



**FerroGlobe**

Advancing Materials Innovation

NASDAQ: GSM

**FerroGlobe PLC Presentation at  
CRU Silicon Metal Conference Lisbon**

November 14, 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.

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 & Exchange Commission, available in the SEC Filings section under the Investors tab on our website, [www.ferroglobe.com](http://www.ferroglobe.com).

# Topics for discussion

-  **Introduction to FerroGlobe**
-  **Near-term observations on the silicon metal market**
-  **Medium-term outlook supported by strong fundamentals**

# Introduction to Ferroglobe



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# Ferroglobe is a leading global player in advanced materials



Global leader in an attractive growing industry



Best in class operations with unique competitive advantages



Entrepreneurial culture with strong growth track record



Unrivalled technology development and know-how

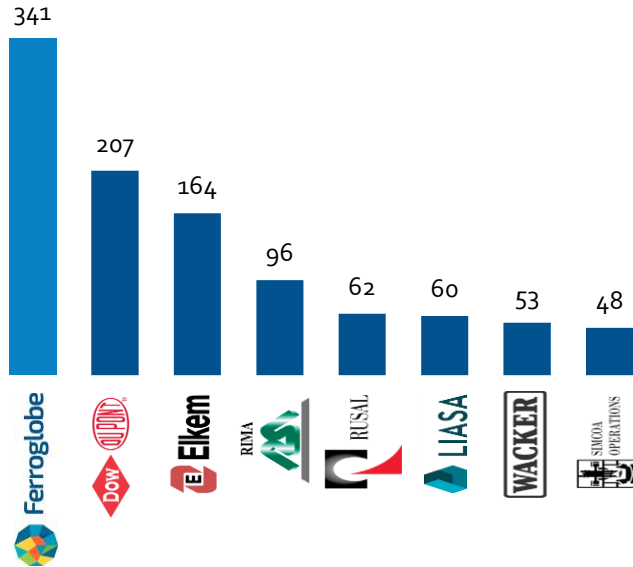


Disciplined financial management

# Global leader in niche, high-value markets

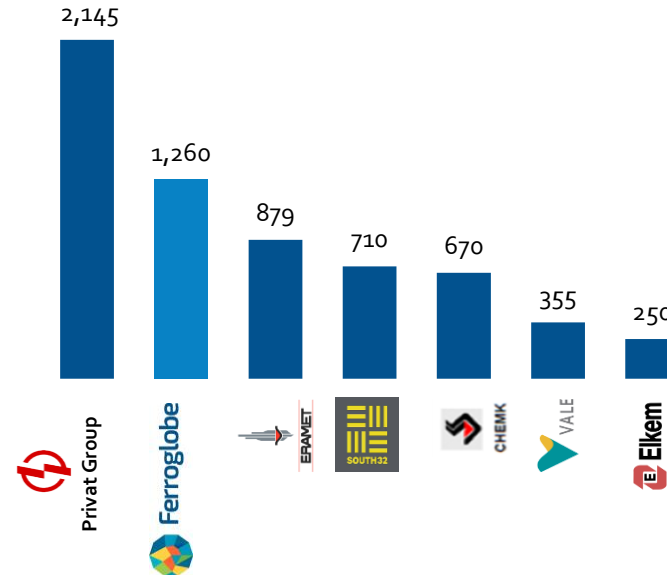
## The leading player in silicon metals...

Silicon Metal Capacity (ooo, mt)



## ...and one of the leading ferroalloys producers

Other Ferroalloys Capacity (ooo, mt)



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



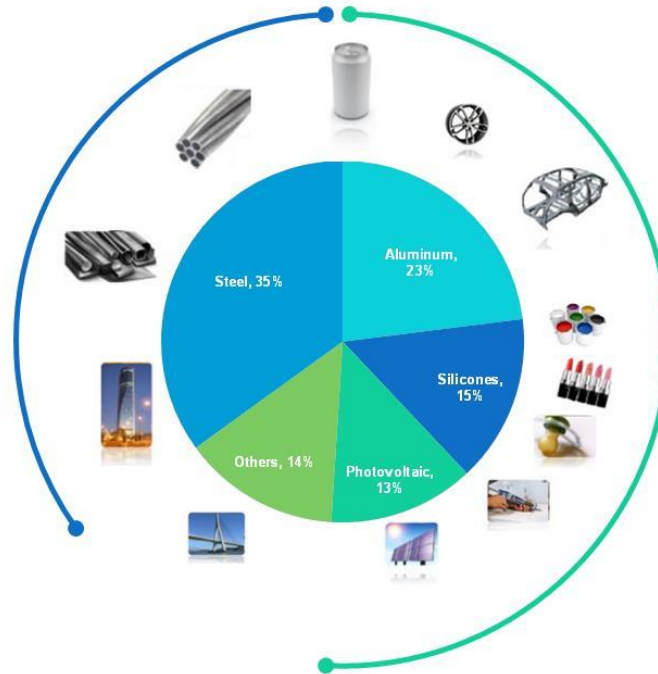
## Silicon-Based Alloys

- **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%)



# Unparalleled global operations and diversified product offering provides FerroGlobe and its customers unique optionality

Factories

Mining

Energy



Capacity by Geography

(000, mt)	Europe	North America	South America	Africa	Asia	Total
Silicon	178	91	-	72	-	341
Ferrosilicon / Foundry Alloys	225	120	109	112	-	566
Manganese-based Alloys	623	-	34	-	-	657
Other Silicon-Based Alloys	27	-	10	-	-	37
<b>Total</b>						<b>1,601</b>



