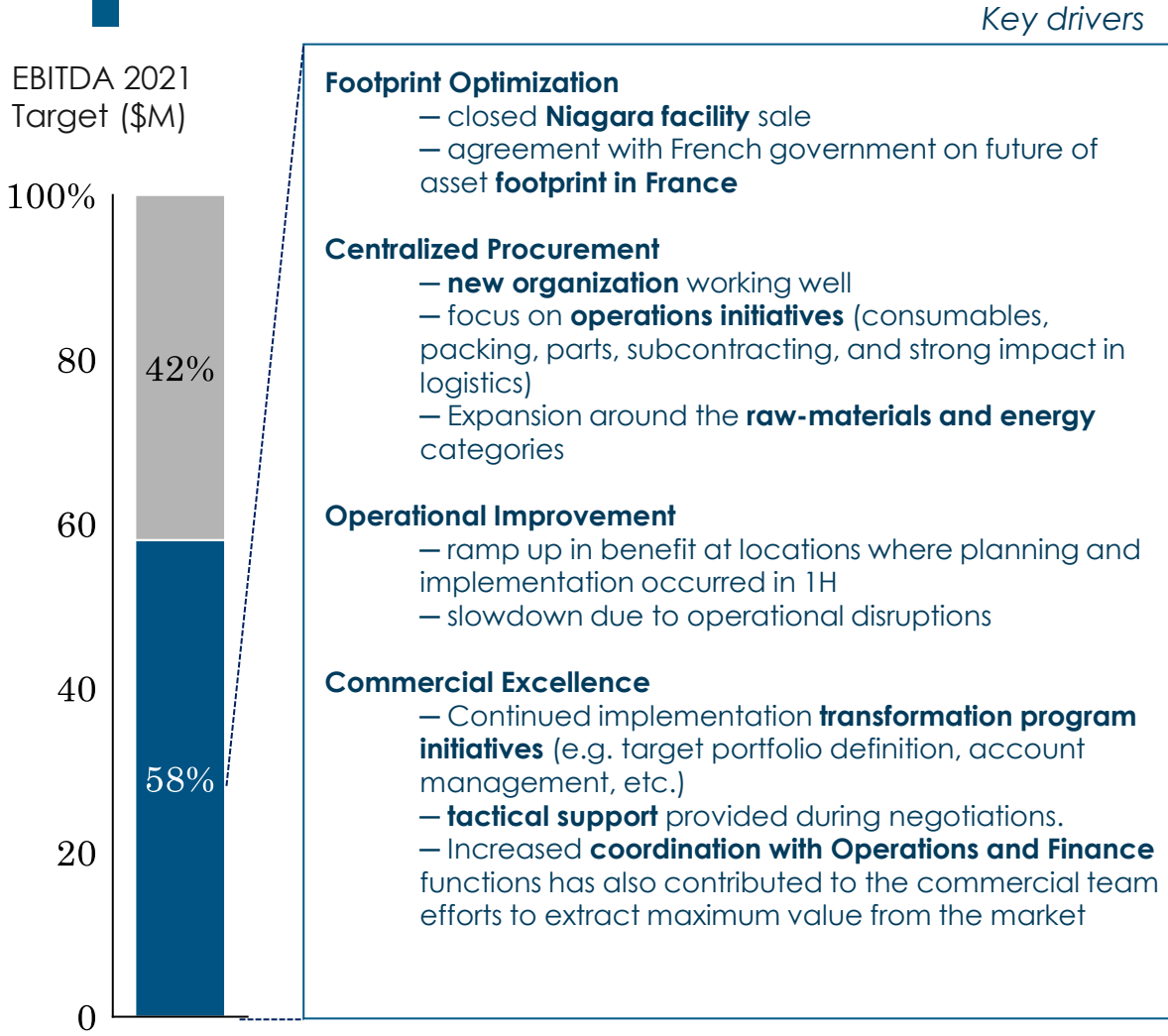
- Option to offer up to \$100 million via an “at-the-market” offering of the ordinary shares
- Program expires on June 15, 2024
- Provided additional flexibility during a period of investment in growth and lingering cost uncertainties – Company was able to free up capital through its business to meet immediate needs, hence only \$1.4 million raised through the program

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### **III. Update on Strategic Plan**



