



Global Ferronickel Holdings, Inc.

9M2017 Earnings Presentation
25 October 2017

Agenda

- 3 Summary
- 4 Market Review
- 7 Operations Update
- 9 Exploration Update
- 12 Financial Highlights

Summary

- Current supply and demand situation creates opportunities for nickel
 - Supply-side structural reforms in China stimulate upward pressure on ore prices
 - End-demand environment in China remains robust
- Operational efficiencies accelerate turnaround
 - Revenues were up 72% year-over-year to ₱4,646.3 million
 - Net income reached ₱779.9 million from ₱7.0 million in 9M2016
 - EBITDA margin improved from 14.8% to 30.3% or ₱1,407.1 million
 - Cash operating costs declined 4.6% to ₱547.8 per WMT
- Aggressive share repurchases reinforce confidence in growth prospects
 - Total buyback of 251,402,333 shares translates to 4.2% shareholder return

Notes:

- 3 Cash operating cost includes cost of sales, general and administrative expenses and shipping and distribution
Shareholder return is calculated as Trailing 12 months (TTM) gross buybacks divided by market capitalization



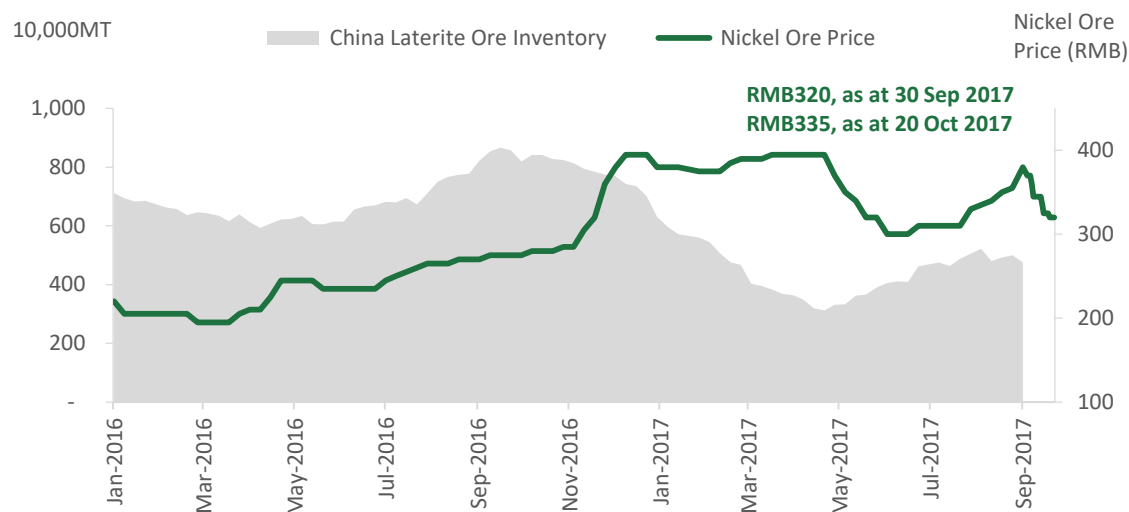
Market Review

The Cagdianao Mine comprises 4,376 hectares located in Sitio Kinalablaban Bray, Cagdianao Cluster, Surigao del Norte, Philippines. Divided into seven contiguous laterite deposits, it is connected within eight kilometers from two separate causeway facilities.

It is covered by MPSA 007-92-X renewed in June 2016 for a period of 25 years and by ECC No. 1007-0023 with a maximum annual production volume of 5 million DMT. Mining operations run April through October.

Supply-side structural reforms in China push ore prices upward

China Laterite Ore Inventory and Nickel Ore Price



Average Inventory	9M2017	9M2016	change
LME Nickel (ton)	383,738	365,940	5%
China Laterite Ore (10k MT)	488	836	-42%
Average Price			
LME Nickel (US\$/ton)	10,594	10,309	3%
China Nickel Ore (RMB/WMT)	333	263	27%

Five components of supply-side structural reform

1. Cutting excess industrial capacity
2. Destocking property inventory
3. Corporate deleveraging
4. Reducing corporate costs; and
5. Improving weak links

Recent China regulatory events

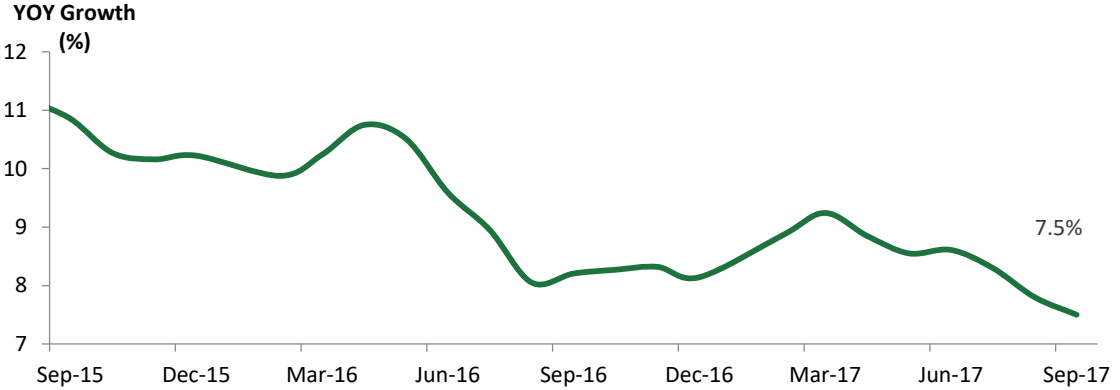
Aug 7	+	Ministry of Environmental Protection announced a new round of environmental inspections
Aug 10	+	China Iron and Steel Association put out warnings on over-speculation in steel rebar futures
Sep 22	+	Shanghai Futures Exchange (SHFE) tripled transaction fees on nickel futures contract and imposed stricter position limits
Oct 18	↓	19th Congress of the Communist Party of China

Source: Bloomberg (as at 30 Sep 2017) except China Laterite Ore Inventory (latest data as of 8 Sep 2017)

