



Global Ferronickel Holdings, Inc.

Full-year 2017 Earnings Presentation
6 March 2018

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Summary

- Complex but strong nickel environment in China in 2017
 - Ore prices stage recovery as inventory drops
 - End-demand stable since 2016 with rising new energy vehicles
- Price recovery, operational efficiency and FX boost financial performance
 - Revenues were up 54% year-over-year to ₱5,815.6 million
 - Net income surged from ₱37.5 million to ₱779.7 million
 - EBITDA margin improved from 15.2% to 27.3% or ₱1,590.4 million
 - Cash operating costs reached record-low at ₱590.24 per WMT
- New exploration areas to raise existing resource base in 2018

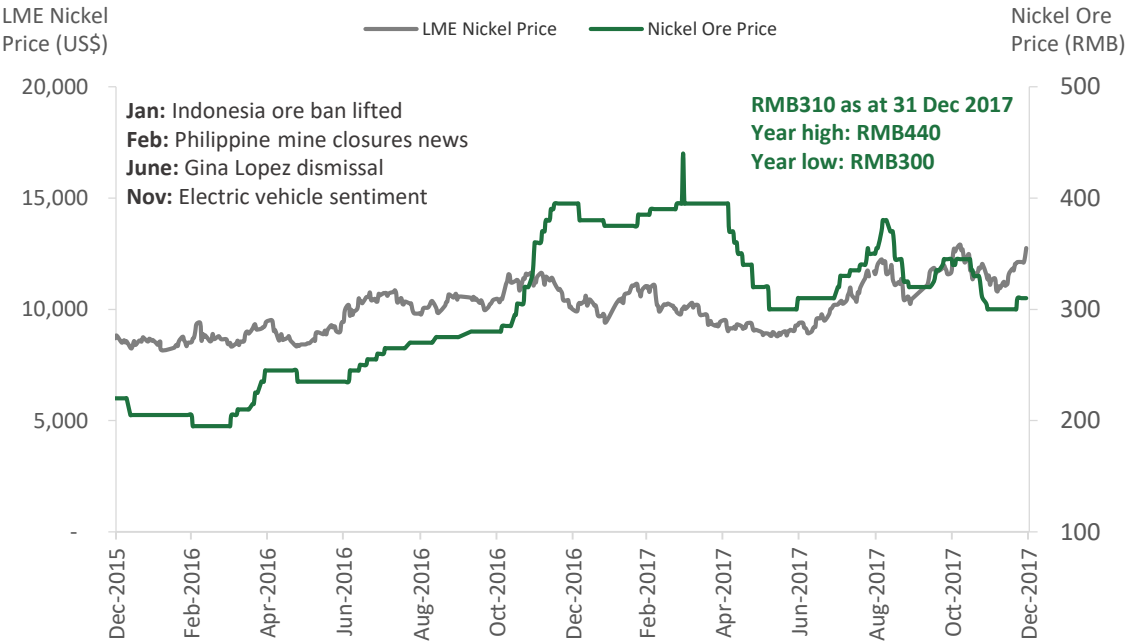
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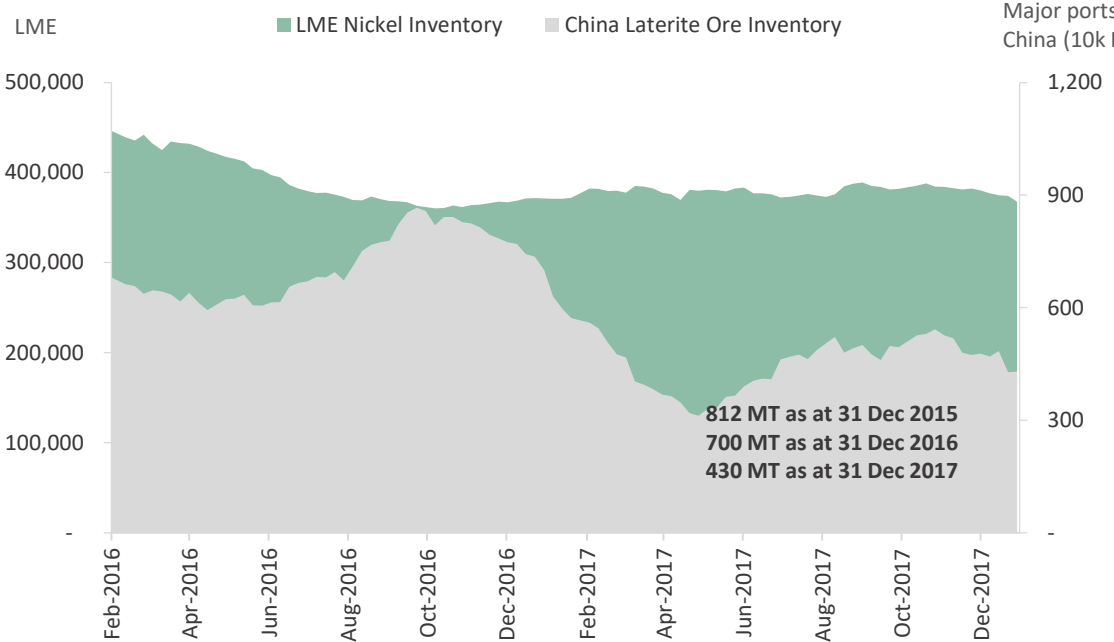
2017 Market Review

