



**Ferrosglobe**



**Pedro Larrea**  
**Chief Executive Officer**

# Forward-Looking Statement

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.

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You are cautioned that all such statements involve risks and uncertainties, including without limitation, risks that the businesses of Globe Specialty Metals Inc. and Grupo FerroAtlántica (together, "we," "us," "Ferroglobe," the "Company") will not be integrated successfully or that we will not realize estimated cost savings, value of certain tax assets, synergies and growth, or that such benefits may take longer to realize than expected. Important factors that may cause actual results to differ include, but are 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.



**Ferrosglobe**



**Introduction to Ferrosglobe**

# Introduction to Ferroglobe



**Ferroglobe**

NASDAQ: GSM

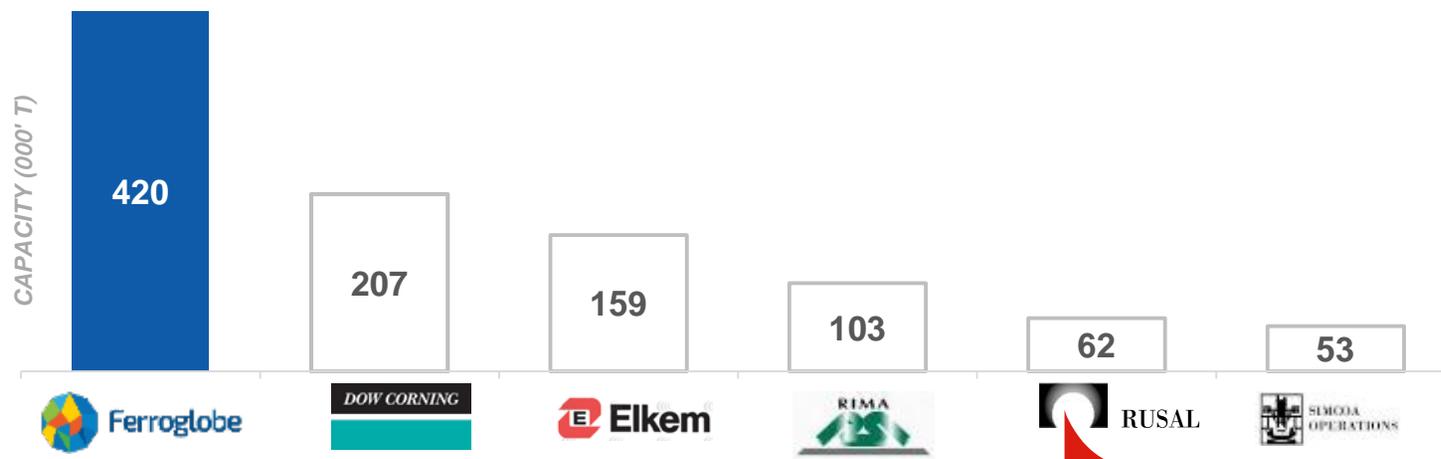
- **A global leader in silicon metal, silicon-based alloys and manganese alloys**  
— SiMe, FeSi, SiMn, FeMn, MgFeSi, CaSi, inoculants, nodulizers, fume
- **Unparalleled global reach with 26 facilities across 5 continents**
- **Uniquely positioned in the industry to service customers with broadest geographic reach and breadth of product offering**
- **Low-cost structure built on vertically integrated supply chain, including ownership of key raw material sources (quartz, woodchips, low-ash coal, energy)**
- **Prepared to capitalize in both organic and inorganic growth opportunities**