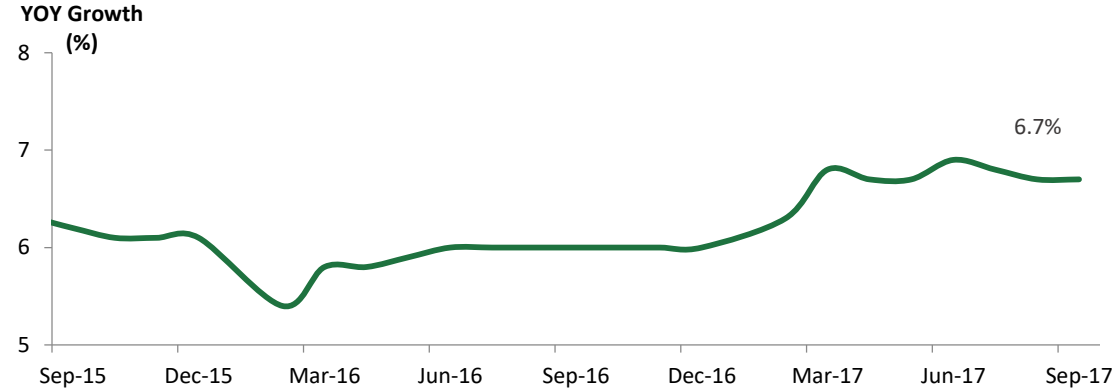
Nickel ore prices were referenced with Shanghai Metals Market China 1.4%- 1.6 % Nickel Ore Price Daily

End-demand in China remains robust

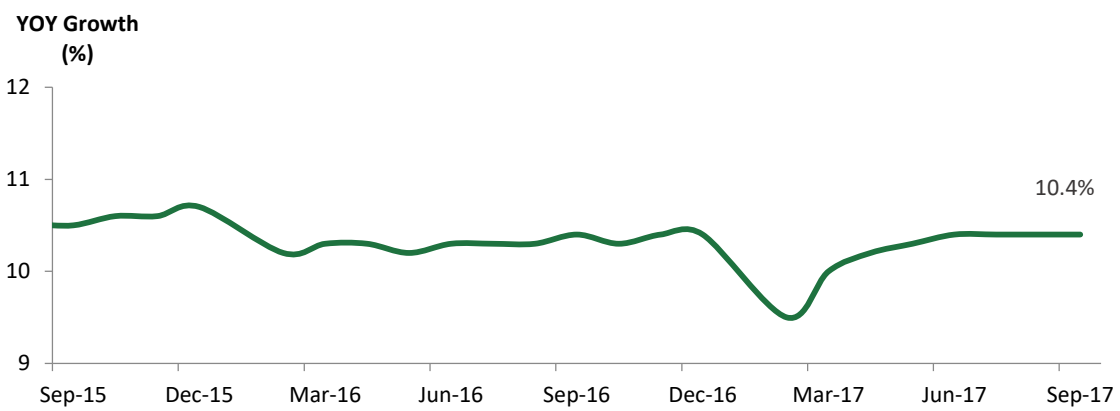
China Fixed Assets Investment (Excluding Rural Households)¹



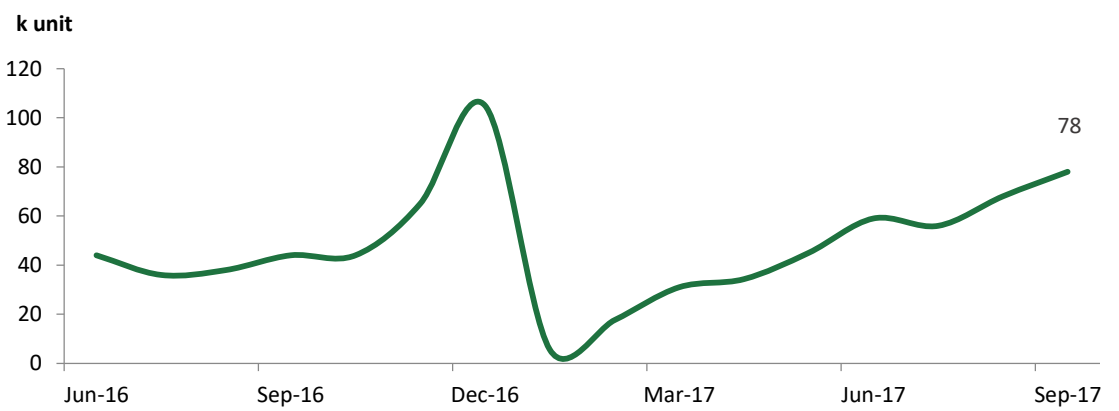
China Industrial Production²



China Consumption Retail Sales



China Sales of New Energy Vehicles



Source: Bloomberg, National Bureau of Statistics of China, China Association of Automobile Manufacturers (as at 30 Sep 2017)

6 (1) Tracks investment in or capital expenditures on fixed assets such as buildings, plants, equipment, machinery

(2) Measures the output of businesses integrated in industrial sector of the economy such as manufacturing, mining, and utilities