# Ferroglobe has amongst the broadest range of capabilities in silicon metal and ferroalloys

-  **Broadest range of products**
-  **Diversified and flexible production footprint**
-  **Experience in worldwide international logistics**
-  **Unrivalled quality and reliability**
-  **Track record for innovation and finding customized solutions for our customers**








# Near-term observations on the silicon metal market



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# Key messages

-  **Macroeconomic picture remains positive**
-  **Trade war: more rhetoric than reality to date**
-  **Trade case 'overhang' has passed — corrections to supply, demand, and pricing**
-  **Recent headlines need to be put into historical perspective**
-  **FerroGlobe will continue to remain disciplined — swift actions as market evolves**

# Global macroeconomic view remains positive with steady growth forecasted for 2019

## Real GDP Growth, by Country Group



Source: IMF, World Economic Outlook, Oct. 2018  
 Note: Grey area denotes projections

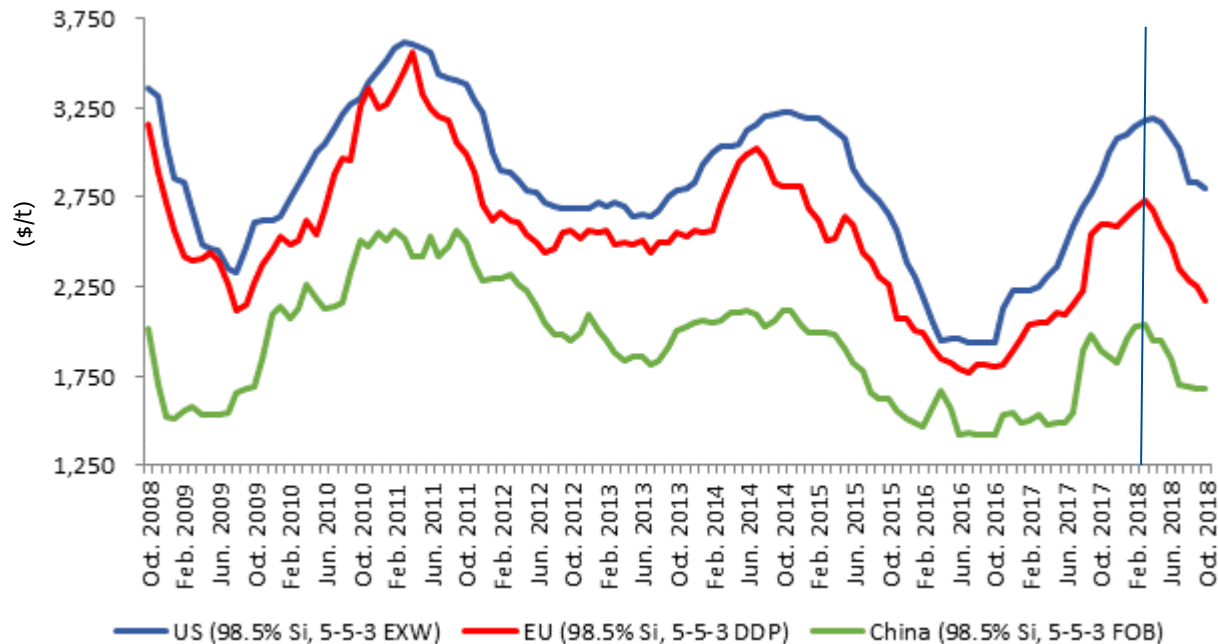
## Global Growth Outlook (% Change in GDP)

	Actual 2017	Forecast for 2018	Forecast for 2019
Global growth	3.7	3.7	3.7
Advanced economies	2.3	2.4	2.1
United States	2.2	2.9	2.5
Euro zone	2.4	2.0	1.9
United Kingdom	1.7	1.4	1.5
Japan	1.7	1.1	0.9
Emerging economies	4.7	4.7	4.7
China	6.9	6.6	6.2
India	6.7	7.3	7.4
Russia	1.5	1.7	1.8
Brazil	1.0	1.4	2.4
Crude oil price	\$52.81	\$69.38	\$68.76
CPI - advanced	1.7	2.0	1.9
CPI-emerging	4.3	5.0	5.2