Ore prices stage recovery as China stocks slide

Nickel Price versus Nickel Ore Price



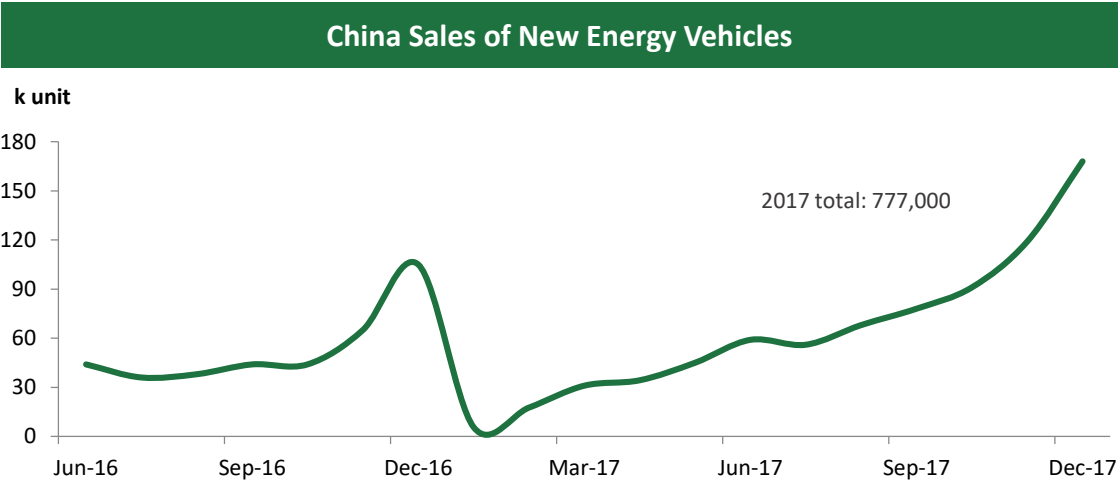
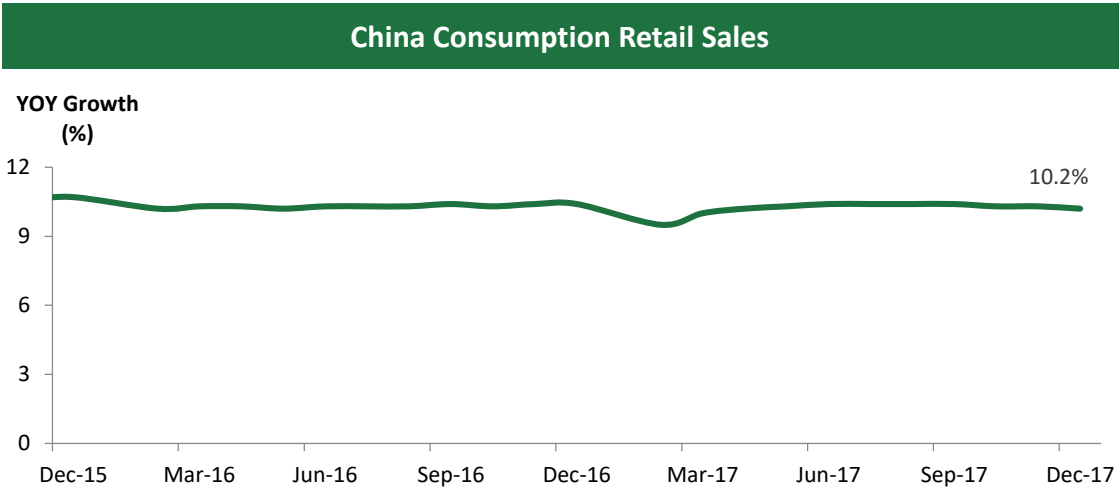
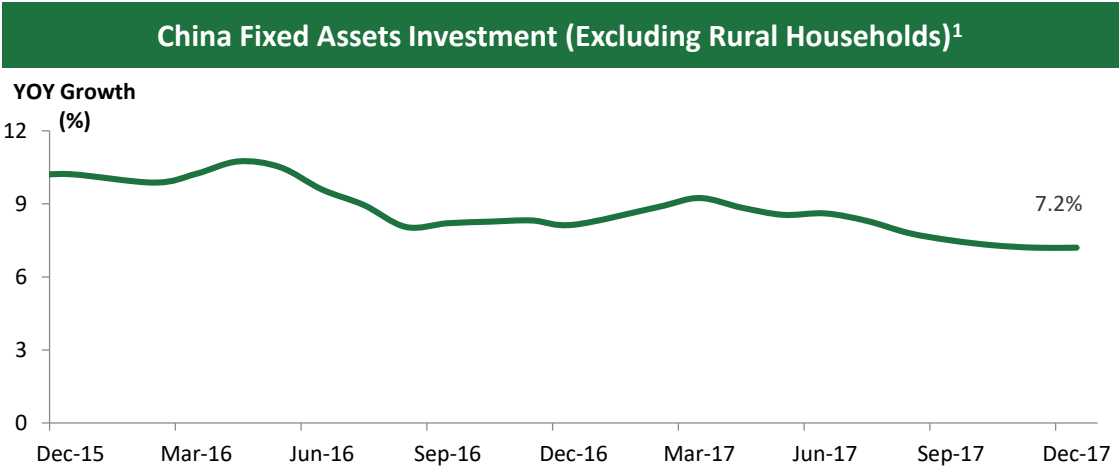
LME and China Laterite Ore Inventory



Average Price	2017	2016	change	Average Inventory	2017	2016	change
LME Nickel (US\$/ton)	10,469	9,648	9%	LME Nickel (ton)	379,434	395,383	-4%
China Nickel Ore (RMB/WMT)	346	256	35%	China Laterite Ore (10k MT)	459	712	-36%

Source: Bloomberg (as at 31 Dec 2017)
Nickel ore prices were referenced with Shanghai Metals Market China 1.4%- 1.6 % Nickel Ore Price Daily

End-demand in China stable since 2016 with rising new energy vehicles



Source: Bloomberg, National Bureau of Statistics of China, China Association of Automobile Manufacturers (as at 31 Dec 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 Review

The Cagdianao Mine comprises 4,376 hectares located in Sitio Kinalablaban Brgy. Cagdianao Claver, 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.