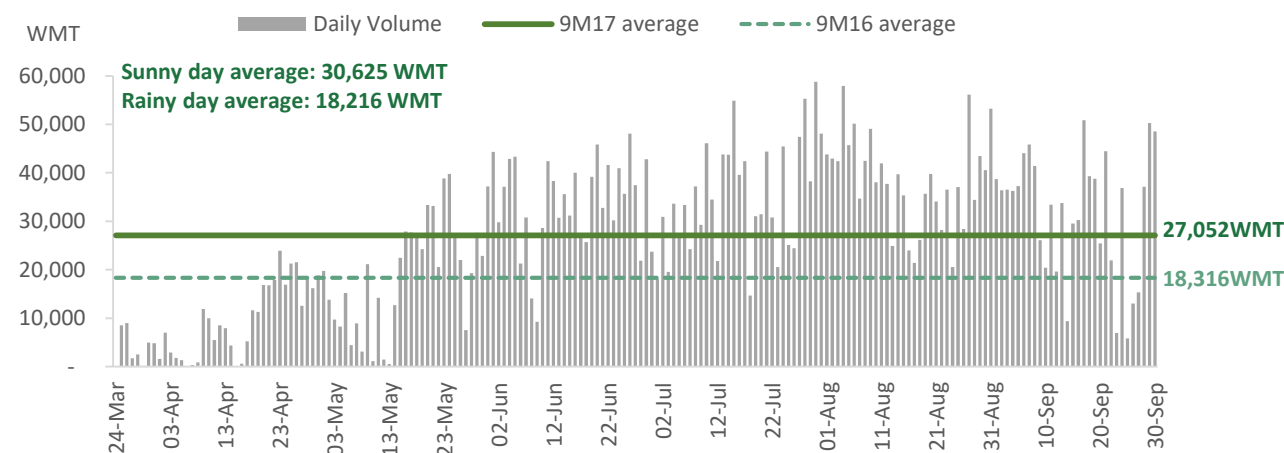
Operations Update

Our subsidiary, PGM-CNEP Shipping Services Corporation, owns five landing craft transports (LCTs) with 1,800 tons capacity for hauling nickel ore from the port to the shipping vessel

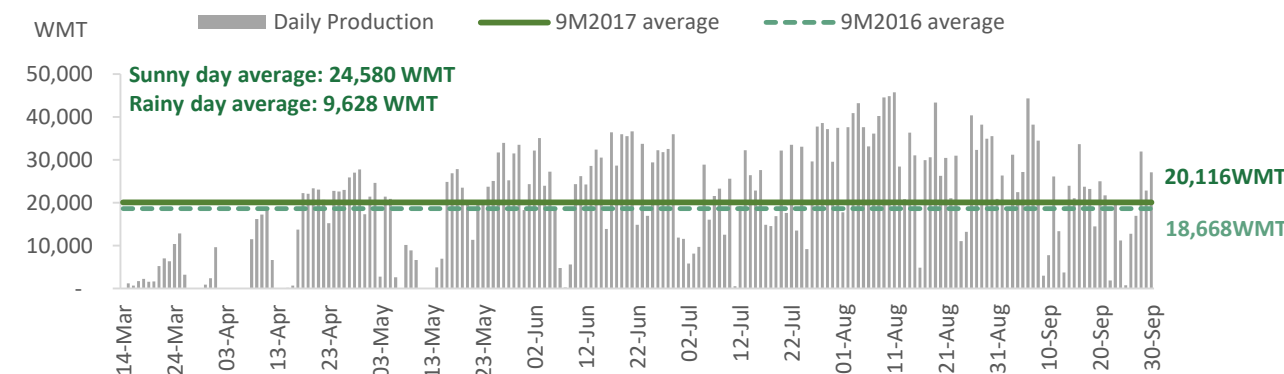
Operational efficiencies drive growth in volume

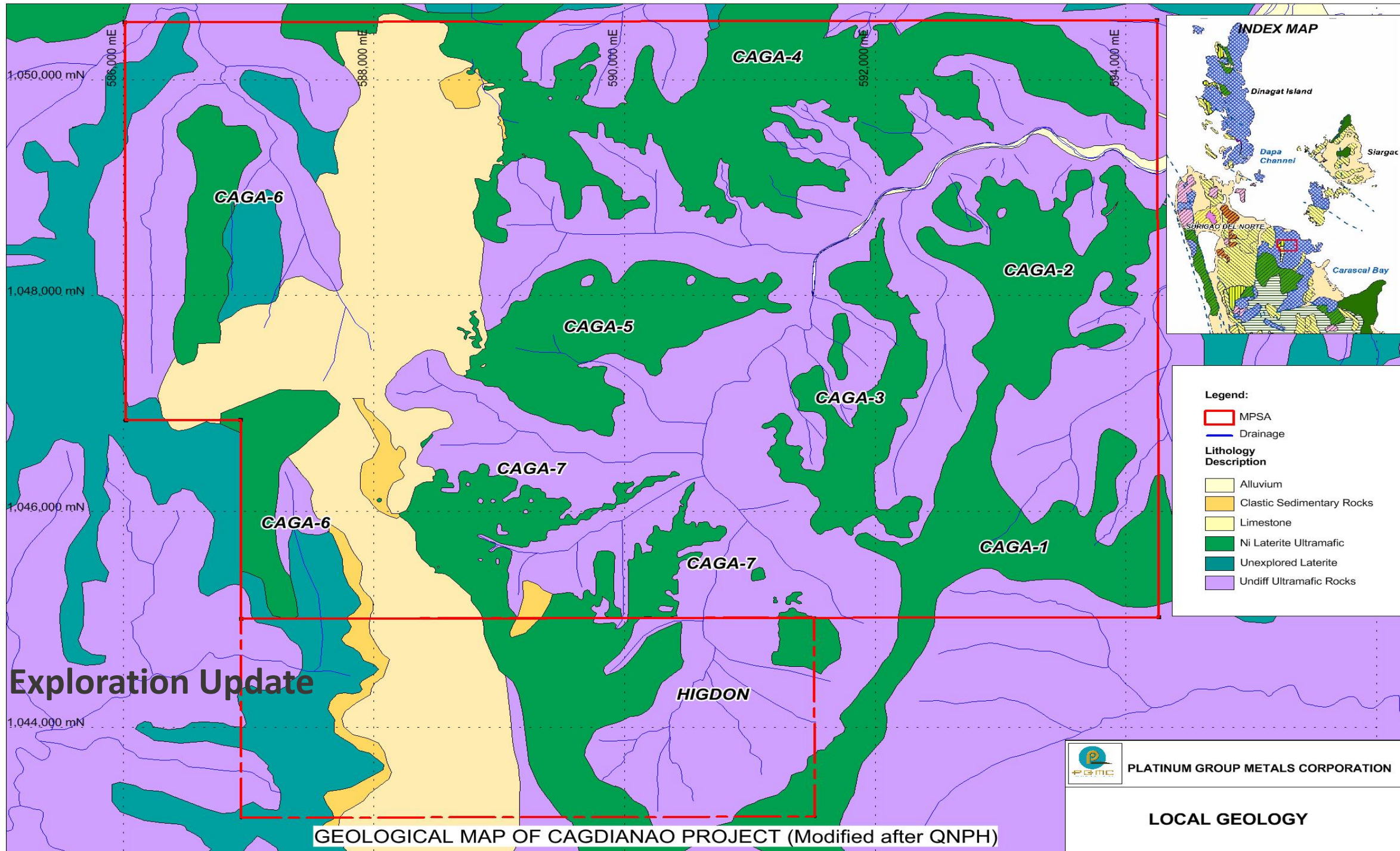
9M2017	9M2016
90 vessels shipped 4.929 million WMT	63 vessels shipped 3.449 million WMT
11 contractors	7 contractors
+28% rainy days	-3% operating hours
87% waste stripping reduction	+30% equipment productivity
Percentage of target achieved	Highest one-day production loaded
82% Target: 6M WMT	58,768 WMT

