

# 2Q24 RESULTS CONFERENCE

# 2024

**FESA**  
B3 LISTED N1



# Notice



*Companhia de Ferro Ligas da Bahia* – FERBASA (B3: FESA3 & FESA4), Brazil's main supplier of ferroalloys and the only Ferrochrome producer in the Americas, discloses the results related to the **operational and financial performance of the second quarter of 2024**, whose quarterly information was prepared in accordance with accounting practices adopted in Brazil, based on the *Lei das Sociedades por Ações* (a Model Business Corporation Act – MBCA-like law), in the standards and the announcements of the *Comissão de Valores Mobiliários – CVM* (*Securities and Exchange Commission of Brazil*), and the *Comitê de Pronunciamentos Contábeis - CPC* (*Accounting Announcements Committee*) and in the IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB). This presentation contains forward-looking statements and information regarding FERBASA, which are based on assumptions and expectations, which may or may not materialize, and are therefore not guarantees of the Company's future performance. Although FERBASA believes that the assumptions and expectations used are reasonable, we warn investors that this information is and will, as appropriate, be subject to risks and other factors related to the Company's operations and business environments, so that actual results may differ from the projections, expressed or implied, contained in this material. FERBASA expressly disclaims the duty to update the statements, prospects and expectations contained in this document.



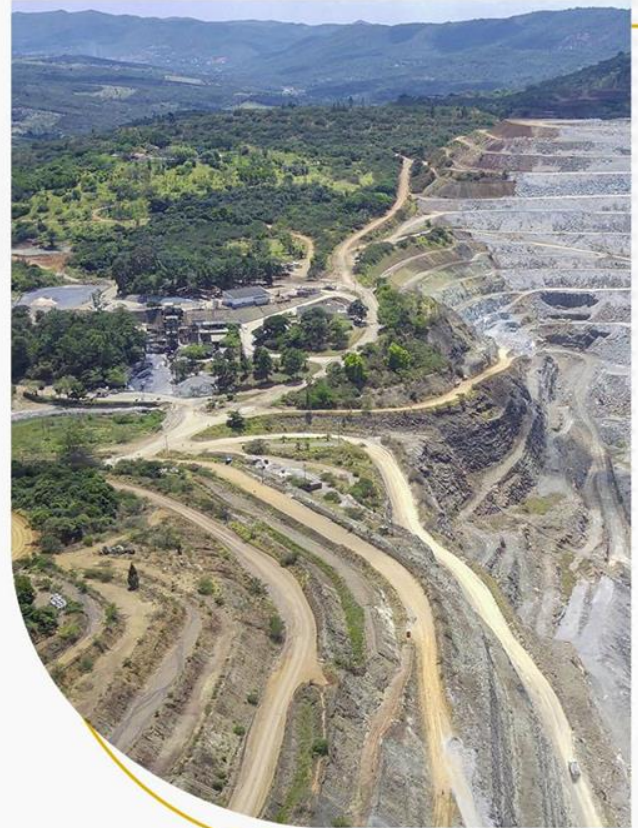
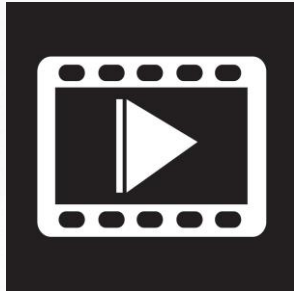
# AGENDA

1. Institutional Vision
2. Highlights of the period
3. Operational and financial performance
4. Capital Market
5. Market Overview
6. Update of Strategic Projects





# Institutional Video



# Business Units



**Coke Supply**

A red-bordered box containing the text "Coke Supply" and an image of several stacks of black coke.



**Mineração de Cromo**  
Hard Lump/ Concentrado

510,000 t/year

A red-bordered box containing the text "Mineração de Cromo" and "Hard Lump/ Concentrado", the production volume "510,000 t/year", and two images: a large open-pit mine and an underground tunnel.

**Mineração de Calcário**

22,000 t/year

A red-bordered box containing the text "Mineração de Calcário" and the production volume "22,000 t/year", with an image of piles of limestone.

**Mineração de Quartzo**

100,000 t/year

A red-bordered box containing the text "Mineração de Quartzo" and the production volume "100,000 t/year", with an image of a conveyor belt carrying quartz ore.

**Produção Florestal**  
Biorredutor

135,000 t/year

A red-bordered box containing the text "Produção Florestal" and "Biorredutor", the production volume "135,000 t/year", and an image of a field of green crops.

**Metalurgia**  
Ferroligas

342,000 t/year

A red-bordered box containing the text "Metalurgia" and "Ferroligas", the production volume "342,000 t/year", and an image of a large industrial facility at night.

**Corporativo**  
128 Employees

A red-bordered box containing the text "Corporativo" and "128 Employees", with an image of a modern office building.