Volume growth highly linked to operational strength

2017

109 vessels shipped

5.971 million WMT

11 contractors

+23% rainy days

95% waste stripping reduction

Percentage of 6M WMT target achieved

99.5%

2016

80 vessels shipped

4.309 million WMT

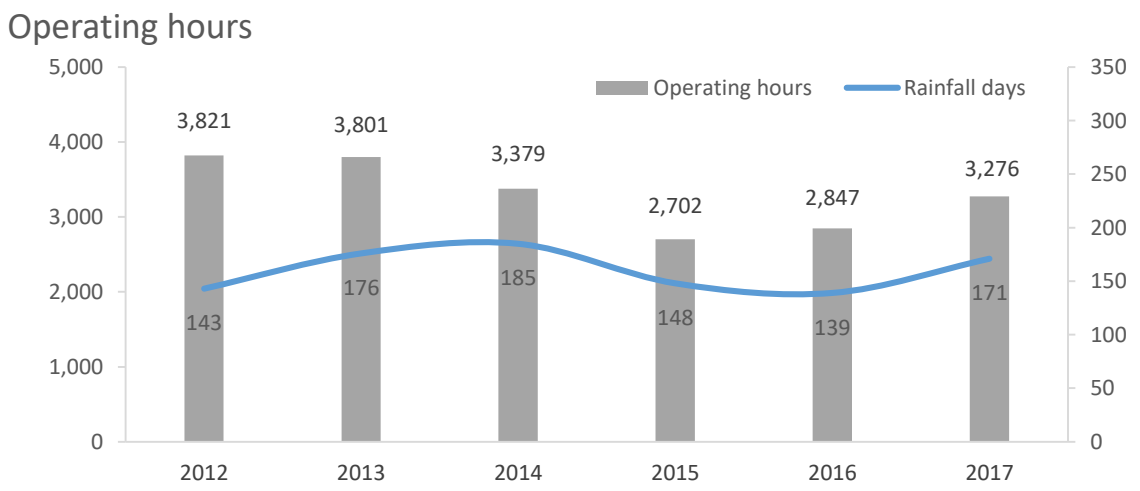
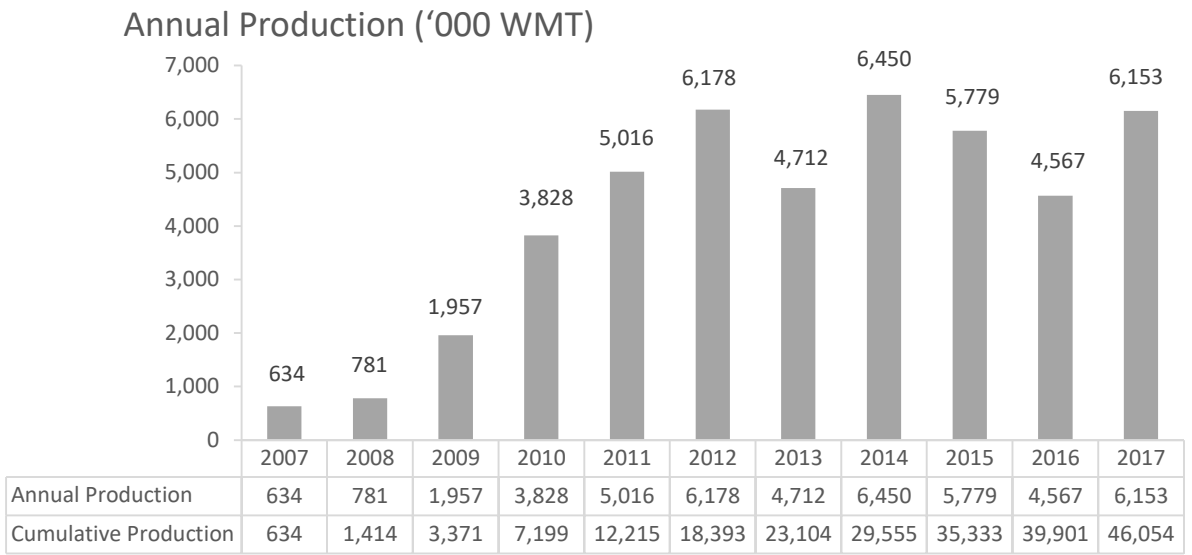
7 contractors

+15% operating hours

+21% equipment productivity

Highest one-day production loaded

58,768 WMT



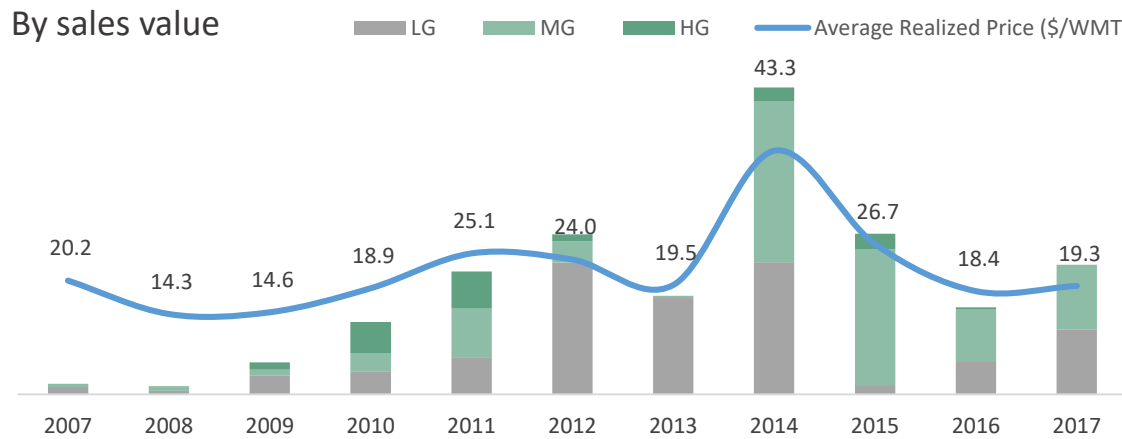
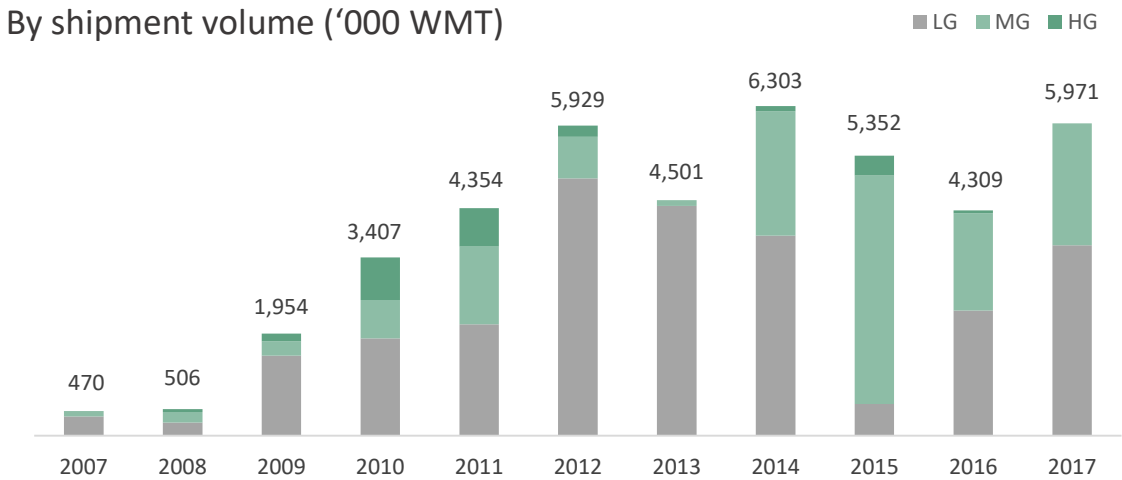