Daily Loading (9M2017)



Daily Production (9M2017)

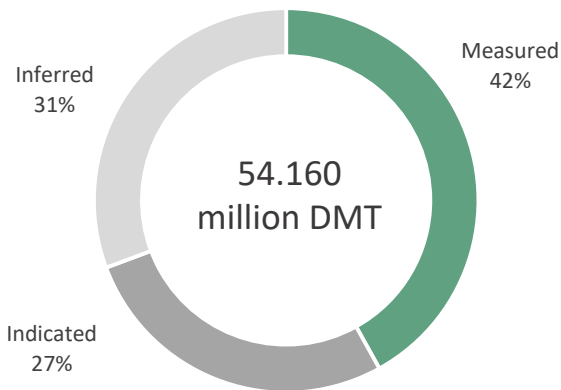




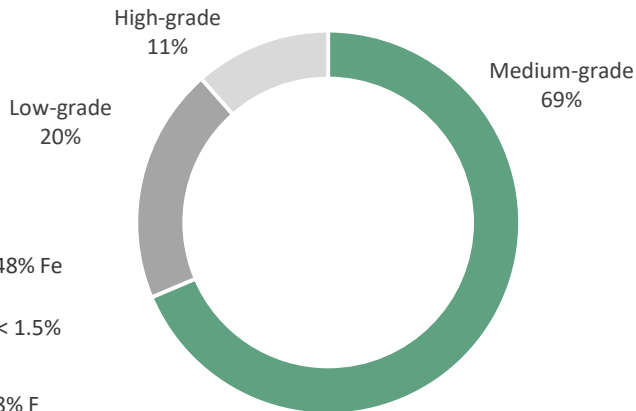
Continuous exploration increases resource estimate to 54 million DMT

Mineral Resources Breakdown

By PMRC classification



By material type (Measured + Indicated)



Cut-off Grades

Low	> 0.70% Ni, > 48% Fe
Medium	> 0.80% Ni to < 1.5% Ni, < 48% Fe
High	> 1.5% Ni, < 48% F

Mineral Resources (in million dry metric tons)

	23 June 2017	30 June 2016
CAGA 1 (unmined)	7.819	7.819
CAGA 2 (active)	13.535	13.747
CAGA 3 (unmined)	12.809	7.185
CAGA 4 (active)	16.932	18.498
CAGA 5 (unmined)	3.065	3.065
Measured + Indicated	54.160	50.314
<i>Inferred</i>	<i>23.982</i>	<i>18.081</i>
Total	78.142	68.395

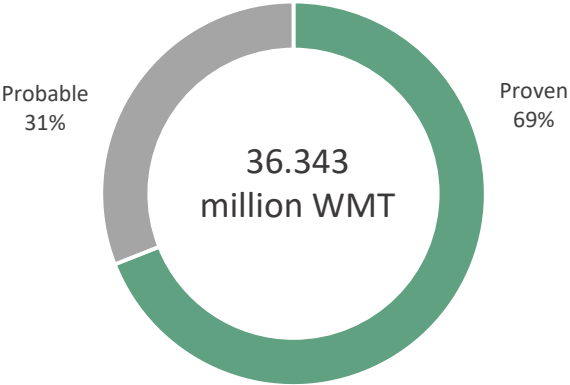
Significant scope for further exploration

- Updated estimates reflect drilling results at CAGA 2 and 3
- No new exploration activities undertaken for CAGA 1 and 5 while CAGA 6 and 7 remain unexplored
- With additional drilling, Inferred resources may be upgraded into Indicated or Measured Resources

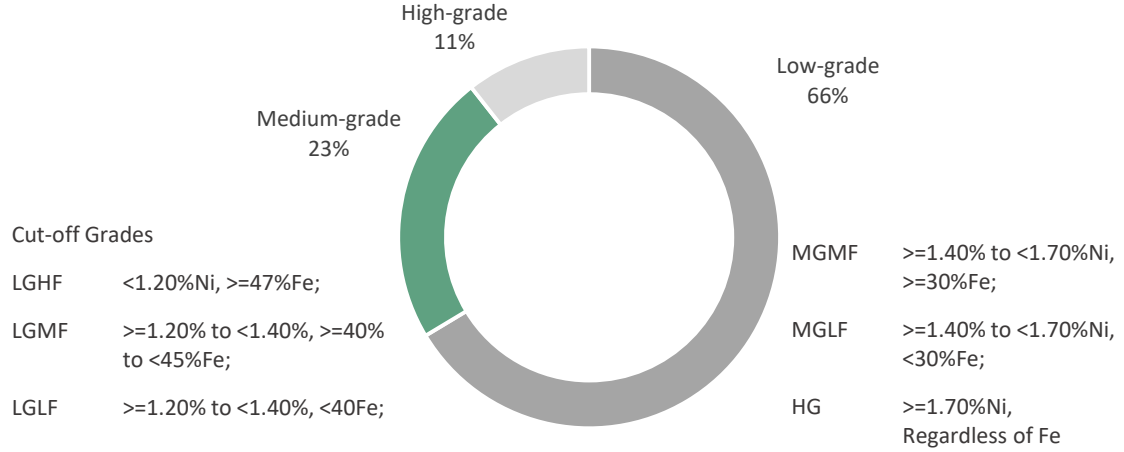
and mineral reserve estimate to 36 million WMT

Mineral Reserves Breakdown

By PMRC classification



By material type



Mineral Reserves (in million wet metric tons)