**Complexo Eólico**

92 Wind Turbines

A blue-bordered box containing the text "Complexo Eólico" and "92 Wind Turbines", with an image of a wind farm.

✓ **5,396 JOBS CREATED**  
Among direct and indirect employees

✓ **26 CITIES**  
Operating in the State of Bahia

# Verticalization of operations

## Safety and quality in the production of Cr and Si alloys



### Chromite Mining



Production - 510,000 t/year

### Limestone Production



Limestone - 22,000 t/year

### Production of Quartz



Quartz - 100,000 t/year

### Production of Bioreducer



Bioreducer - 135,000 t/year

### Power Generation



Wind - 92 Wind Turbines

### Metallurgy - FeCr



Ferrochrome in 8 furnaces  
229 thousand t/year



HC Ferrochrome



Ferrosilicon Chrome



LC Ferrochrome

### Metallurgy - FeSi



Ferrosilicon in 6 furnaces  
113 thousand t/year



Ferrosilicon STD and HP

### 7 Wind Farms

Installed Power - 170.2 MW  
Physical guarantee - 81 Average MW  
PPA - Multi-Annual Plan (Government)  
- up to 2036

# 2Q24 x 1Q24 Highlights



- **Adjusted EBITDA reached R\$99.5 million** and grew 26.9%.
- **Consolidated net income reached R\$56.8 million** and increased 38.2%.
- **Cash consumption of R\$125.6 million in 1H24.**



- **Stability (+ 0.5%) in sales volume**, with small variations in the domestic market (- 0.8%) and foreign market (+ 1.7%).
- **Reduction of 4.5% in the average sales price**, in dollars, of ferroalloys.
- **Increase of 4.0% in the average dollar rate** charged.



- **2.4% decrease in the COGS** of ferroalloys, basically due to lower production costs for electricity and coke.



- **2.7% decline in ferroalloy production**, with a 2.4% decrease in the manufacture of chromium alloys and a 3.2% decrease in silicon alloys. In the case of HP FeSi, there was an 8.0% reduction.



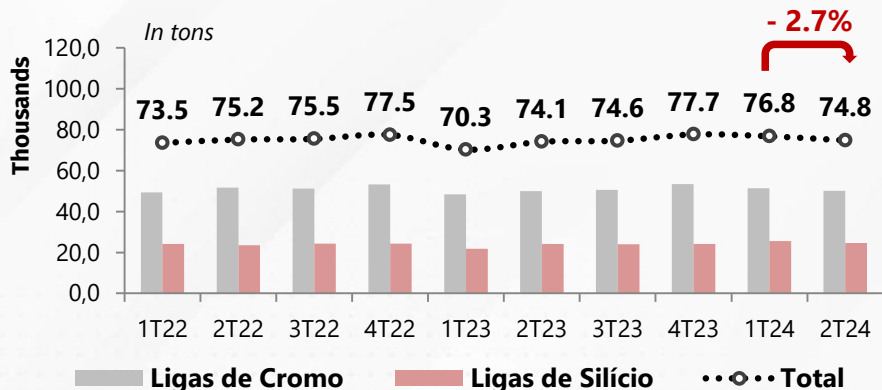
- **22.4% reduction in financial results** due to the 10.1% drop in financial revenue, in line with the drop-in interest rates, and the 32.6% increase in financial expenses, due to the raising of funds.



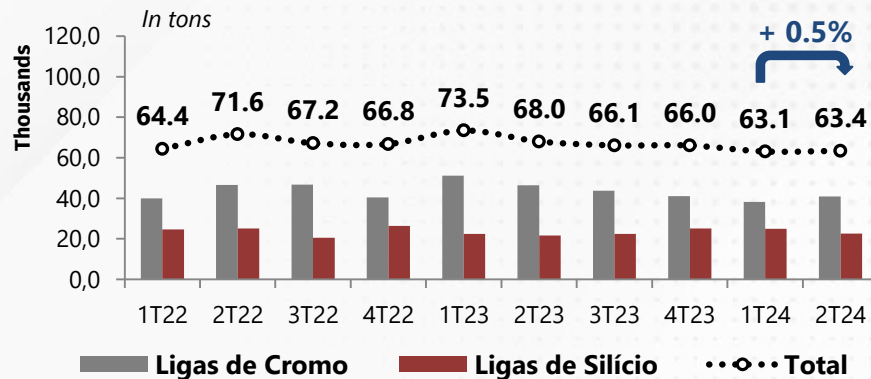
- **CAPEX reached R\$72.0 million** and increased by 71.4%.
- **Income in the amount of R\$17.5 million**, in the form of JCP, related to the profit of 1Q24.