Financial Highlights

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

Flexible product offering addresses customer needs

Revenue Breakdown



Volume Analysis

	2017	2016	Change
Volume (million WMT)	5.971	4.309	39%
Limonite (Low grade)	3.641	2.396	52%
Saprolite (Med/High)	2.330	1.913	22%
Mix: Low vs. Med/High	61:39	56:44	

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

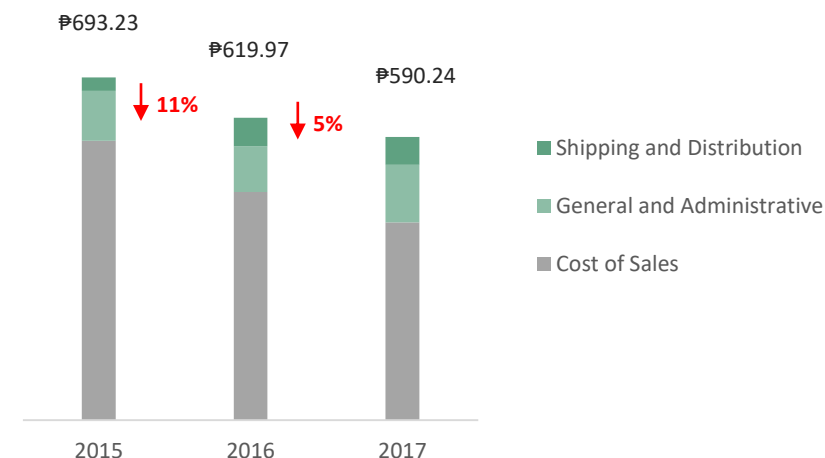
Price recovery, cost-effectiveness and FX boost financial performance

Summary Income Statement

(in PHP millions, unless otherwise indicated)

	2017	2016	change
Volume (million WMT)	5.971	4.309	39%
Average realized price (US\$/WMT)	19.29	18.36	5%
Sale of ore	5,815.6	3,773.7	54%
Operating income	1,132.7	210.9	437%
Operating margin (%)	19.5%	5.6%	
EBITDA	1,590.4	573.1	178%
EBITDA margin (%)	27.3%	15.2%	
Net income	779.7	37.5	1,980%
Net margin (%)	13.4%	1.0%	
Exchange rate (USD/PHP)	50.49	47.71	6%

Cash operating cost (PHP/ WMT)



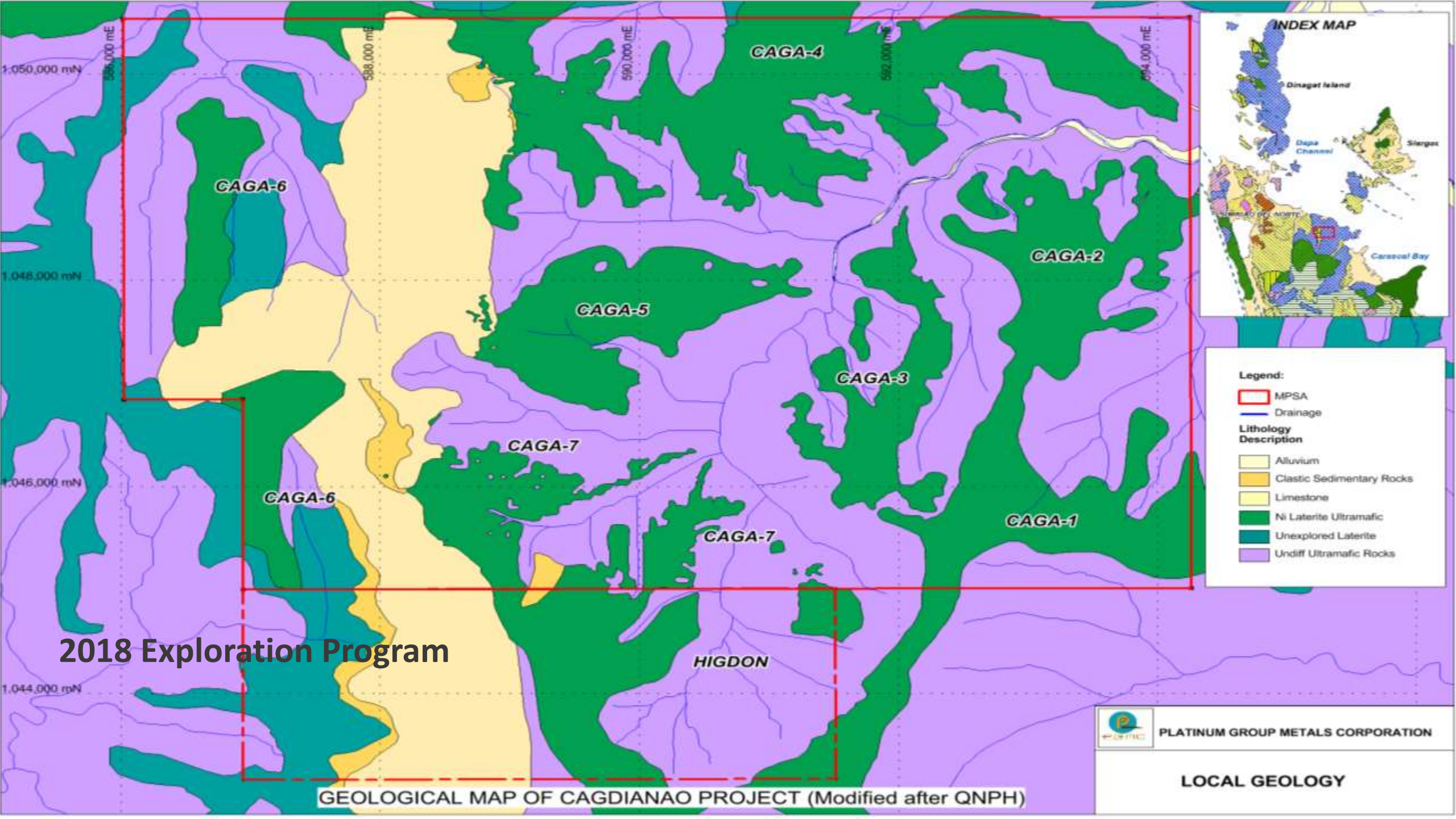
	2017	2016	change
Cost of sales	2,771.2	2,308.2	20%
Operating expenses			
Excise taxes and royalties	714.2	503.3	42%
General and administrative	808.7	460.9	75%
Shipping and distribution	388.8	290.4	34%