# STRATEGIC PLAN DELIVERY — YTD 9/30





**Q&A**



## **IV. Appendix – Supplemental Information**

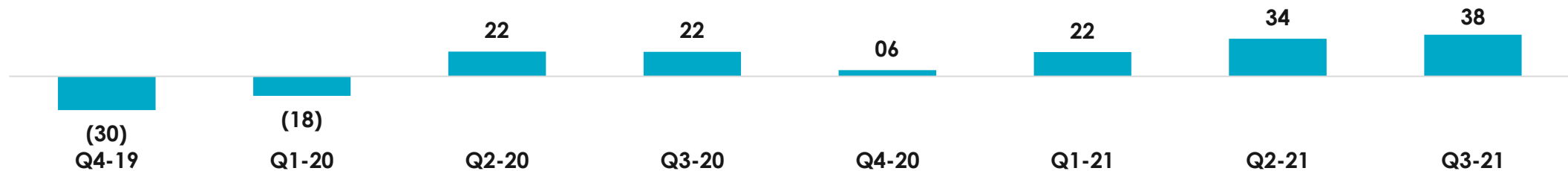
# APPENDIX

## Quarterly sales and Adjusted EBITDA

### Quarterly Sales

\$ millions	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
Silicon Metal	137	118	106	115	124	140	158	152
Silicon Alloys	92	90	61	65	88	104	119	113
Mn Alloys	100	72	60	55	81	85	97	121
Other Business	48	31	23	28	28	33	45	43
<b>Total Revenue</b>	<b>377</b>	<b>311</b>	<b>250</b>	<b>263</b>	<b>321</b>	<b>361</b>	<b>419</b>	<b>429</b>

### 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

## Gross debt at September 30, 2021

(\$'000)	Current	Non-current	Total balance sheet	Less operating leases <sup>(1)</sup>	Less LBP Factoring <sup>(2)</sup>	Gross debt
<b>Bank borrowings</b>	86,262	3,998	90,261		(84,523)	<b>5,737</b>
<b>Lease liabilities</b>	9,255	11,199	20,455	(19,702)		<b>753</b>
<b>Debt instruments</b>	25,823	405,172	430,995			<b>430,995</b>
<b>Other financial liabilities</b>	24,155	37,630	61,785			<b>61,785</b>
<b>Total</b>	<b>145,496</b>	<b>457,493</b>	<b>603,495</b>	<b>(19,702)</b>	<b>(84,523)</b>	<b>499,270</b>

Notes:

- Operating leases** are excluded from the presentation for comparison purposes and to align to the balance sheet prior to IFRS16 adoption.
- LBP Factoring** signed on October 2, 2020
- Other bank loans** relates to COVID-19 funding received in France with a supported guarantee from the French Government
- Other government loans** include primarily COVID-19 funding received in Canada from the Government for \$3.0 million

(\$'000)	Gross debt
<b>Bank borrowings:</b>	
PGE (3)	5,737
	<b>5,231</b>
<b>Finance leases:</b>	
Other finance leases	753
	<b>753</b>
<b>Debt instruments:</b>	
Reinstated Senior Notes	351,520
Stub Notes	4,942
Super Senior Notes	60,000
Debt issuance costs	(6,451)
Accrued coupon interest	20,984
	<b>430,995</b>
<b>Other financial liabilities:</b>	
Reindus loan	56,331
Canada and other loans (4)	5,454
	<b>61,785</b>
<b>Total</b>	<b>499,270</b>

# QTR/QTR GROSS DEBT EVOLUTION

## Refinancing Impact

Gross debt (\$m)	Q2-21	FX	2 <sup>nd</sup> Tranche Super Senior	Coupon accrual	Issuance costs <sup>1</sup>	FV <sup>2</sup>	Q3-21
Bank borrowings	5.1	0.6	-	-	-	-	5.7
Lease liabilities	0.7	0.1	-	-	-	-	0.8
Other financial liabilities	61.3	0.4	-	-	-	-	61.8
Debt instruments	396.9	-	20.0	10.1	(2.6)	6.5	430.9
<b>TOTAL</b>	<b>464.1</b>	<b>1.1</b>	<b>20.0</b>	<b>10.1</b>	<b>(2.6)</b>	<b>6.5</b>	<b>499.3</b>

### Notes:

1. The transaction fees incurred in the issuance of the Super Senior has been capitalized as required by the accounting rules
2. For accounting purposes the refinancing of the Senior Notes have been considered a debt extinguishment. As a consequence, the exchanged notes were accounted at fair value at the exchange date. The difference between the carrying value of the Senior notes and the fair value of the new notes at the exchanged date amounted \$6.5 million

P&L Impact (\$m)	Q3-21
Advisor's fees <sup>1</sup>	31.7
Equity (Bond holders) <sup>2</sup>	40.6
Equity (Underwriter) <sup>2</sup>	11.0
Accounting impact <sup>3</sup>	7.5
<b>TOTAL</b>	<b>90.8</b>

### Notes:

1. In the case of an extinguishment, the accounting rules do not allow to capitalize the fees incurred in the exchange of the notes
2. Similarly to the transaction fees, the shares paid to bondholders and underwriters cannot be capitalized and has to be considered as a one-off expense
3. In the case of an extinguishment any outstanding upfront fees that were capitalized at the issuance of the original notes needs to be recycled in to P&L, this amounted \$1 million. Additionally, the new notes were accounted at fair value amounting \$6.5 million as the debt at the exchange date was trading with a premium. After the exchange the Senior notes will be accounted under the amortized cost method.

**THANK  
YOU**

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