## Production of Ferroalloys



## Sales of Ferroalloys



- **Ferroalloy production decreased by 2.7%** compared to 1Q24, with reductions of 2.4% in chromium alloys and 3.2% in silicon alloys. **HP FeSi** production decreased by 8.0% in 2Q24, reaching 41.8% of the total silicon alloys produced.
- **Stability (+0.5%) in ferroalloy sales in 2Q24**, compared to 1Q24, with the following configuration:
  - Increase of 1.7% in the ME**, derived from the combination of the 23.9% increase in sales of chromium alloys and the 12.6% reduction in silicon alloys, alloys that have been impacted by US protectionist actions;
  - Slight reduction of 0.8% in the MI**, in line with the 1Q24 result, reinforcing the challenging moment of the national steel industry due to the growth in steel imports, mainly those of Chinese origin.

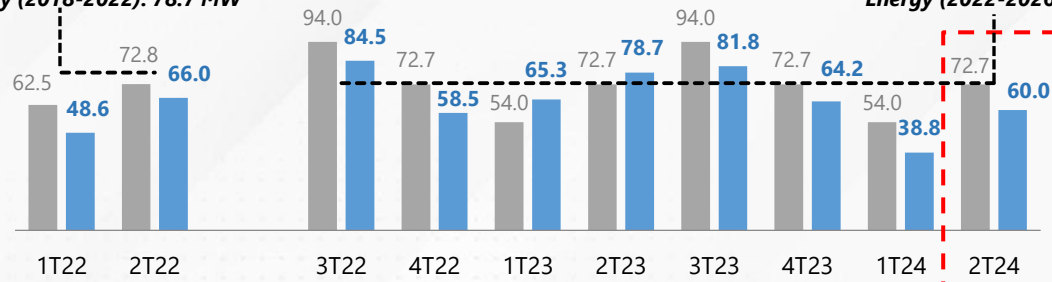


## Evolution of contracted energy x Net Generation

■ Energia Contratada (MW Méd.)    ■ Geração de Energia (MW Méd.)

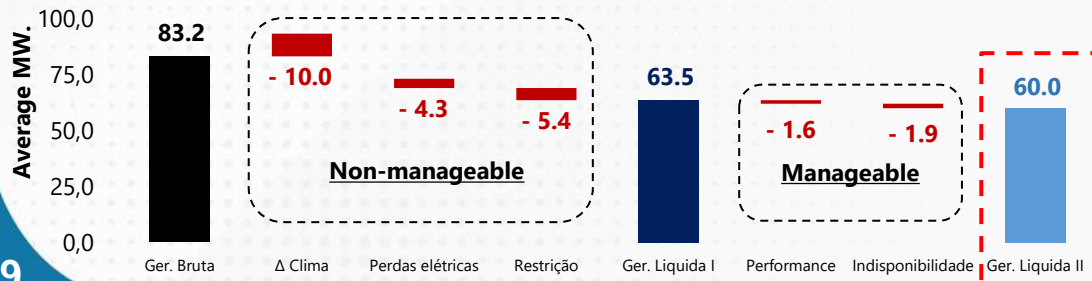
Annual average contracted energy (2018-2022): 78.7 MW

UPDATED Annual Average Contracted Energy (2022-2026): 73.3 MW



- In 2Q24, BWG's electricity generation reached an average of 60.0 MW, 17.5% lower than the average of 72.7 MW contracted for the period.

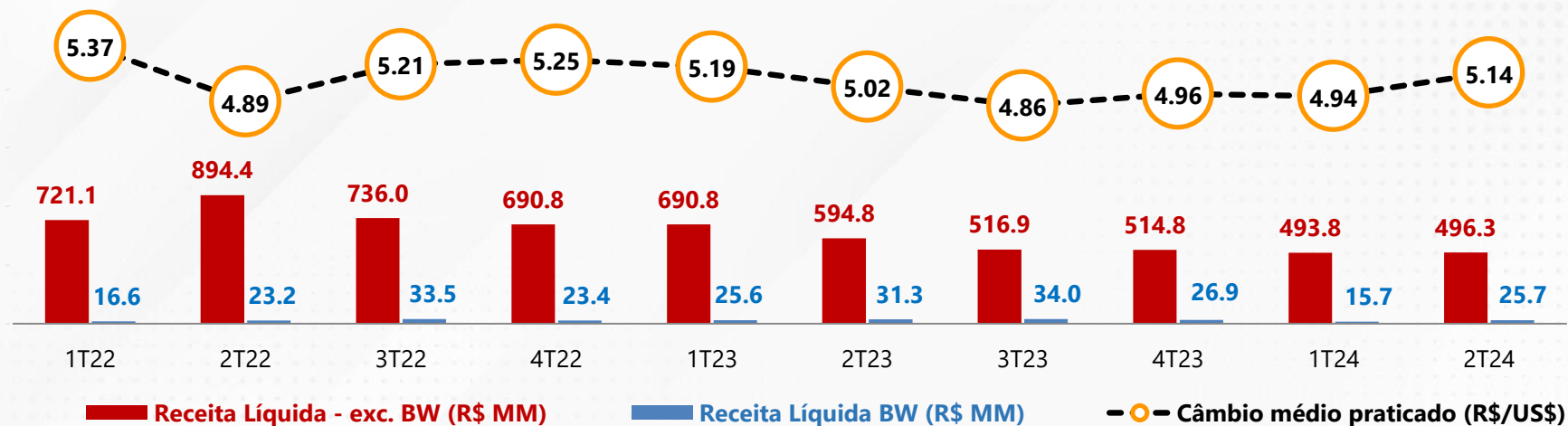
## Expected Gross Generation x Net Generation – 2Q24