Financial position remains strong

Summary Balance Sheet		Capital Structure	
Cash	886.6	Total bank debts	749.7
Total current assets	3,682.1	Common shares	6,113.5
Property and equipment	2,003.3		
Total non-current assets	5,358.7		
Total current liabilities	1,805.5	Earnings per share	0.1368
Working capital	1,876.6	Book value per share	1.172
Net cash ¹	136.9	Return on Equity	12%
		Price/ Earnings (TTM)	19
		Price/ Book	2.24
		Share buyback (PHP million) ²	964.5

(1) Total bank debts minus cash

12 (2) Total amount of share buyback in 2017 was PHP964.5 million, representing 362,584,000 shares

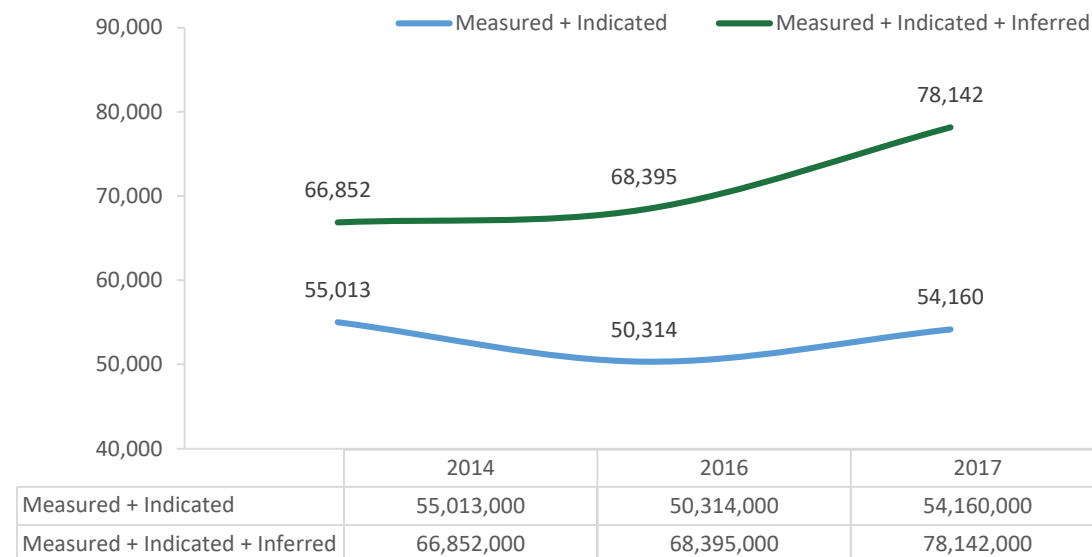


New exploration areas to raise existing resource base

Current Drilling Program (drill holes)

Areas	Target	Completed	Remarks
CAGA 1 (unmined)	919	606	Ongoing drilling
CAGA 2 (active)	29	-	For Drilling
CAGA 3 (unmined)	-	-	Completed
CAGA 4 (active)	1,398	668	Ongoing drilling
CAGA 5 (unmined)	536	-	Pending
CAGA 6 (unmined)	581	-	Ongoing geological mapping prior to drilling
CAGA 7 (unmined)	929	-	Ongoing geological mapping prior to drilling
HIGDON (unmined)	618	-	Pending
Total	5,010	1,274	

Mineral Resources (CAGA 1 to 5)



Exploration results announcement schedule

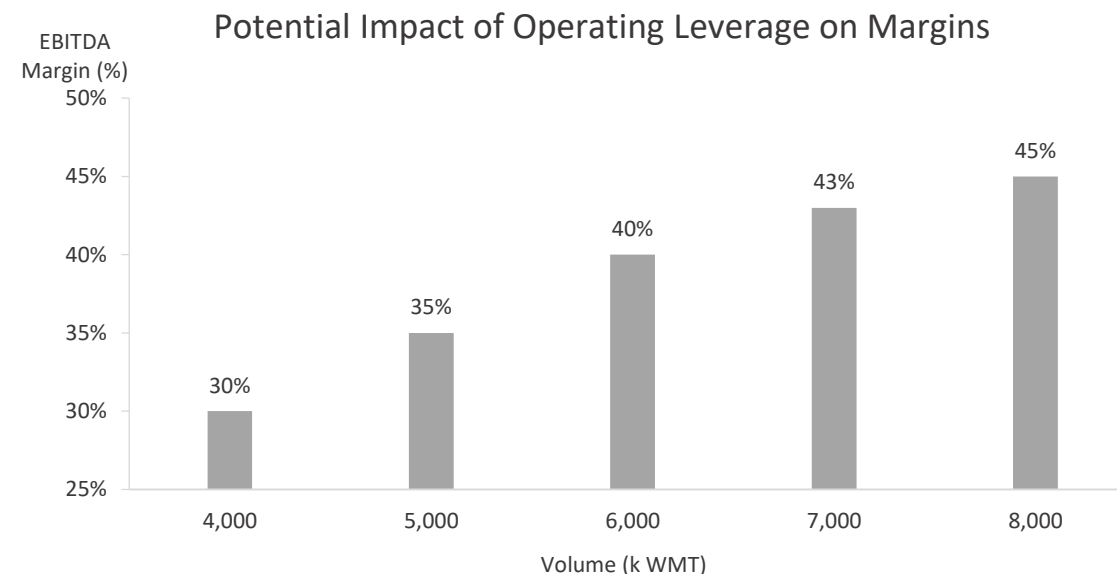
- June
- October – November



Market Preview

Global nickel supply demand balance

kt	2018	2019	2020
Mine production	2,228	2,347	2,397
Refined production	2,180	2,271	2,316
Consumption/Demand	2,206	2,275	2,322
Surplus/Deficit	-22.1	-3.15	-5.3