	23 June 2017	30 June 2016
CAGA 1 (unmined)	3.266	3.471
CAGA 2 (active)	7.718	8.041
CAGA 3 (unmined)	9.358	5.157
CAGA 4 (active)	15.300	17.572
CAGA 5 (unmined)	0.701	1.258
Total	36.343	35.499

Despite continuous extraction at CAGA 2 and 4, reserves have increased due to:

- Successful exploration program; and
 - Conversion of mineral resources to mineral reserves
- Other commodities identified in the area such as limestone and chromite warrant further economic assessment



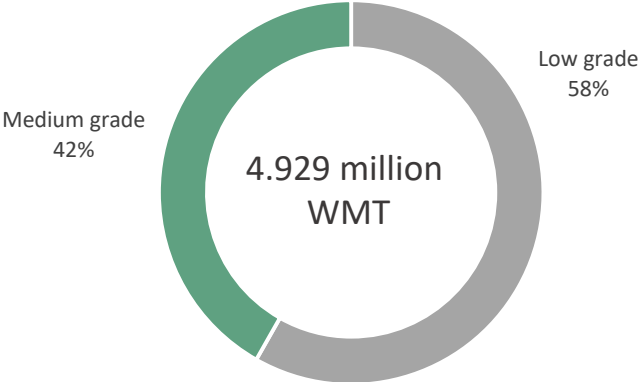
Financial Highlights

Approximately 20 trucks patrol the mine yards and disperse water for dust suppression

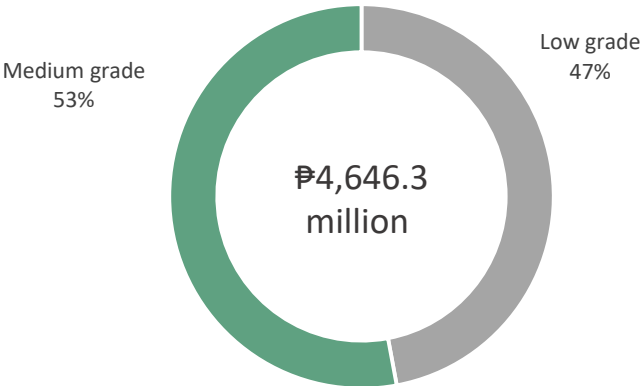
Flexible product mix captures varying customer needs

Revenue Breakdown

By shipment volume



By sales value



Volume Analysis

	9M2017	9M2016	Change
Volume (million WMT)	4.929	3.449	42.9%
Limonite (Low grade)	2.870	2.231	28.6%
Saprolite (Med/High)	2.059	1.218	69.0%
Mix: Low vs. Med/High	58:42	65:35	

Key Customers

Baosteel Resources	Wholly owned subsidiary of China Baowu Steel Group, China's largest steel company and second largest globally
Tsingshan Group	Fully integrated stainless steel producer whose products are sold in China, Southeast Asia, Europe, the Americas
SIIC Shanghai	Trading company wholly-owned by the Shanghai Municipal Government

9M2017: Turnaround continues

(in PHP millions, unless otherwise indicated)

Summary Income Statement				Summary Balance Sheet	
	9M2017	9M2016	change		
Volume (million WMT)	4.929	3.449	42.9%	Cash	610.7
Average realized price (US\$/WMT)	18.77	16.70	12.4%	Total current assets	4,507.3
				PPE	1,885.9
Sale of ore	4,646.3	2,700.7		Total non-current assets	5,202.8
Operating income	999.3	72.1		Total current liabilities	2,339.8
<i>Operating margin (%)</i>	21.5%	2.7%		Working capital	2,167.5
EBITDA	1,407.1	398.7		Total debt	763.5
<i>EBITDA margin (%)</i>	30.3%	14.8%		Shareholders' equity	6,707.4
Net income	779.9	7.0		Net debt	152.8
<i>Net margin (%)</i>	16.8%	0.3%			
Exchange rate (USD/PHP)	50.23	46.88			
				Current ratio	1.93
				Debt/ Equity	0.45

Aggressive share repurchases reinforce confidence in growth prospects

Year to date share buyback

245,069,000 shares

Total amount

₱636,968,780

as of 30 September 2017

Earnings per share	0.1352
Book value per share	1.204
YTD payout ratio (buyback)	81.7%
Return on Equity	11.8%
Price/ Earnings (TTM)	19
Price/ Book	2.32

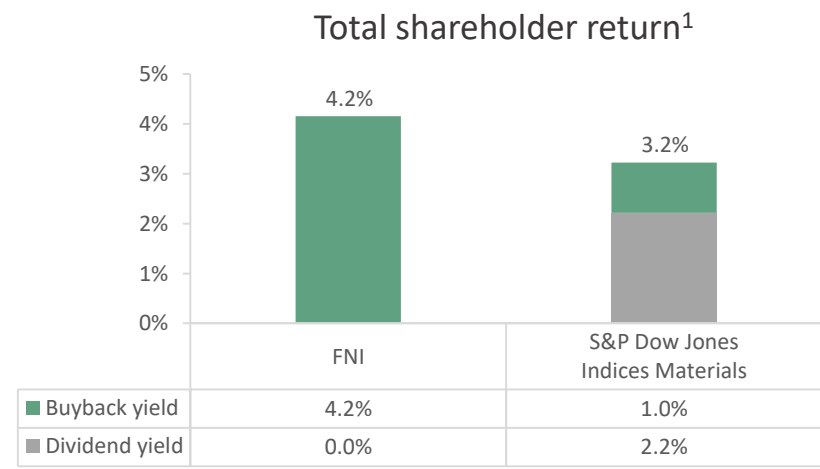
Notes:
15 YTD payout ratio is computed as total amount of shares repurchased from Jan to Sep 2017 divided by net income
(1) Standard & Poor's data as of 12 months Jun 2017; FNI data as of 12 months Sep 2017. Total shareholder return is calculated as Trailing 12 months (TTM) gross buybacks plus TTM dividends divided by market capitalization