Source: IMF, World Economic Outlook, Oct. 2018

# Historical context for the recent evolution in SiMe prices

Silicon Metal

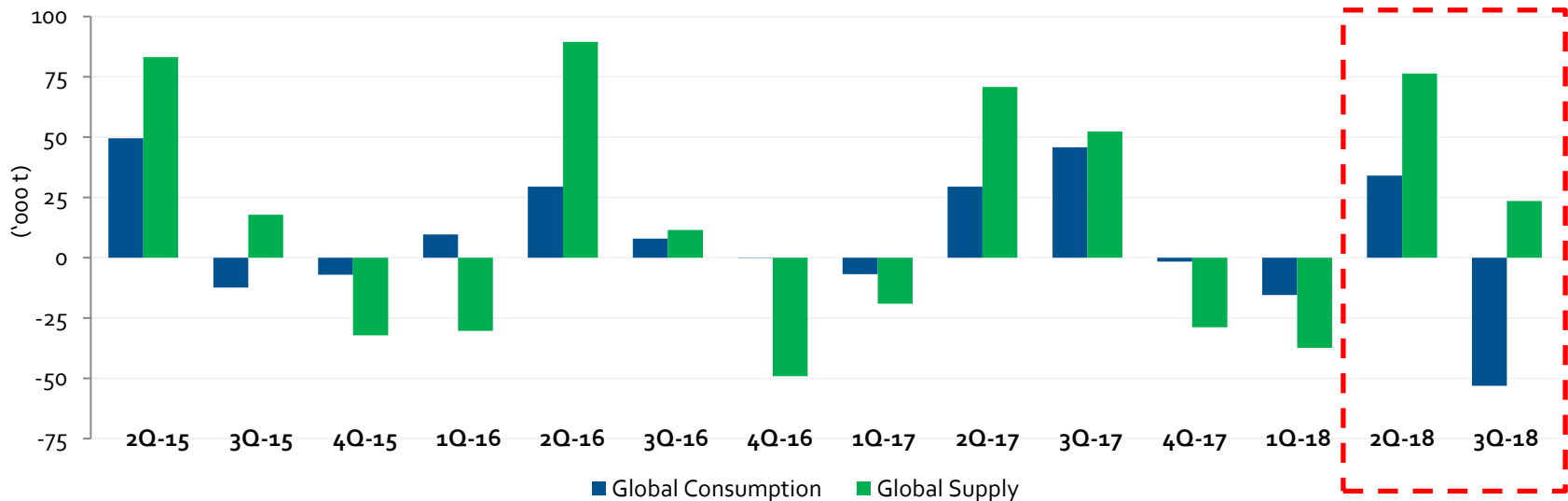


- Price recovery in 2017 'amplified' due to preliminary trade case outcome
- Capacity creep as pricing environment improved in 2017, including emerging markets benefiting from a strong USD
- 'Overhang' impact of trade case that lead to surplus inventories by customer in advance of final outcome

Source: CRU

# Global silicon supply significantly exceeded demand during Q2 and Q3...

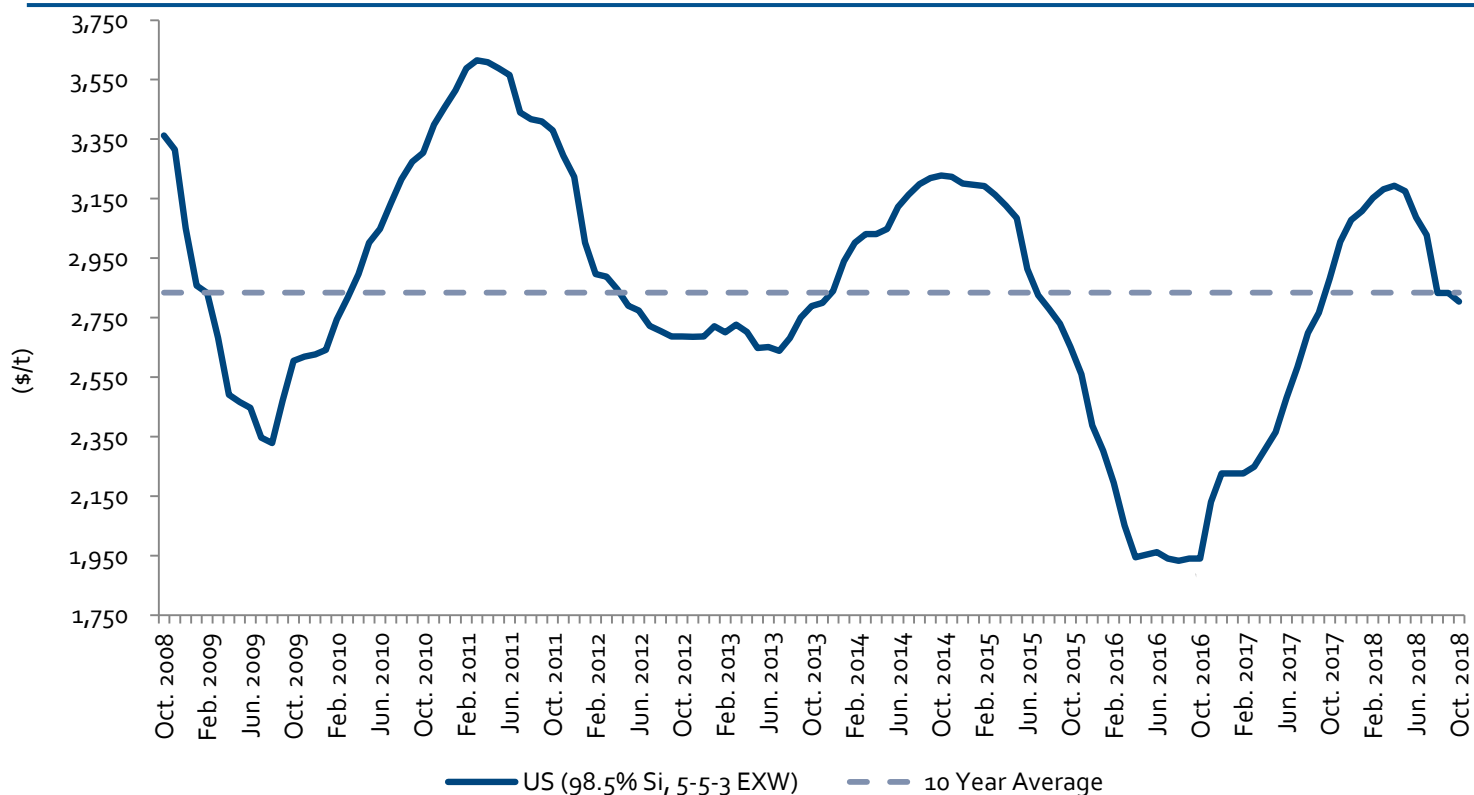
Quarter over Quarter Change in Global Silicon Metal Supply/Demand