Outlook

- Reduced deficit estimate in 2018 due to expected growth in Indonesia and the Philippines
- Longer-term, laterite ores will be the main source of pure nickel and new nickel units

Assumptions

- LME price of US\$11,000
- Product mix – Low: 58%; Medium/High: 42%



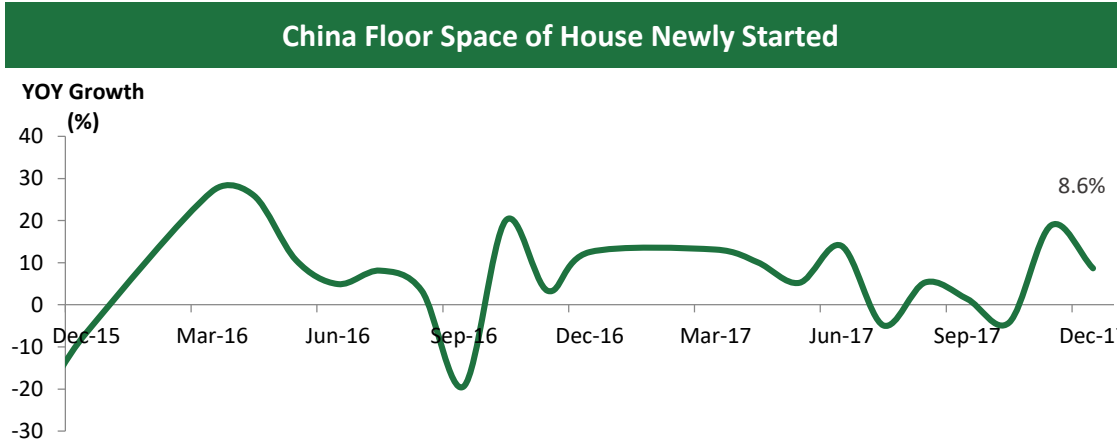
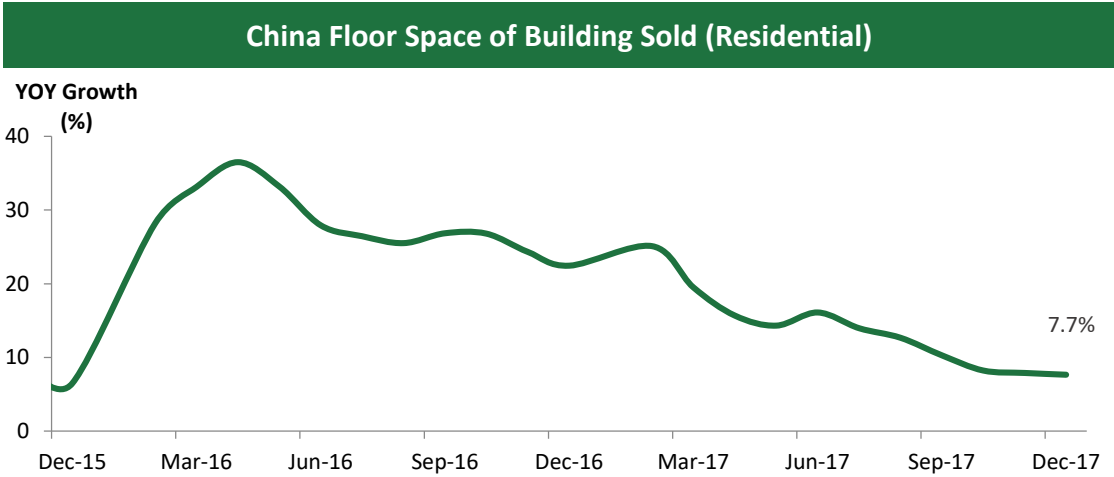
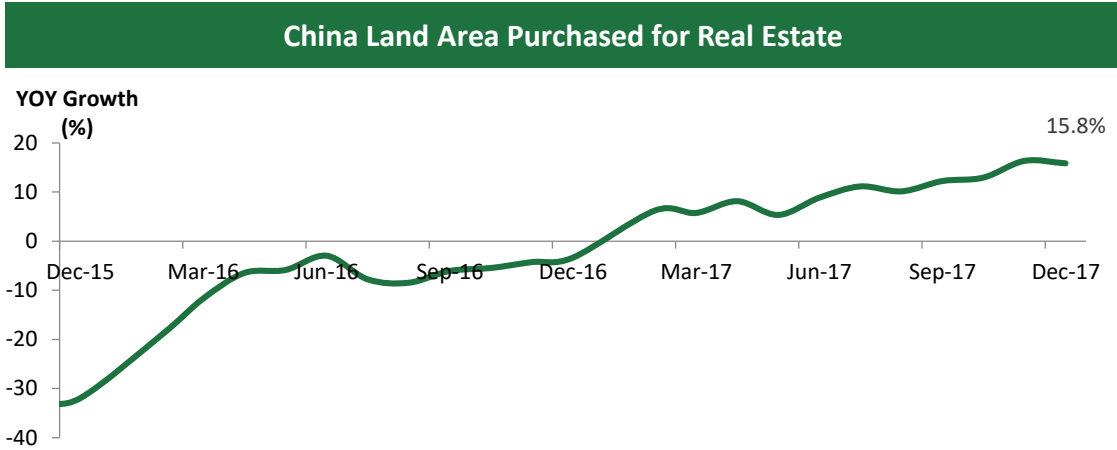
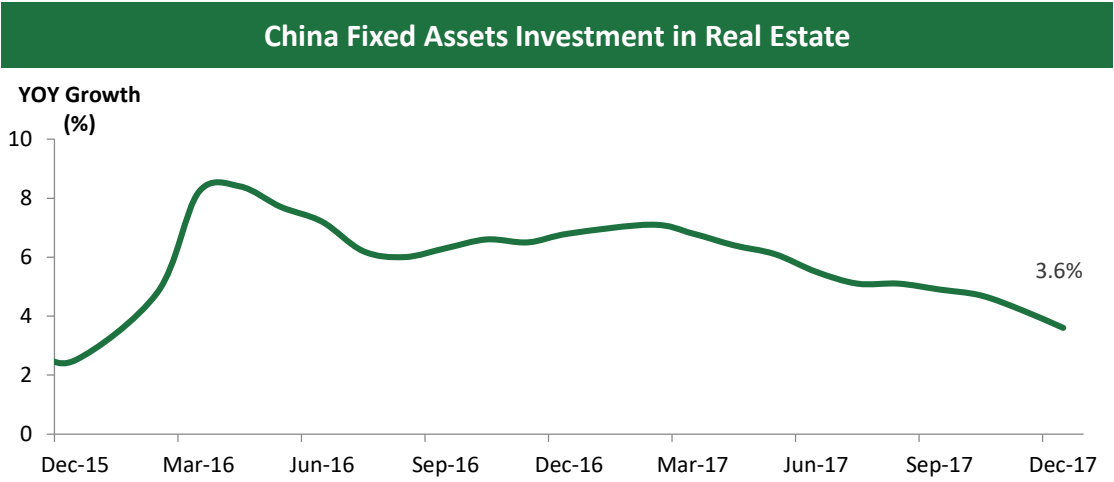
Appendices