Cumulative since commencement

251,402,333 shares

₱654,757,150

as of 30 September 2017





Appendices

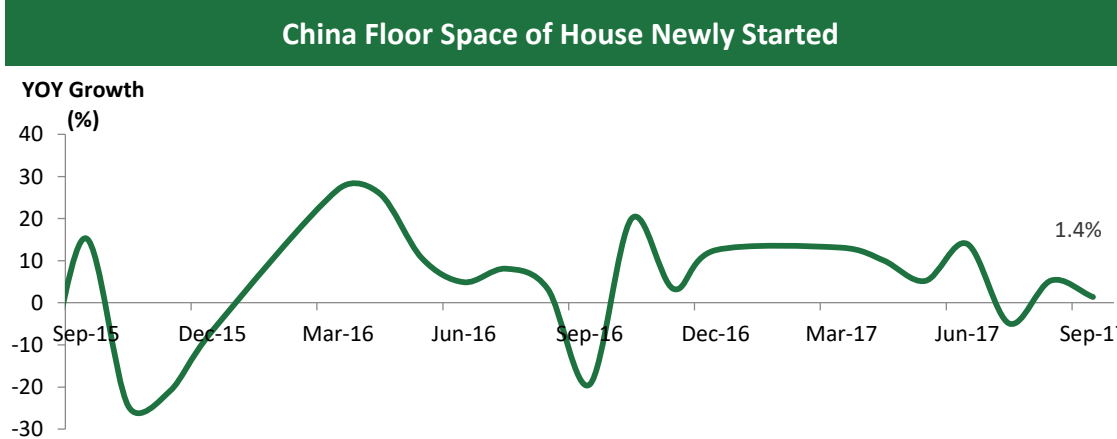
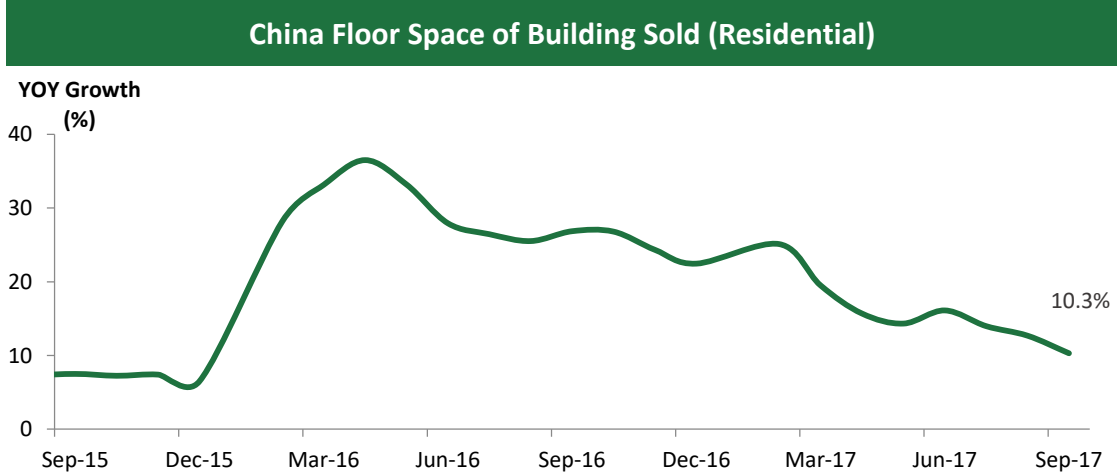
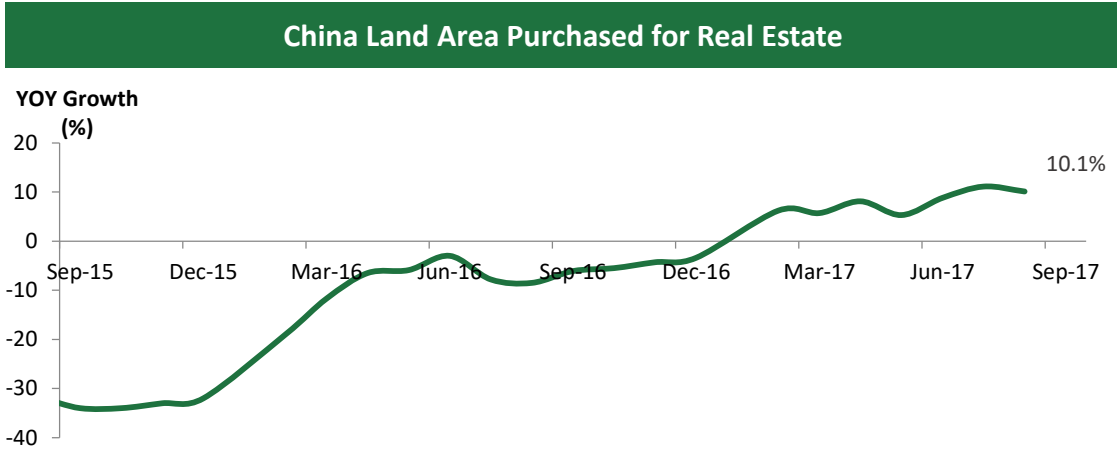
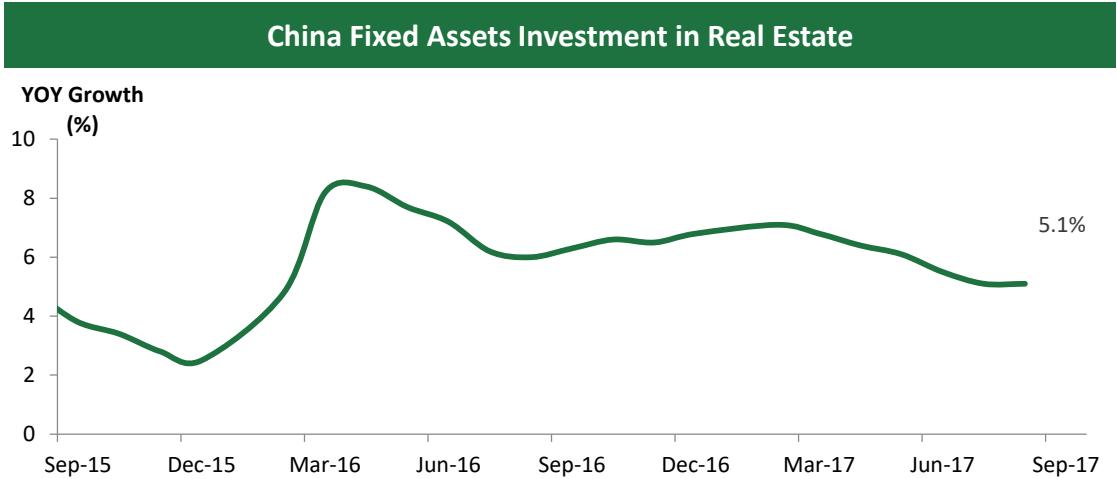
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Sediment control structures: 86 settling ponds, 32 silt traps, 34 dams, 24 sumps, 6 kms. canals