Source: CRU

# ...coupled with stockpiled inventory, the index price in the U.S. reached near historical averages in recent months

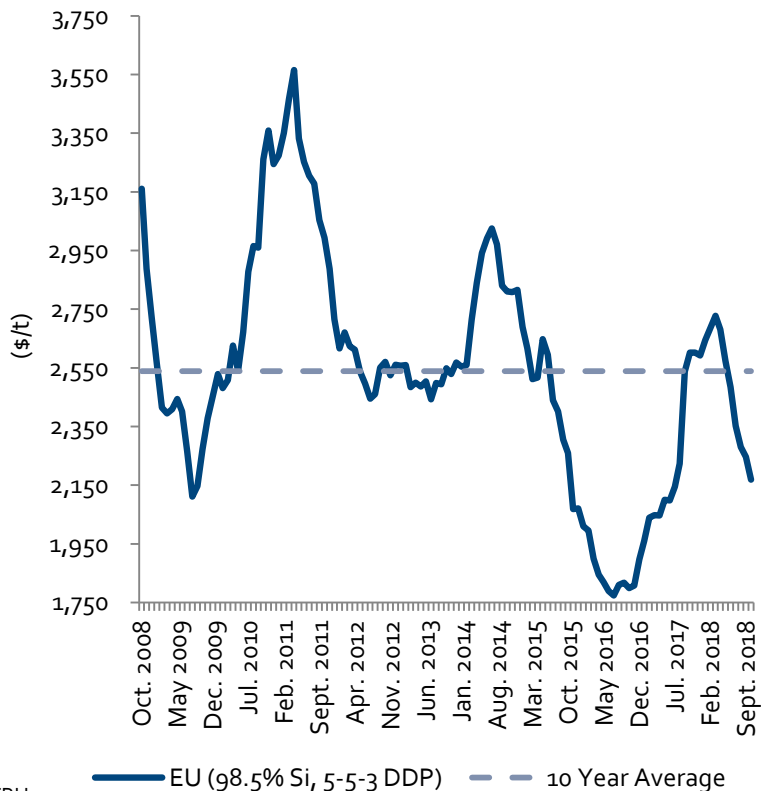
Silicon Metal Pricing — U.S.