# Introduction to Ferroglobe

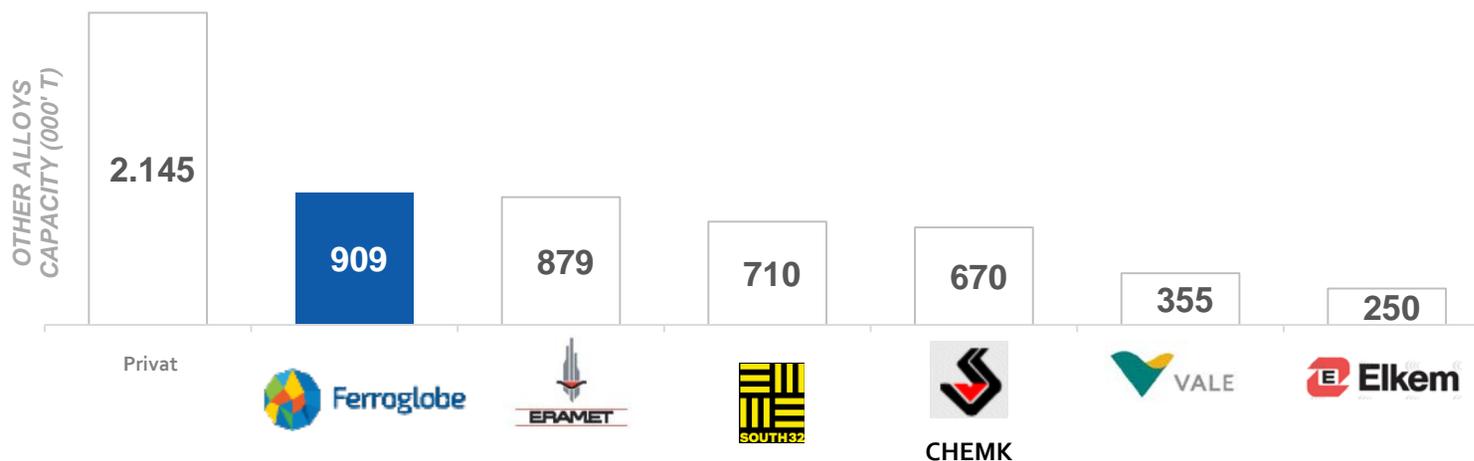
- **Economies of scale from the larger portfolio of smelting facilities**
- **Diversification of portfolio**
  - Products: silicon, FeSi, Mn alloys, inoculants, other Si alloys, etc.
  - Markets: strong presence in Europe and North America
  - Operational base: hedge against fluctuations in local costs
  - Ownership of key raw materials (coal, quartz, charcoal)
- **Strong operational know-how that allows for additional cost competitiveness**
- **Ability to deliver synergies through best practices sharing and portfolio optimization**

# Ferroglobe is a leading global producer in the silicon metal and ferroalloys industries

**THE LEADING PRODUCER IN SILICON METAL ...**



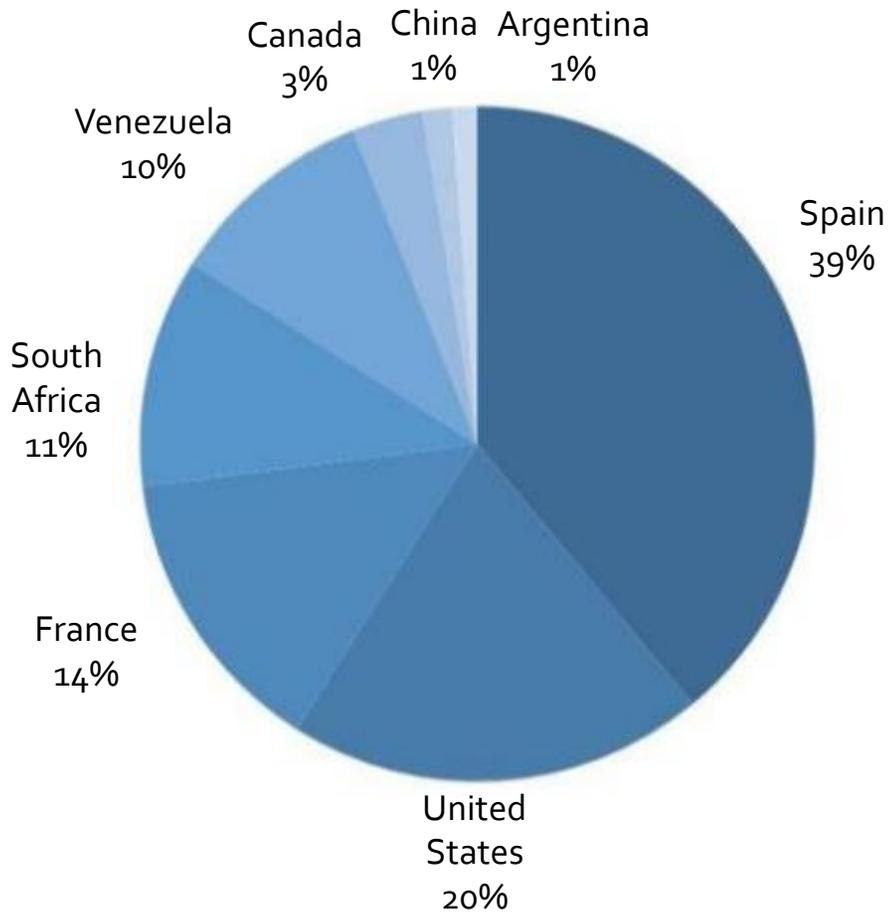
**... AND ONE OF THE LEADING ALLOYS PRODUCERS**