- The deviations recorded in non-manageable factors (- 19.7 MW average) were decisive for the energy generation observed in 2Q24, with a negative highlight for the weather.
- The manageable factors (- 3.5 MW average) were influenced by the performance of the equipment and damage to wind turbines, especially the generator and gearbox.



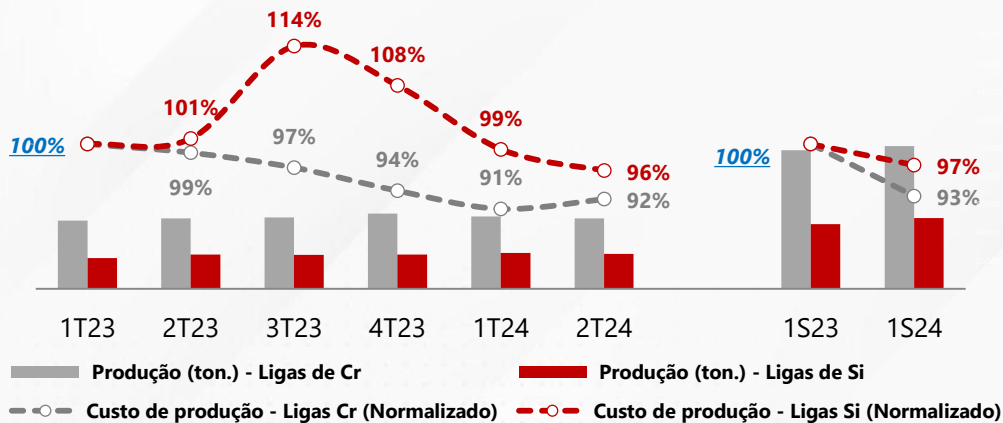
# Net Revenue and Exchange Rate Variation



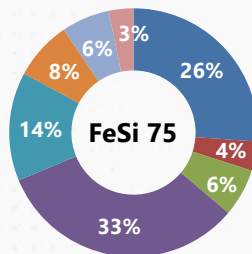
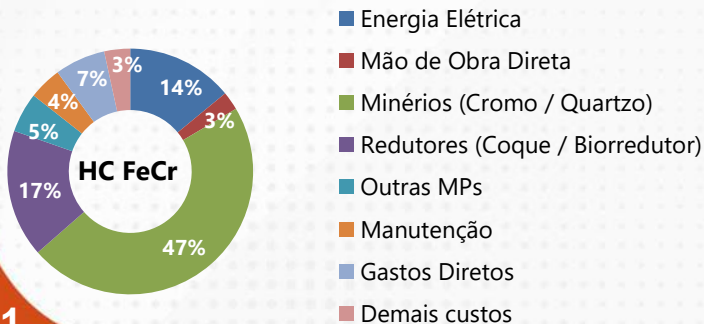
- Consolidated net revenue in 2Q24 totaled R\$522.0 million and increased 2.5% compared to 1Q24, resulting from the combination of **stability in sales volume (+0.5%)**, a **4.0% increase in the average dollar rate** and a **4.5% drop in the average price of ferroalloys in dollars**.
- In 2Q24, **the External Market represented 53% and the Internal Market 47%** of total net revenue.