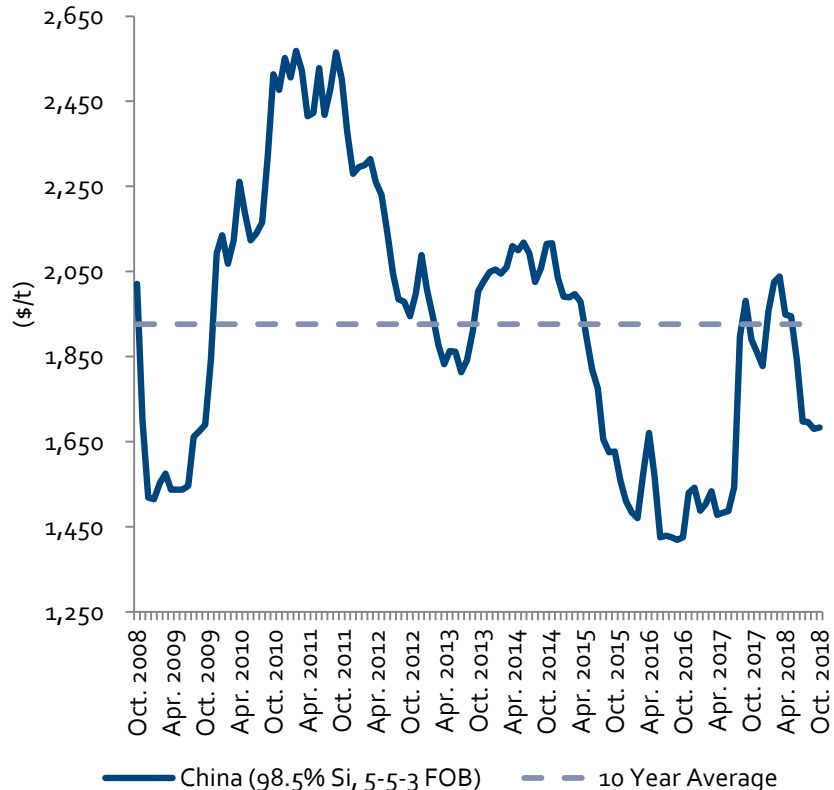


# ...while the European and China indices dropped below the ten year averages, respectively

## Silicon Metal Pricing — Europe



## Silicon Metal Pricing — China

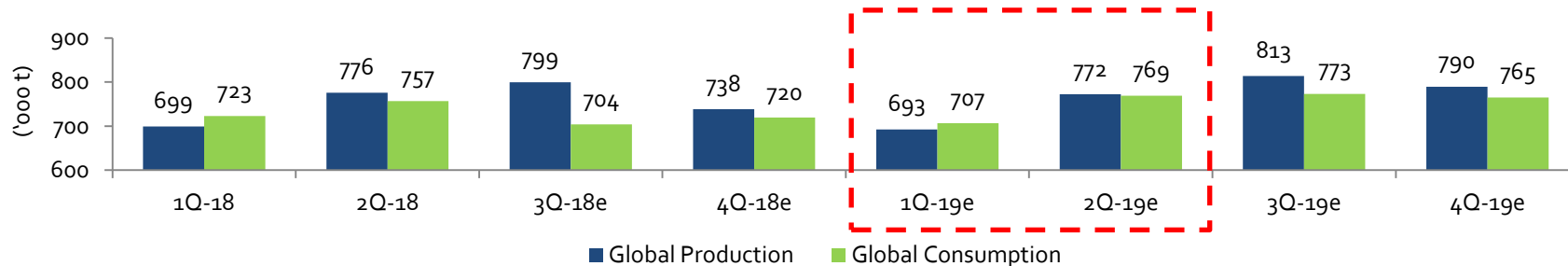


# Catalysts for near-term pricing recovery

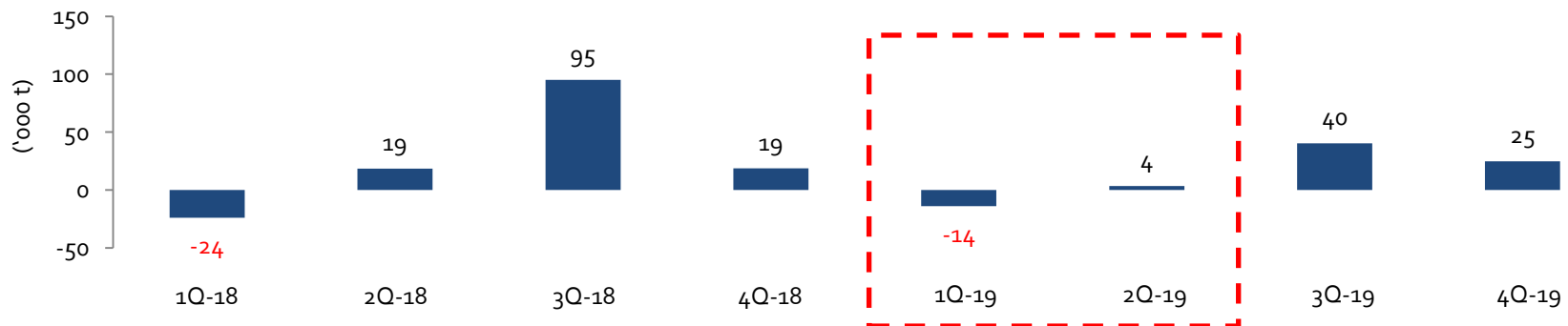
-  Trade case impact has passed — lower inventory stockpiles by end users
-  Strong demand fundamentals across the chemical, aluminum and photovoltaic sectors
-  Limited new capacity to enter the market
-  Continued environmental shutdowns in China; greater internal consumption
-  Increasing input costs pressuring margins — provides an inherent pricing floor
-  Quicker market discipline and reactivity — curtailments, idling capacity