Healthy leading indicators for real estate development

Real estate sector in China remains resilient

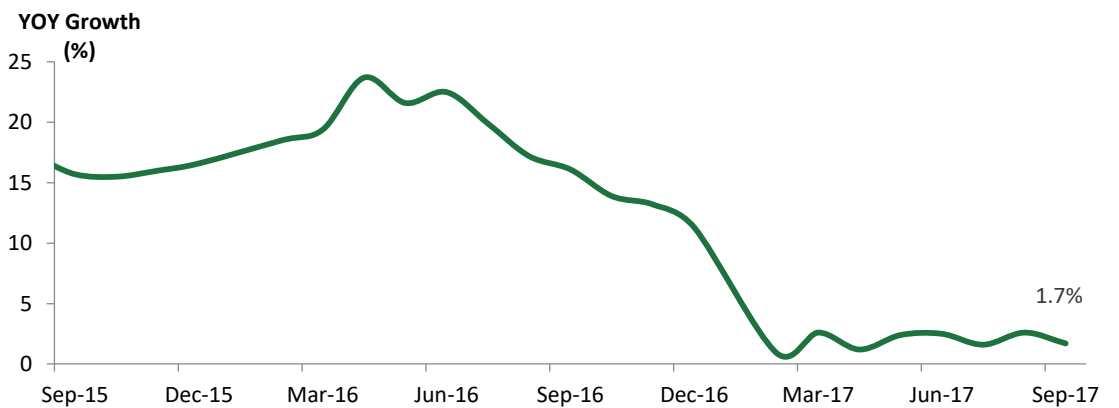


Source: Bloomberg, National Bureau of Statistics of China (as at 30 Sep 2017) except China Fixed Assets Investment in Real Estate and China Land Purchased for Real Estate as of 31 Aug 2017

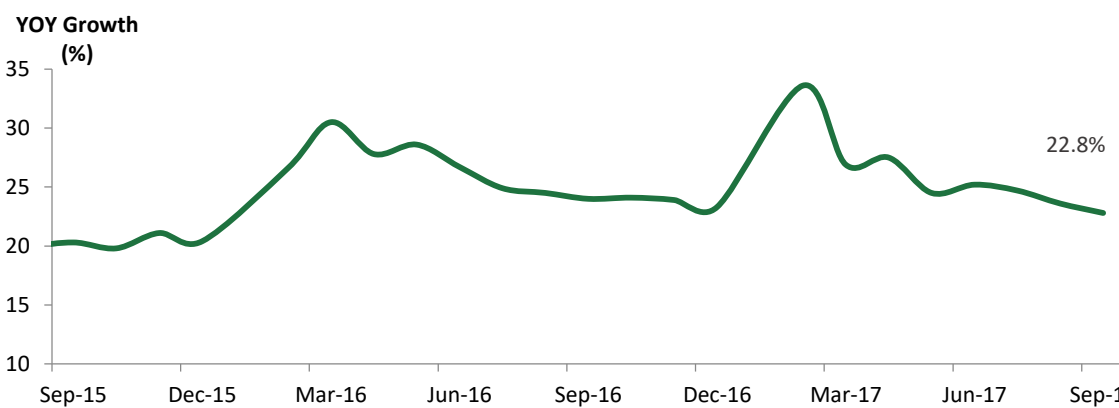
Healthy leading indicators for infrastructure

Heavy investments in power, transport, and water infrastructure continue to be favourable

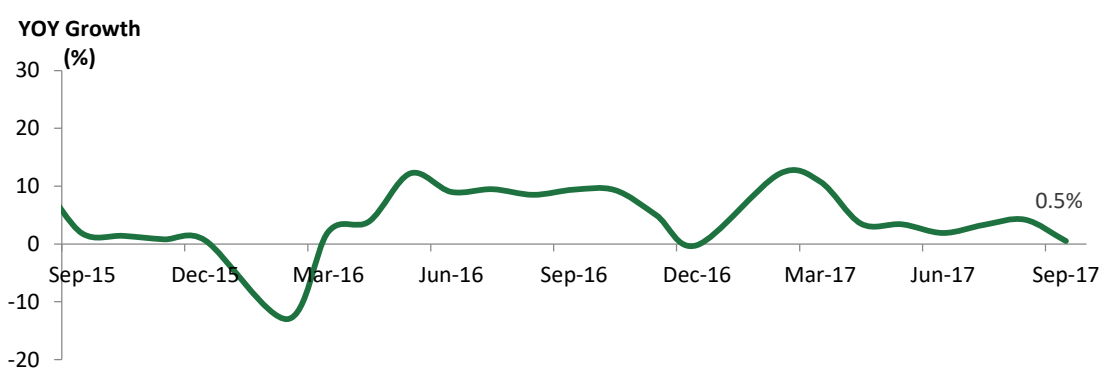
China Fixed Assets Investment in Supply of Power, Gas and Water