# Evolution of Production Costs



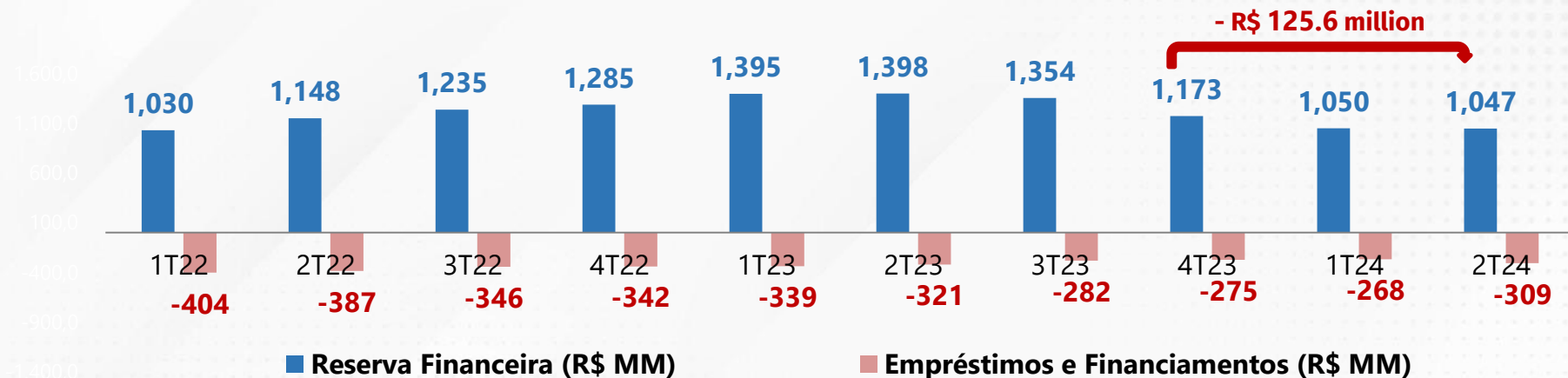
## Composition of Production Costs – 1H24



## HIGHLIGHTS IN THE PRODUCTION COSTS 1H24 x 1H23

- **14.4% reduction in the COGS of ferroalloys**, justified by the 10.6% decrease in sales volume, in addition to reflecting lower production costs for electricity and coke.
- **20.5% drop in the cost of electricity consumed**, basically as a result of the reduction in the average tariff due to the optimization of the energy contract portfolio.
- **HC FeCr: reduction in coke costs**, mainly due to the decline in the international price of coal.
- **LC FeCr: reduction in the costs of your reducer, the FeSi Cr** produced internally and directly benefited by the reduction in the cost with HC FeCr.
- **FeSi 75: reduction in cost** due to the reduction in electricity costs, in addition to the dilution in fixed costs due to the increase in production.

# Financial Reserve and Indebtedness



## HIGHLIGHTS OF CASH CONSUMPTION OF R\$ 125.6 MILLION IN 1H24 :

- ✓ **Operating income of R\$16.7 million**, including changes in working capital, interest payments and taxes;
- ✓ **Distribution of income** in the amount of **R\$17.5 million**;
- ✓ **Amortization of loans and financing** in the amount of **R\$26.7 million**;
- ✓ Realization of **R\$114.0 million in CAPEX** and **R\$ 37.8 in acquisition of equity interest**;
- ✓ **Raising of financial resources** through an exchange contract (ACC) in the amount of **R\$56.5 million**.



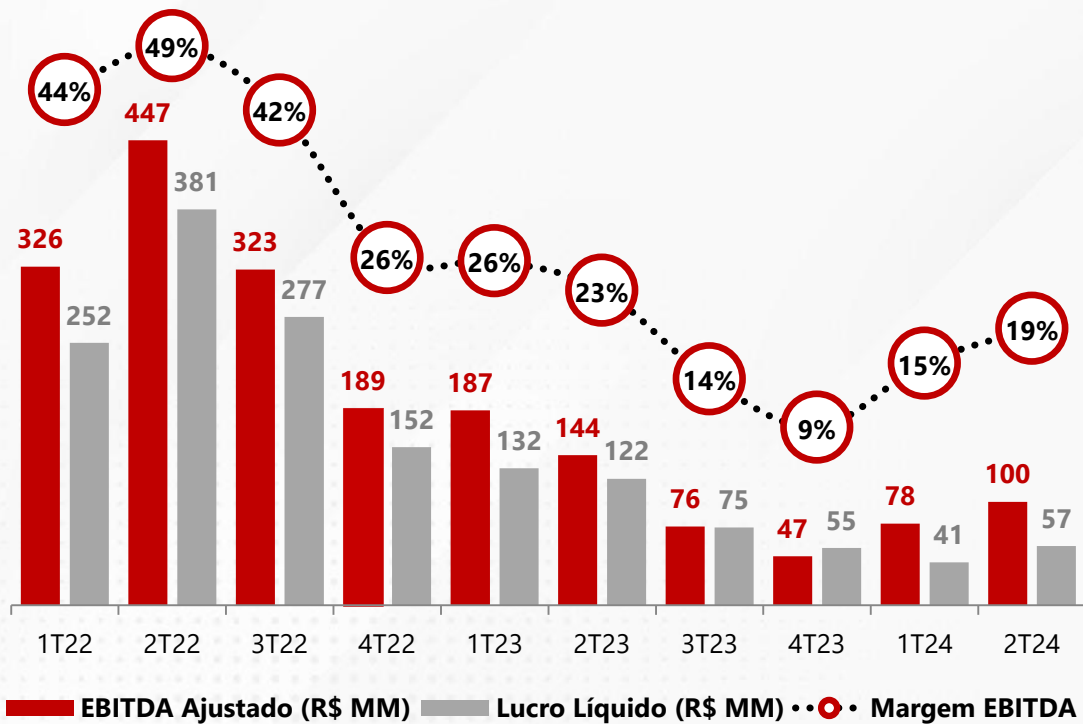
Financial Result (R\$ millions)	2Q24	1Q24	Δ%	2Q23	Δ%	1H24	1H23	Δ%
Financial performance								
Financial income	31.3	34.8	-10.1%	46.7	-33.0%	66.1	84.1	-21.4%
Financial expense	(12.6)	(9.5)	32.6%	(14.4)	-12.5%	(22.1)	(28.2)	-21.6%
Net exchange variation	2.8	2.4	16.7%	(2.8)		5.2	(3.1)	
<b>Total</b>	<b>21.5</b>	<b>27.7</b>	<b>-22.4%</b>	<b>29.5</b>	<b>-27.1%</b>	<b>49.2</b>	<b>52.8</b>	<b>-6.8%</b>