# A diversified production and markets base provides flexibility to optimize utilization and logistics across geographies

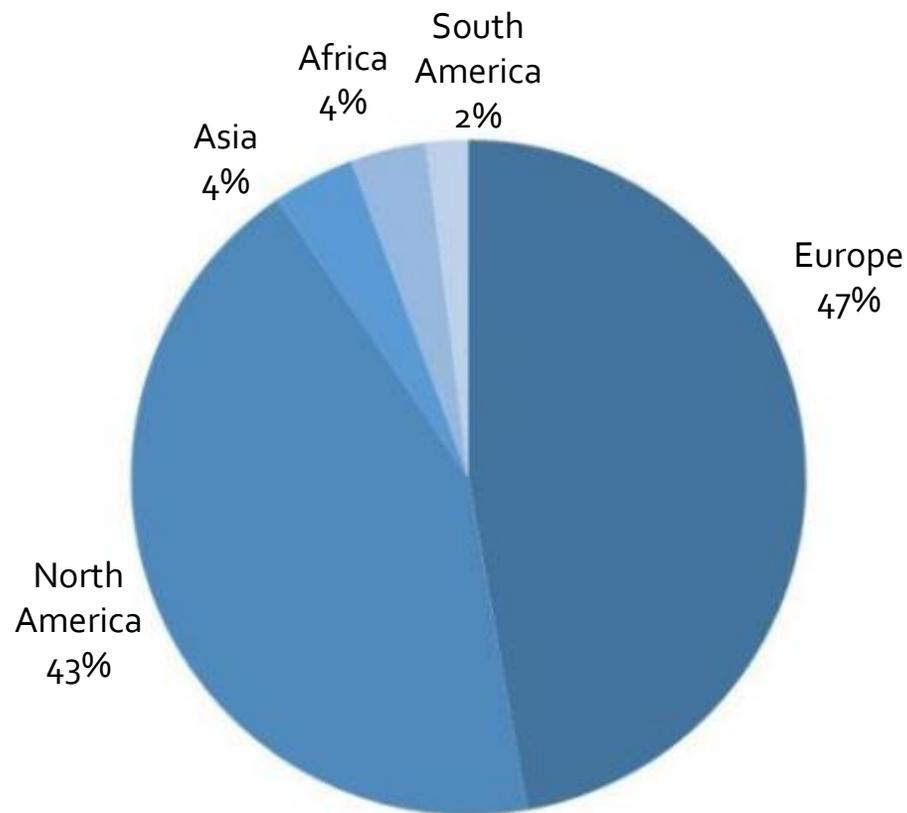
Manufacturing base is natural hedge against swings in power costs and F/X

Capacity by Country<sup>1</sup>



Serving global customer base, with market strength in North America and Europe

Shipments by Region<sup>2</sup>



Notes:

<sup>1</sup> Based on total capacities for (i) silicon metal, (ii) ferrosilicon, (iii) silicon-based alloys, and (iv) manganese based alloys

<sup>2</sup> Reflects pro forma calendar 2015; based on total shipments for (i) silicon metal, (ii) ferrosilicon, (iii) silicon-based alloys, and (iv) manganese based alloys