# After surplus inventory overhang in 2018, CRU is projecting a global balance deficit in early 2019...

## Global Silicon Metal — Production vs. Consumption

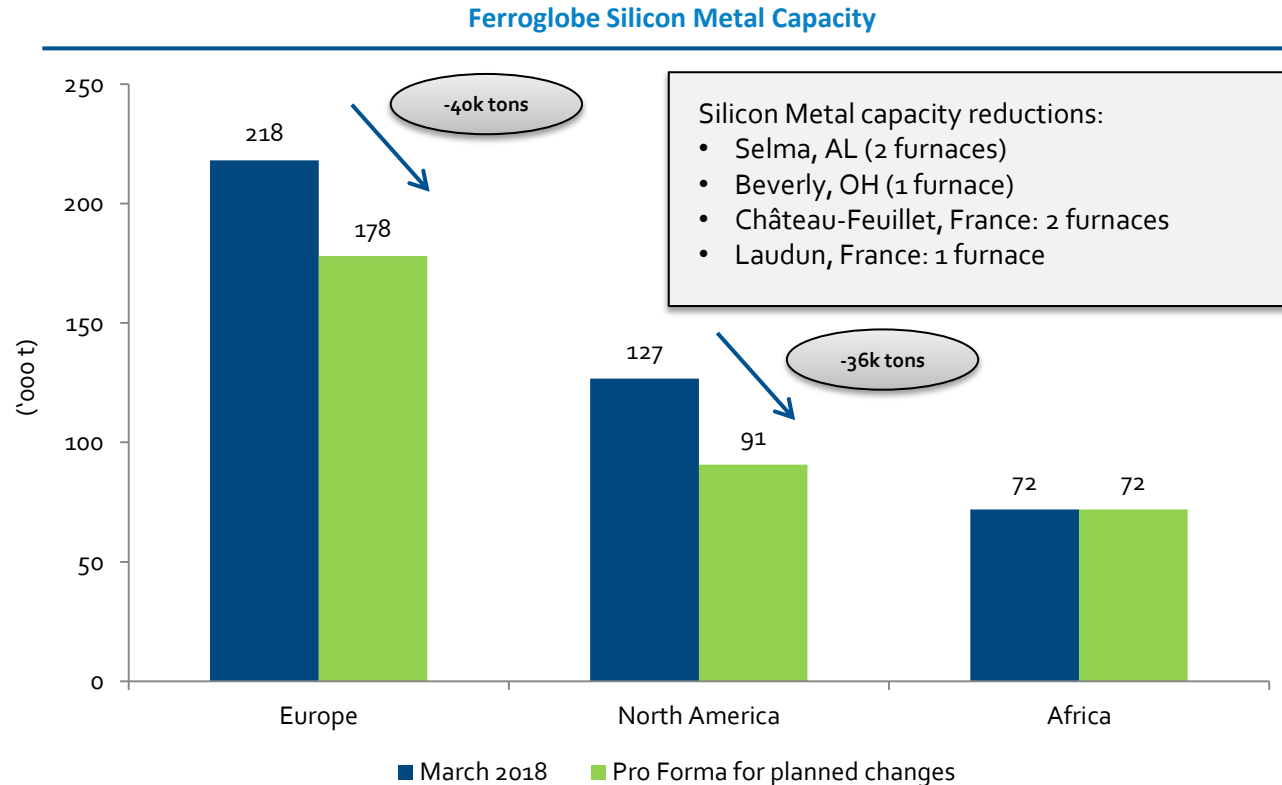


## Global Silicon Metal — Surplus / (Deficit)

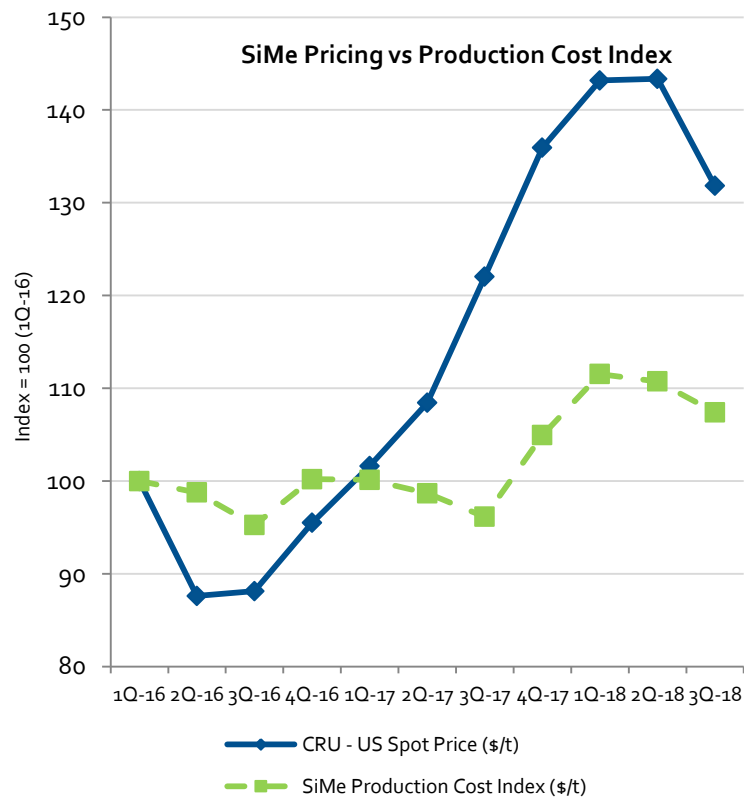
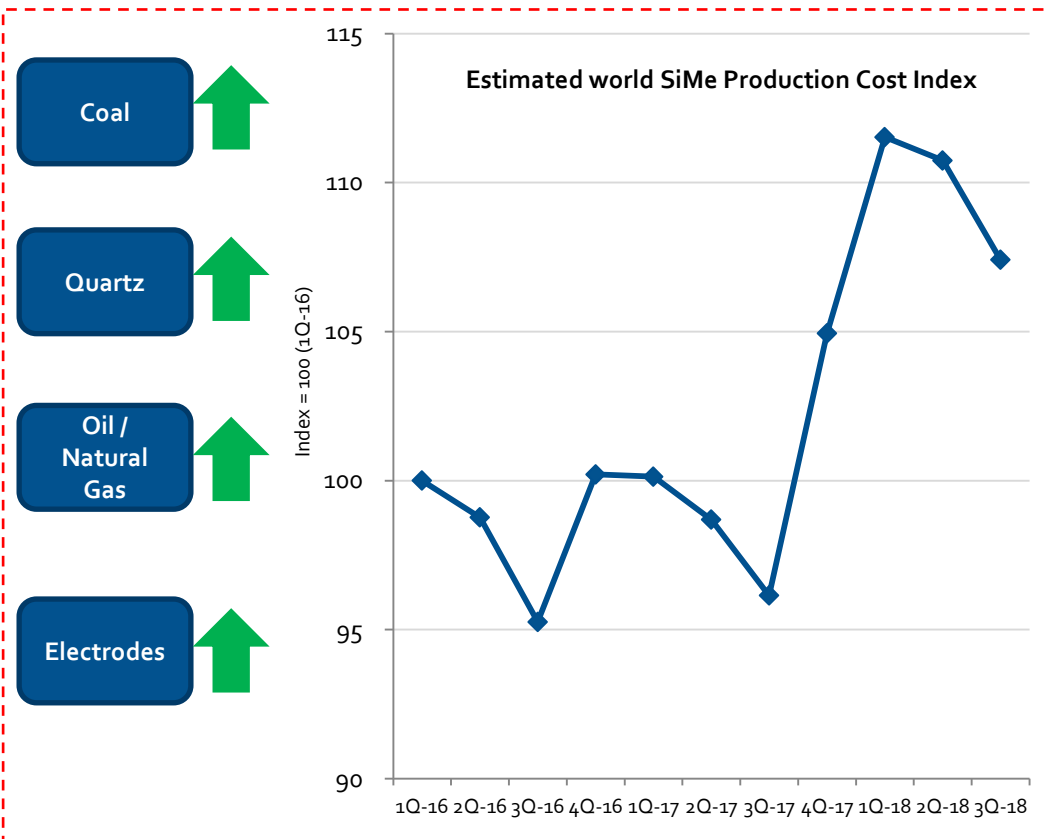