## FINANCIAL RESULT HIGHLIGHTS – 2Q24

- **Financial revenue of R\$31.3 million** decreased 10.1% compared to 1Q24, mainly due to the reduction in the interest rate.
- **Financial expenses of R\$12.6 million** increased 32.6% compared to 1Q24 due to the raising of financial resources through foreign exchange contracts (ACC) in this quarter.
- **The positive net exchange variation of R\$2.8 million** in 2Q24 was impacted by the exchange rate fluctuation in the period.
- Between **1H24** and **1H23**, there was a **6.8% decrease** in the financial result.



# Profit and adjusted EBITDA - consolidated



## PROFIT HIGHLIGHTS 2Q24 vs. 1Q24

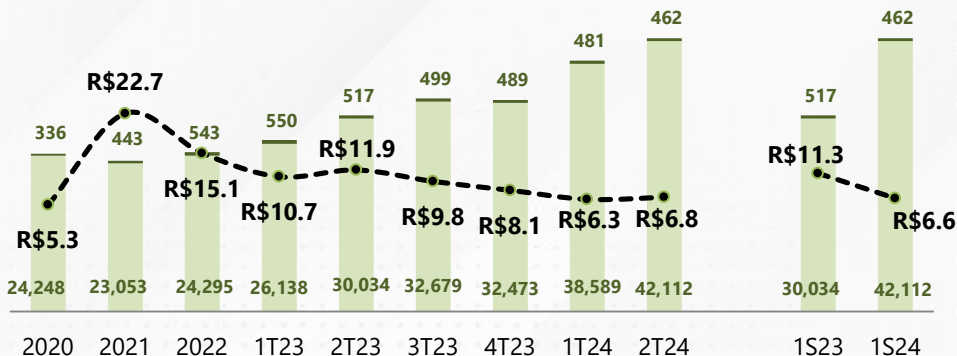
- **Stability (+ 0.5%)** in the sales volume of ferroalloys.
- **4.5% reduction** in the average dollar price of ferroalloys.
- **4.0% increase** in the average dollar price charged.
- **2.4% contraction** in the COGS of ferroalloys.
- **22.4% decrease** in the financial result.
- **BWG** reported a **loss** of R\$5.0 million.



## Stock liquidity (ADTV) – FESA4

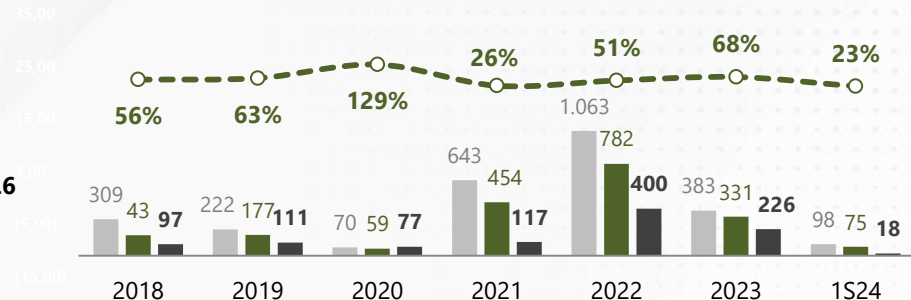
(ref. 06/30/2024)

■ Qtd. de Acionistas - PJ  
 ■ Qtd. de Acionistas - PF  
 -●- ADTV da FESA4 (Valor negociado médio por dia) - em R\$ milhões