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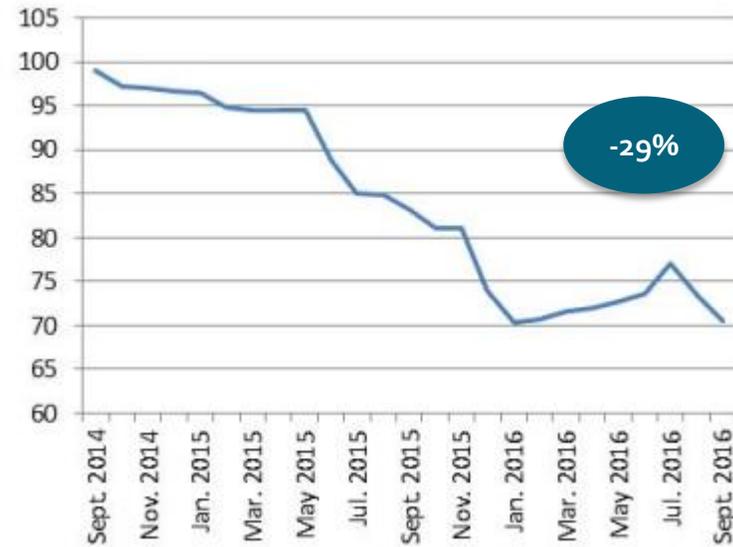
**Industry Snapshot**

# Sharp drop-off in ferroalloys over 24 months...

**Ferromanganese**  
US MC 80% Mn EXW (USDc/lb)



**Ferrosilicon**  
US 75% Si EXW (USDc/lb)



**Silicomanganese**  
US 65% Mn EXW (USDc/lb)



**Silicon**  
US 98.5% Si 553 EXW (USDc/lb)



# ...driven by a confluence of several factors at the end of 2015 and beginning of 2016

## In the ferroalloys industry

- **Aggressive pricing from certain countries due to lower growth in their home markets**
  - ✓ Brazilian, Russian, Norwegian, and Asian competitors shipped into North America at much lower prices
  - ✓ Many selling below their costs
- **Aggressive re-entrance of Brazil into the global market**
  - ✓ New energy becoming available by special government incentives
  - ✓ Entry into the market only to capture thin spot activity
- **Aggressive measures by new market entrants**

## In the global economic context

- **Reduced industrial activity in key markets in 2015 and beginning of 2016**
  - ✓ North America: increasing aggressively priced imports in end markets (steel, aluminum, etc.) affecting demand
  - ✓ Europe: economy beginning to improve but pressure from China and lingering uncertainties
- **Most commodity markets at the bottom of the cycle**
  - ✓ Commodity prices at minimum levels, putting pressure on suppliers
  - ✓ Decreased cost of energy allowing for price decreases
  - ✓ Other cost components (freight, reductants) also going down



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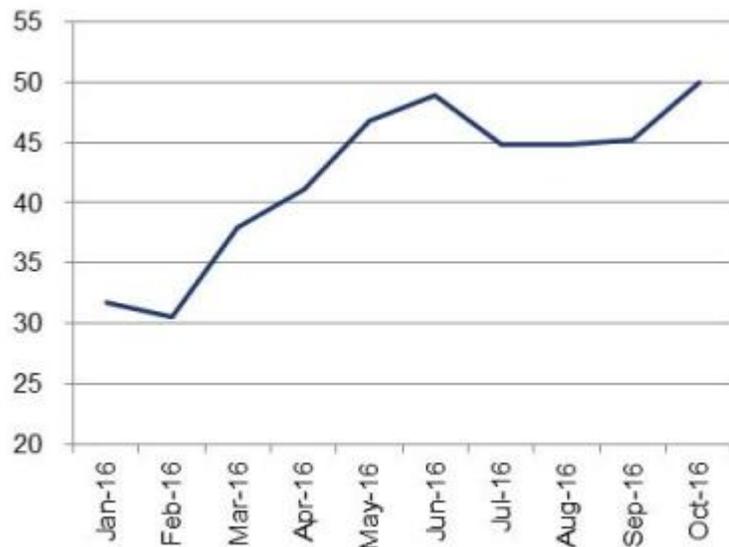
**Near-Term Outlook**