Source: CRU

# ...however, CRU underestimates the capacity changes made by FerroGlobe



# Increasing input and production costs will tend to force price increases





# Medium-term outlook for silicon metal

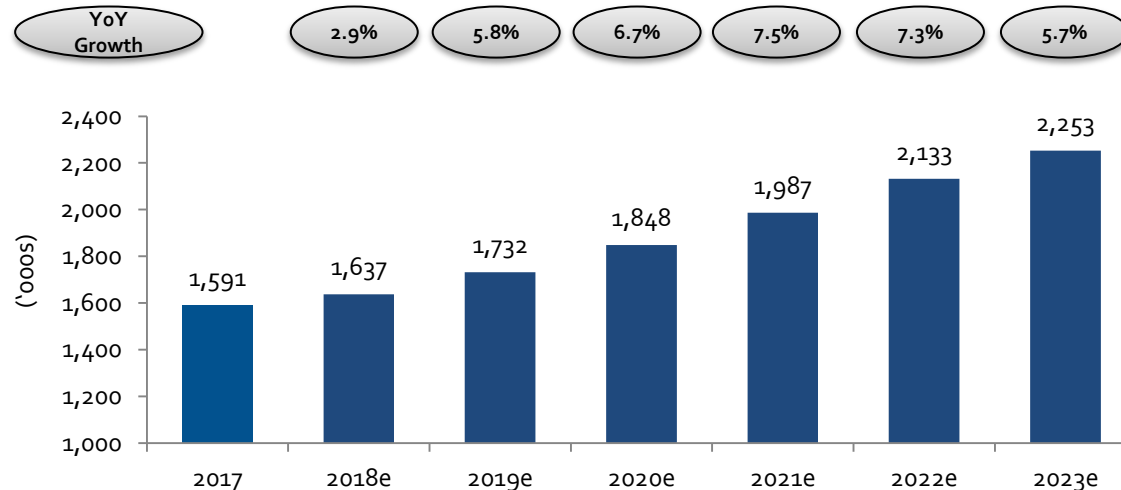


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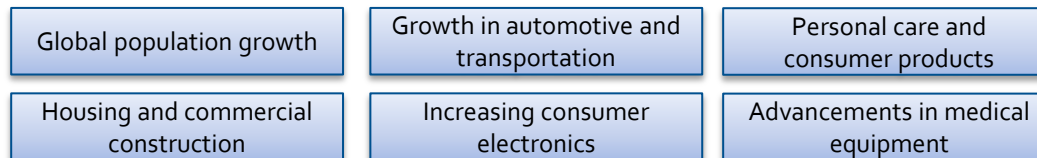
# Steady global silicones consumption growth at levels beyond GDP

## World Silicon Demand Driven by Silicones Production



Source: CRU

## Major Silicones Demand Drivers

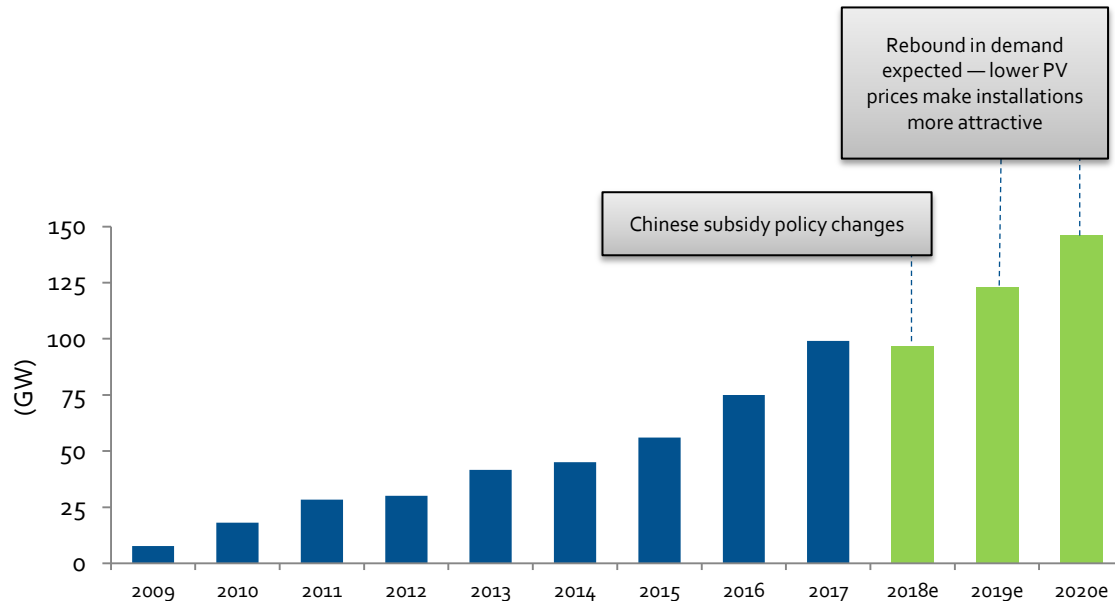


- Recent growth from global economic expansion expected to continue
- Recent consumption gains constrained by production capacity
- Announced expansions support additional growth expectations
- New applications and product developments



# Despite recent Chinese reform, the global demand for photovoltaic industry expected to remain solid

## Global Photovoltaic Demand



Source: IHS

- Photovoltaic installations doubled between 2015 and 2017
- Drop in 2018 PV installations following Chinese reform announcements in June, especially cutbacks in polysilicon production
- Global polysilicon output expected to rebound, as lower rates of installation in China, US, and Japan is offset by rapid increases in India and other countries
- Grid parity and ease of installation will make solar the energy of choice in the coming years

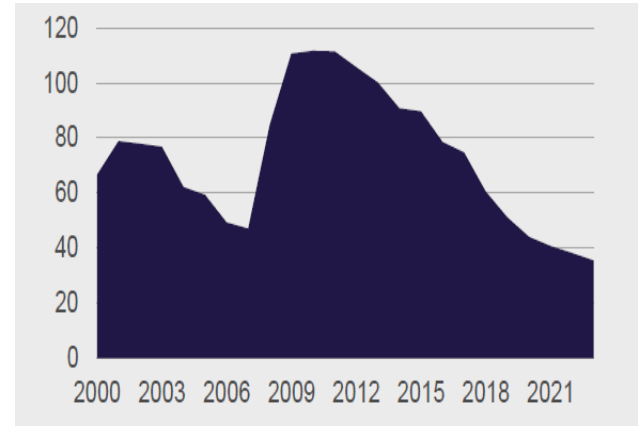
# Aluminum demand expected to continue delivering steady growth for silicon metal