## Dividends distributed by fiscal year – FESA4

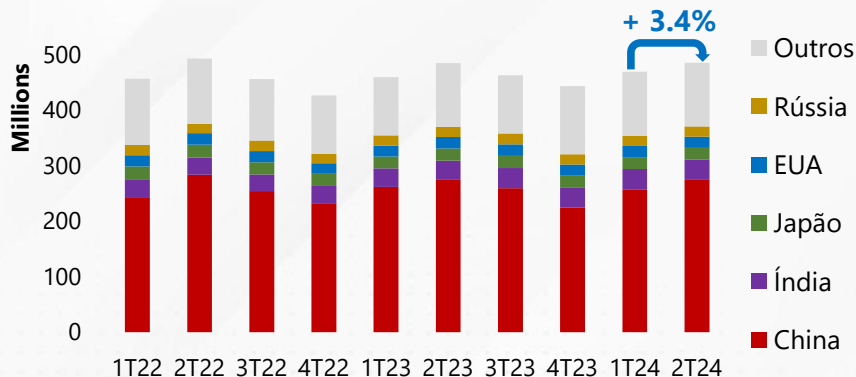
■ Lucro Líquido consolidado (R\$ MM)  
 ■ Lucro Ajustado - base para distribuição (R\$ MM)  
 ■ Total de Proventos (R\$ MM)  
 -○- Payout do Lucro Ajustado (%)



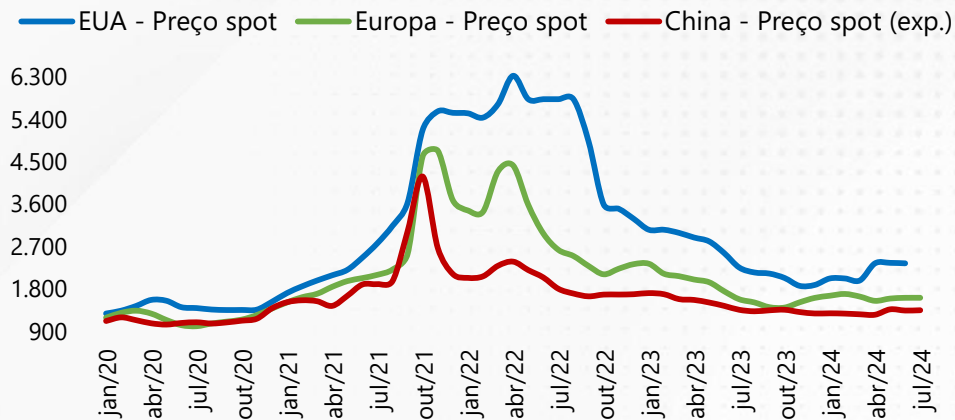
- **ADTV reached R\$6.6 million in 1H24 and fell 41.9%** compared to the same period in 2023, influenced by the combination of growth in the average volume of PNs traded and a decline in the average price of FESA4.
- **In June/24, FERBASA credited the payment of R\$17.5 million in dividends** in the form of JCP, reaching a **payout of 23%** in relation to **the adjusted profit for 1H24**.



## World crude steel production – ton.



## FeSi 75 price evolution (realized) – USD/t

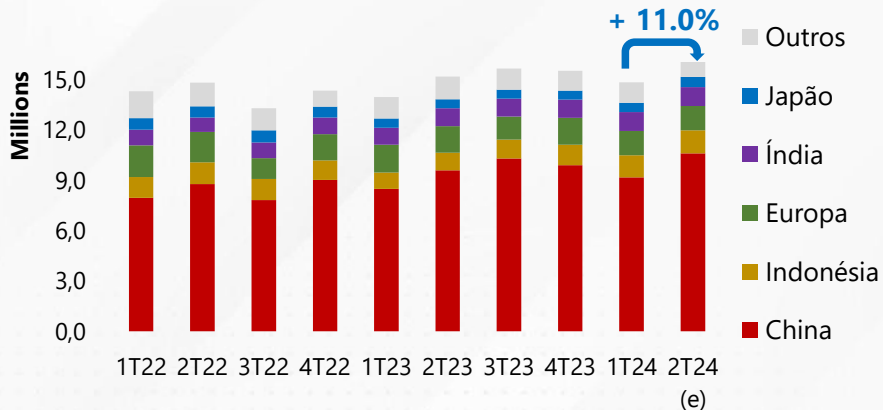


- **According to the IABr, in 2Q24, Brazilian crude steel production remained stable (-0.8%) compared to 1Q24**, reflecting the positive moment in apparent consumption, which grew 8.3%, combined with a 16.2% decline in exports and a 10.7% increase in imports. In 1H24, production grew 2.4% compared to 1H23, reflecting the increase in demand (+6.0%) and the impact of imports (+23.9%);
- **The price of FeSi 75 grew strongly in the US** in April/24 due to the start of the antidumping investigation against Brazil, Kazakhstan, Malaysia and Russia, collectively responsible for 70% of the country's silicon alloy imports in 2023;
- **In Europe and China, prices remained stable**, even with the increase in demand between 1Q24 and 2Q24, due to the reduction in costs in China and the excess supply in Europe, stimulated by the redirection of volumes that would go to the US.