# Fundamentals signal an inflection point in ferroalloys

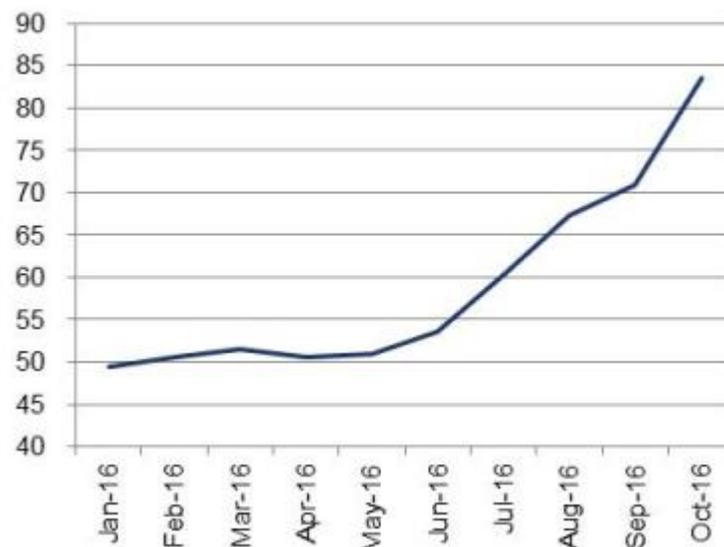
- **Cost components for producers continue to put pressure on prices of silicon and ferroalloys with most producers selling below cost**
  - ✓ Weakening U.S. Dollar
  - ✓ Increasing energy prices
  - ✓ Other key raw materials (reductants, ore, freight)
- **Recovery in end markets**
  - ✓ Pick-up in auto sales; strong demand in solar
  - ✓ Rebound in prices of many commodities
  - ✓ Return to infrastructure build in China
- **Idled capacity globally**
  - ✓ North America, Europe, South Africa, Asia

# Signs of recovery in commodities...

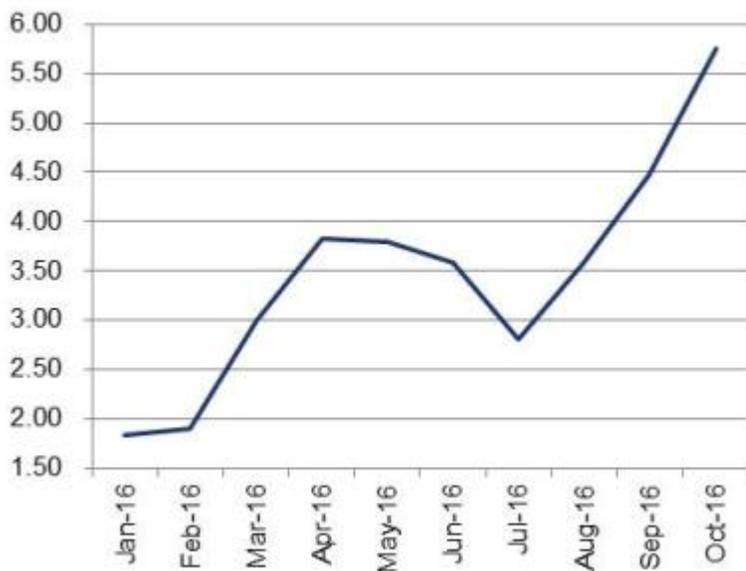
**Oil**  
WTI-NYMEX (\$ / barrel)



**Thermal Coal**  
Newcastle (\$/mt)



**Manganese Ore**  
China Lump 44% Mn CIF (USD / dmtu)



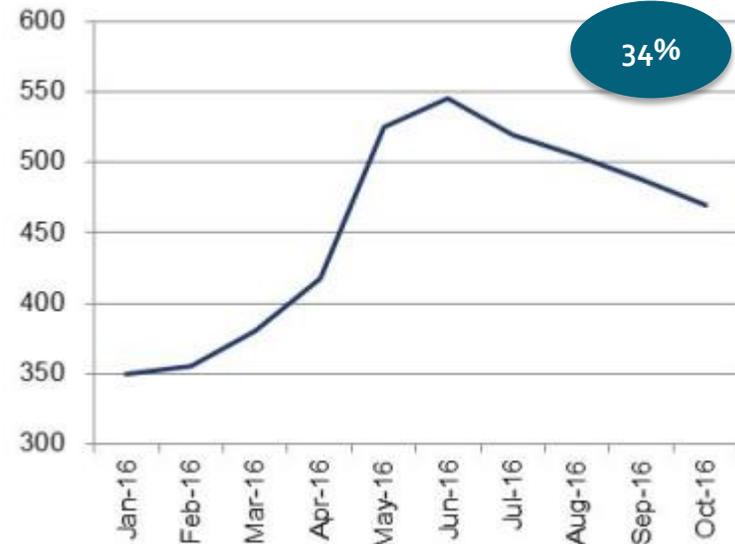
- Energy prices sharply going up
- Other raw materials (reductants, freight) also affecting the cost structure
- Mn ore price should translate into higher alloys prices