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Leading indicators for real estate development

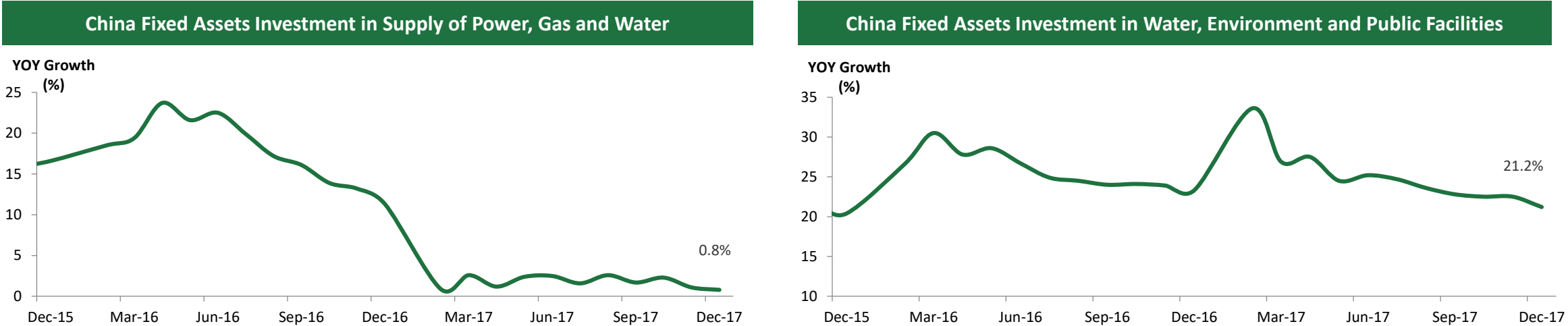
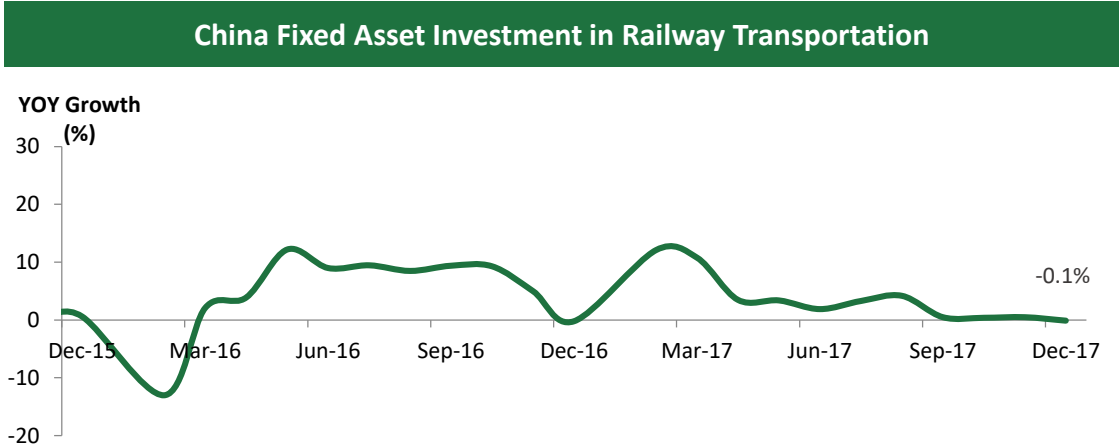
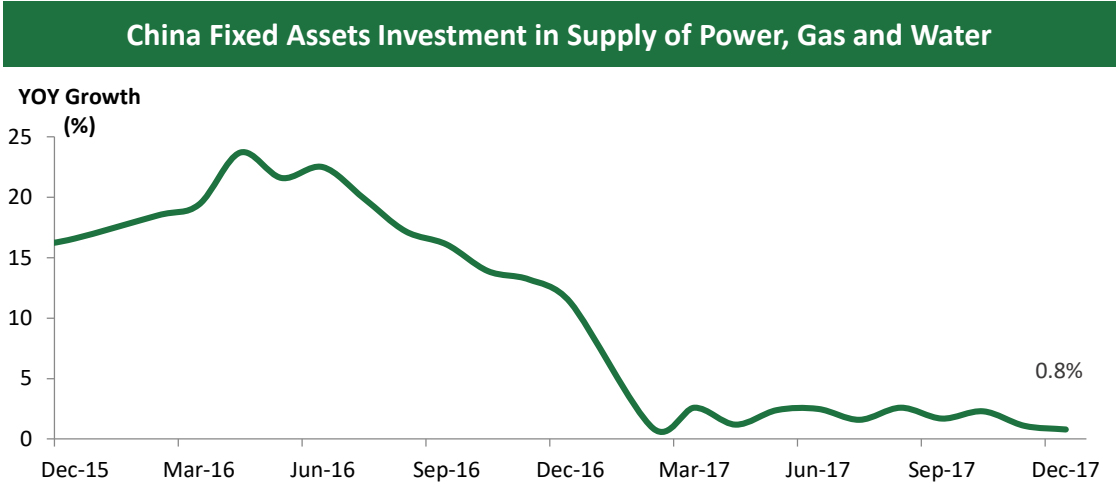
Slower but still in positive territory for China's real estate development



Source: Bloomberg, National Bureau of Statistics of China (as at 31 Dec 2017)

Leading indicators for infrastructure

Water, environment and public facilities remain the key focus area of infrastructure