## Global Finished Aluminum Demand Outlook

	2017	2018e	2019e	2020e
North America (mm, tons)	6.8	6.8	6.9	7.1
(Y/Y Growth)		-0.5%	2.5%	1.8%
Europe (mm, tons)	9.2	9.5	9.6	9.8
(Y/Y Growth)		3.0%	1.7%	1.5%
China (mm, tons)	34.9	36.7	38.4	40.0
(Y/Y Growth)		5.2%	4.5%	4.1%
World (mm, tons)	63.8	66.7	69.0	71.3
(Y/Y Growth)		4.5%	3.5%	3.3%

## Global stocks as days of consumption

Lowest stocks to consumption ratio since Sept. 2008

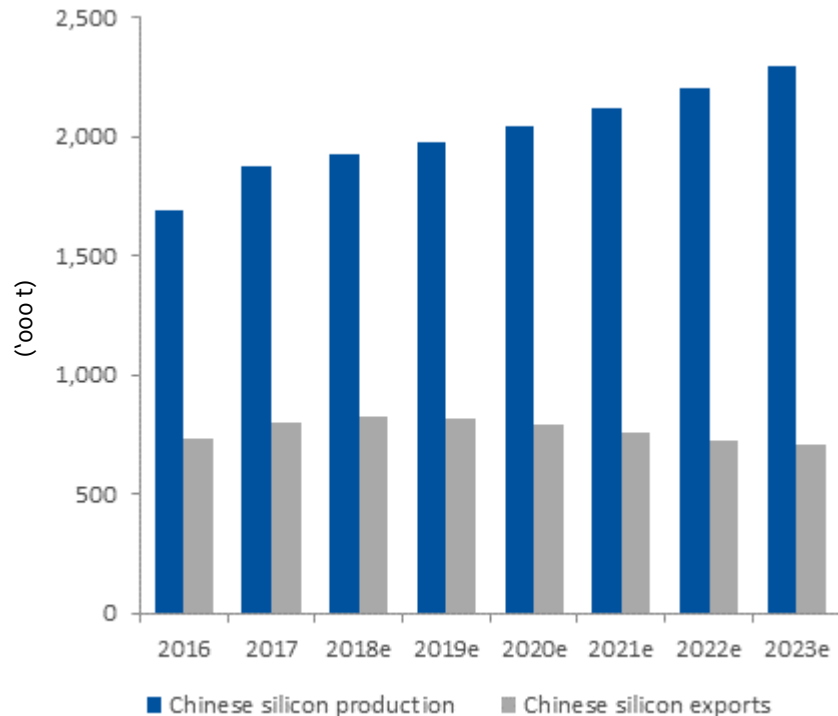


Trade war impact: more rhetoric than reality

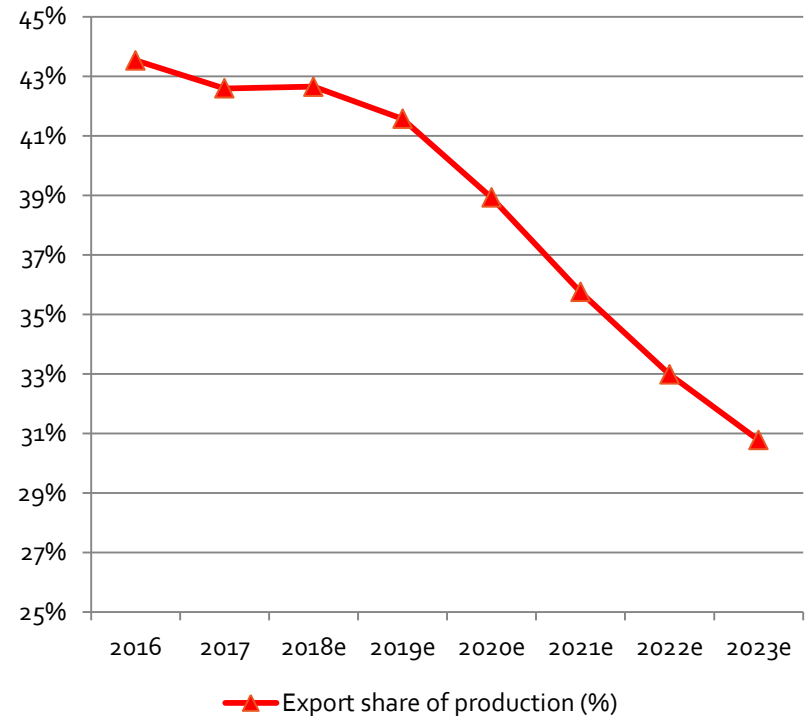
Despite the imposition of wide-ranging tariffs and large anti-dumping duties on Chinese foil and sheet, Chinese aluminium exports have increased substantially in 2018 (year-over-year)

# Chinese domestic demand growth coupled with supply curtailments is favorable to the global landscape

## Chinese Silicon Production and Exports



## Chinese Exports as % of Production



# Final remarks



**Overall fundamentals for silicon metal are strong worldwide:**

- Solid demand momentum
- Supply tightness
- Cost inflation impacting marginal producers



**At current prices certain producers (specifically new entrants) unlikely to cover true cost of production, including depreciation and financing costs**



**Producers forced to remain disciplined and react to changing market dynamics: balancing production vs. commercial strategies vs. profitability**



**Ferroglobe is uniquely positioned to serve a variety of customers, products and geographies and will apply this flexibility to switch production of products to the most profitable locations**



**Producing at a loss is not an option!**



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