# ...recovery in metals...

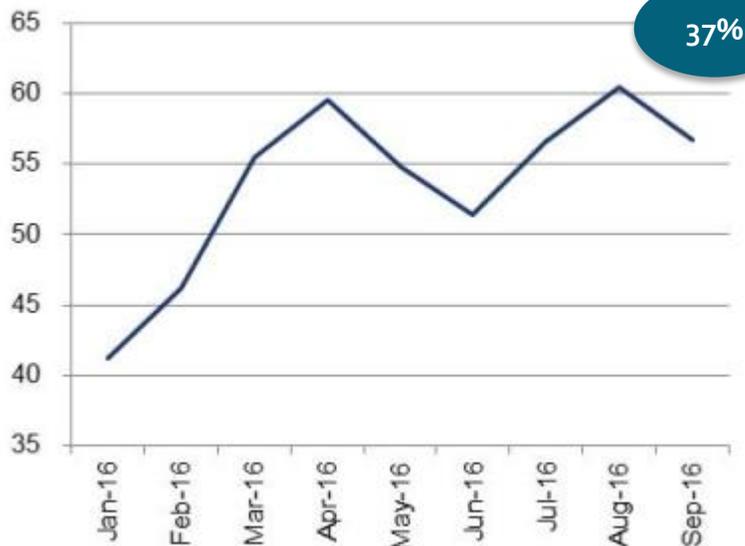
### Aluminum (\$/MT)



### Steel Hot Rolled Coil (\$/MT)



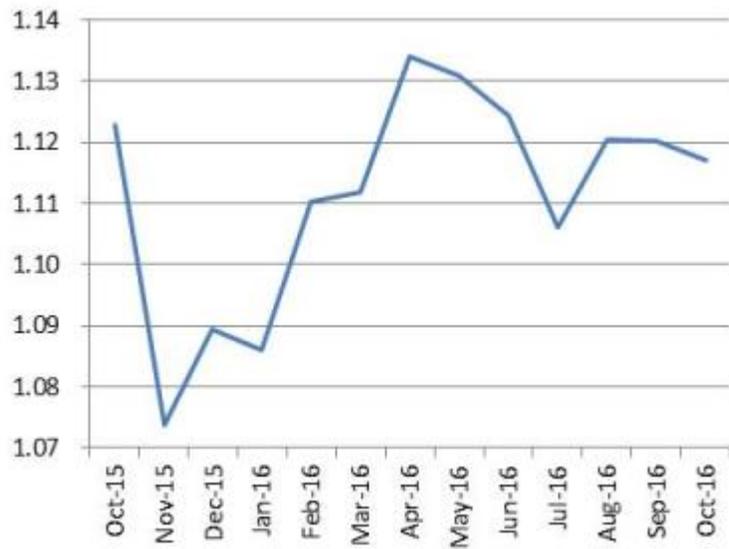
### Iron Ore (\$/Mt)



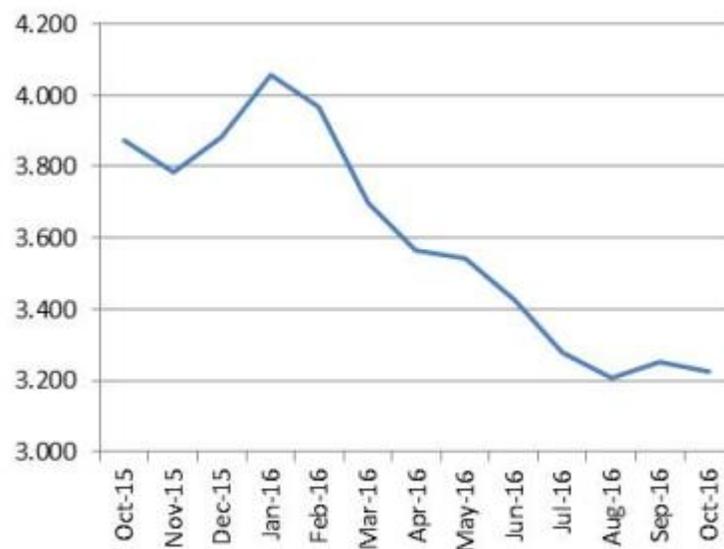
- Improvement of margins in some of the end markets
- Rebound of all commodities as a signal of improved industrial activity
- Possible recovery of infrastructure initiatives in China