China Fixed Assets Investment in Water, Environment and Public Facilities



China Fixed Asset Investment in Railway Transportation

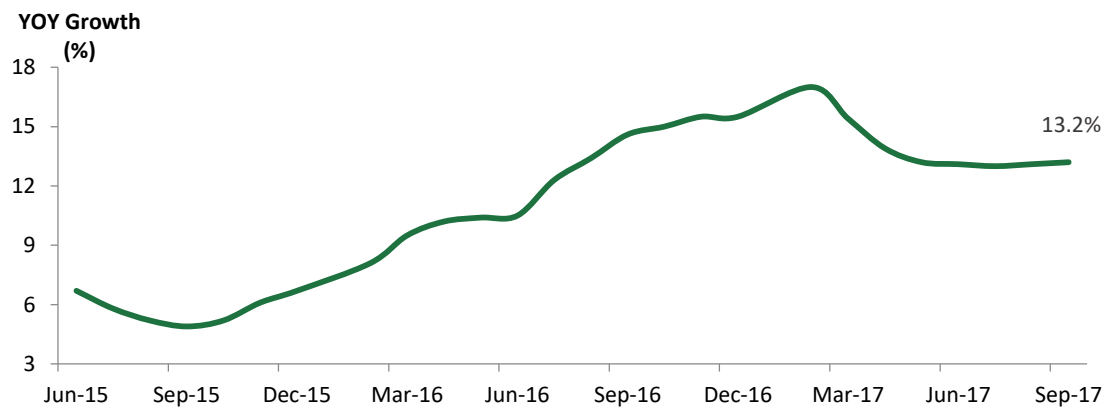


Source: Bloomberg, National Bureau of Statistics of China (as at 30 Sep 2017)

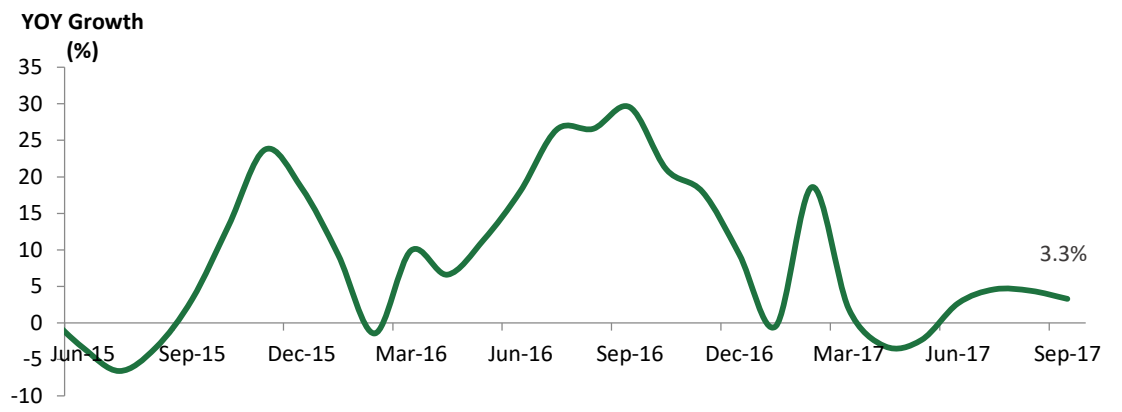
Healthy leading indicators for automobile

Demand for new energy vehicles holding up well on rising disposable incomes and government incentives to EV adoption

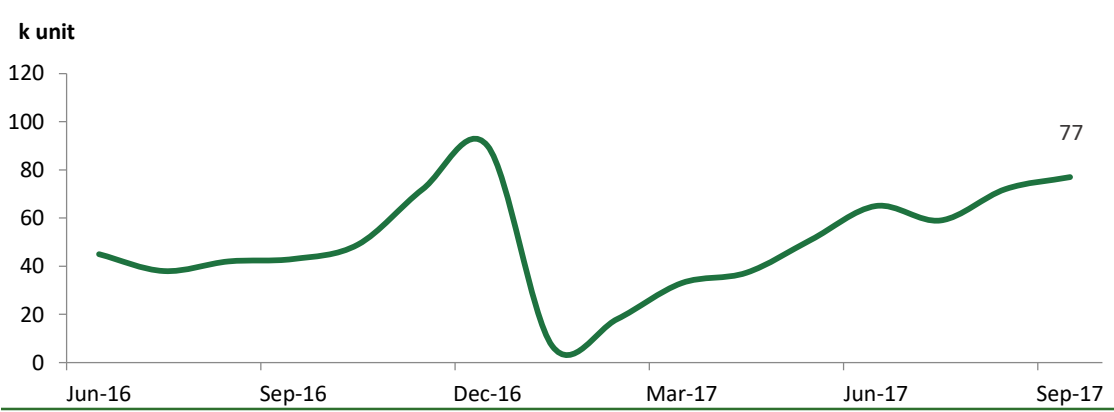
China Industrial Production of Automobiles



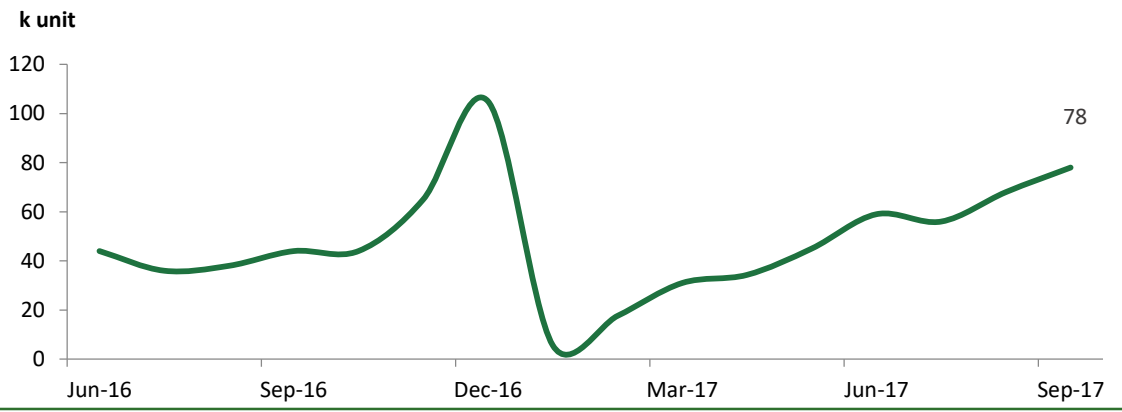
China Passenger Car Sales



China Production of New Energy Vehicles



China Sales of New Energy Vehicles



Source: Bloomberg, China Association of Automobile Manufacturers (as at 30 Sep 2017)