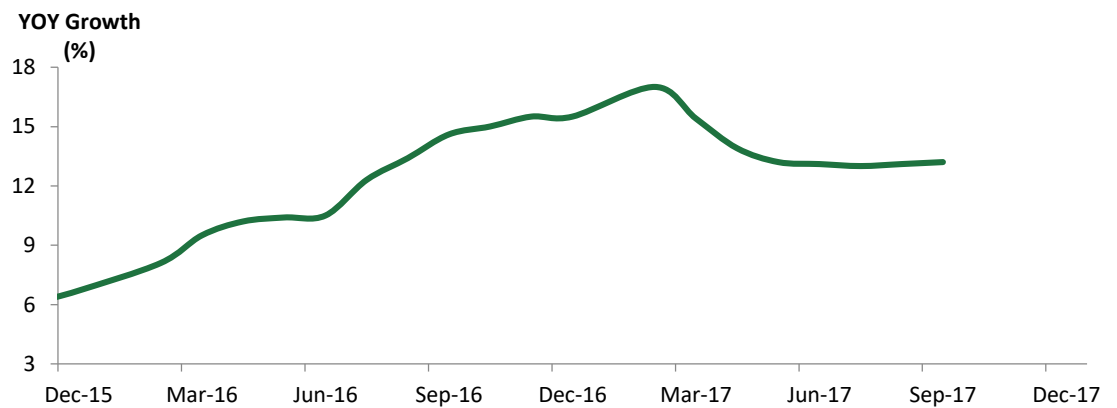


Source: Bloomberg, National Bureau of Statistics of China (as at 31 Dec 2017)

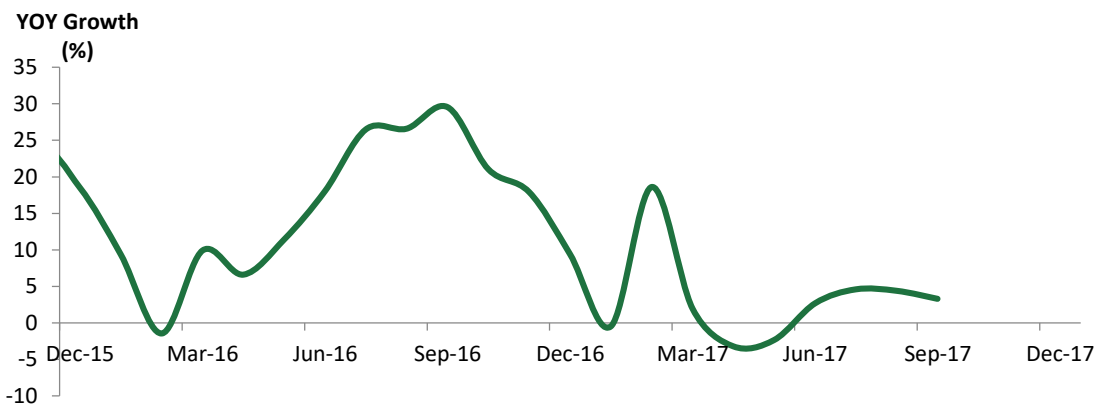
Leading indicators for automobile

New energy vehicles enjoy double-digit growth on rising disposable incomes and government incentives to EV adoption

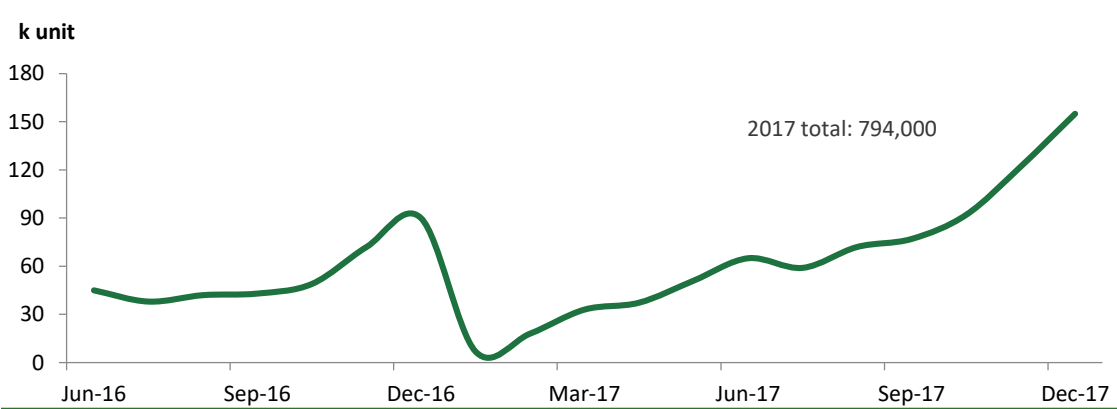
China Industrial Production of Automobiles



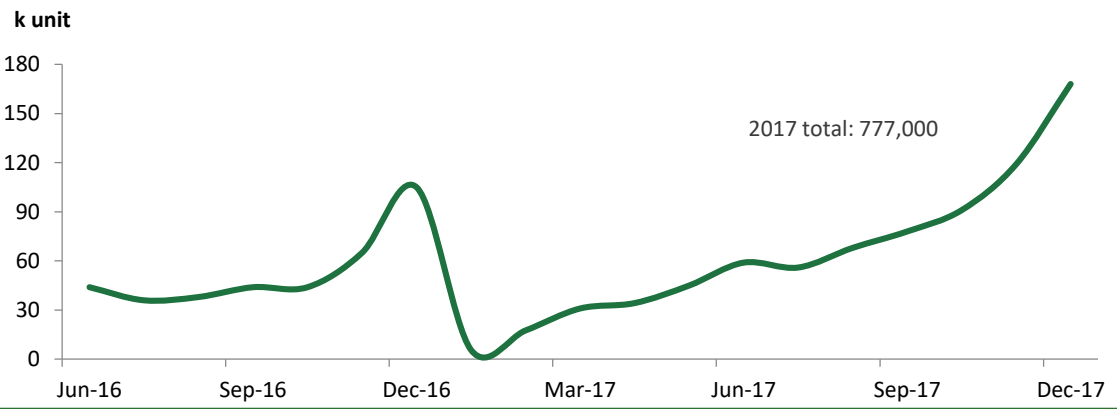
China Passenger Car Sales



China Production of New Energy Vehicles



China Sales of New Energy Vehicles



Source: Bloomberg, China Association of Automobile Manufacturers (as at 31 Dec 2017 except Industrial Production of Automobiles and Passenger Car Sales, as at 30 Sep 2017)