# ...and Foreign Currencies vs. U.S. Dollar

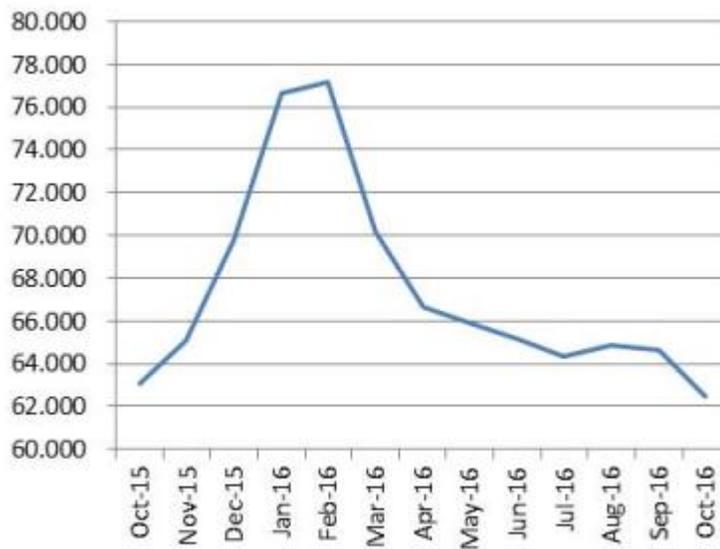
## Euro / USD



## Brazilian Real / USD

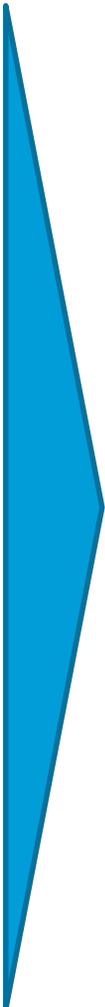


## Russian Ruble / USD



# Current pricing levels are not sustainable

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- 
- **Most producers are selling below cost**
  - **Current pricing levels are not sustainable**

# 'Survival of the fittest' mentality will lead to further consolidation

## Historically

- Smaller single or multi- facility acquisitions often resulting from distressed opportunities
- Focus on developing foothold in 1-2 geographic locations (e.g. FerroAtlantica, Globe Specialty Metals)

## Today

- Larger, transformational deals
- Built-out of platforms along the value chain
- Acquisition of key technologies (e.g. Elkem/REC)

**Industry participants will be forced to re-evaluate portfolios and realign their strategy**

# Conditions for a full recovery of reasonable fundamentals in the silicon metal market

- **Curtailement of loss-making facilities are continuing:**
  - ✓ Ferroglobe idled facilities with lower operating costs (according to CRU and other publications) whilst competitors' higher cost plants continue to operate
- **Indexes need to reflect the reality of short transactions (delivered within the quarter), based on relevant volumes:**
  - ✓ Prevent "manipulation" from short-term, market moving low volume transactions
  - ✓ Ensure relevant information sources
  - ✓ Improve screening of information
- **Upcoming negotiations should reflect the fundamental shift in cost structure:**
  - ✓ Current index prices are not reflective of underlying cost structure and capital requirements, or new deals being done
  - ✓ New index with basket approach which excludes outlying (sub 200 mt) transactions, and across all major grades which key off each other
    - ❖ Indices that insist on using tiny, yet market moving quantities, will not be considered and included in contracts and will eventually be ignored by the industry
  - ✓ Discounts on the index are not an option
  - ✓ Fixed prices are to be favoured (possible quarterly negotiations)



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Advancing Materials Innovation  
NASDAQ: GSM