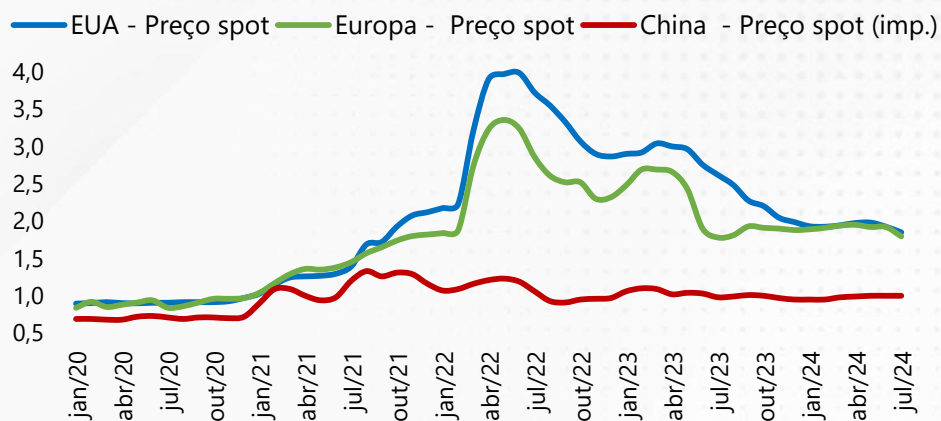




## World production of stainless steels – ton.



## HC FeCr price evolution (realized) – USD/lb



- According to estimates from specialized reports, **in 2Q24, Brazilian stainless steel production remained constant (-0.3%)** compared to 1Q24. In relation to the first half of this year, production increased by 9.4% compared to 1H23.
- **The price of Chinese HC FeCr grew again between 1Q24 and 2Q24**, after 4 consecutive quarters of contraction, driven by the record production of stainless steel in China in May/24 and June/24. Furthermore, in June/24, **UG2 reached its highest price level during the current upward cycle** (USD 320/t). In 2Q24, the average price of UG2 increased by 7.1% compared to 1Q24.

# Strategic Projects



**Competitive Energy**



**Production of ferroalloys**



**Bioreducer Supply**



**Coke**



**Ferbasa**



**Chromium Ore**

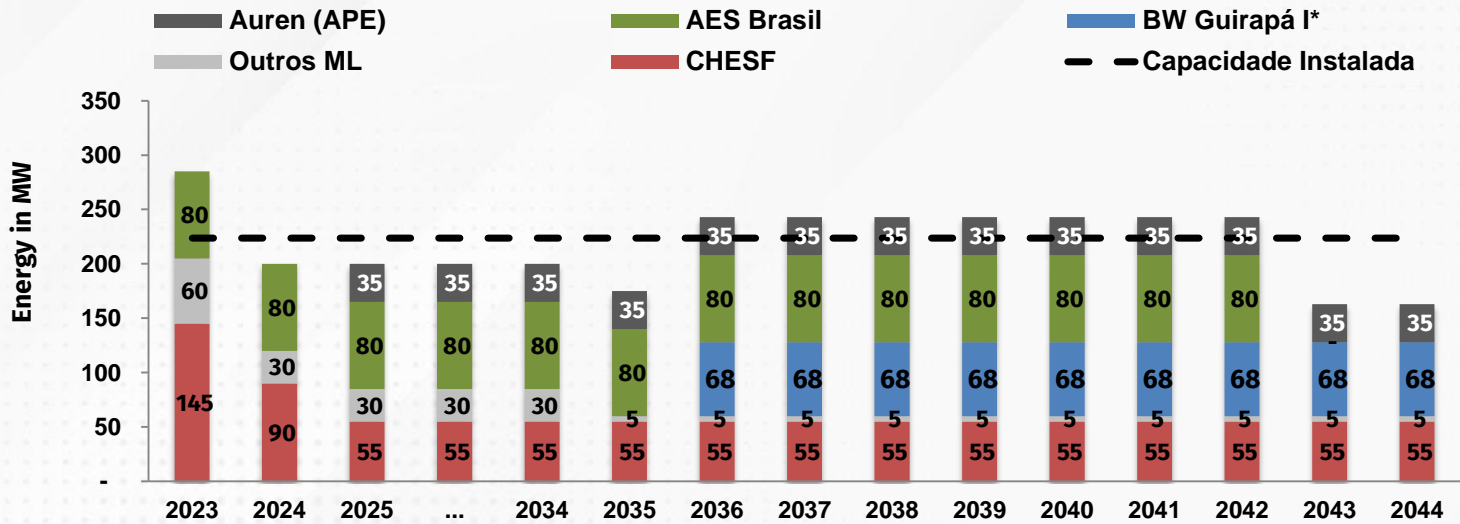
**Limestone**





# Competitive Energy

FERBASA has, among its Strategic Projects, the **COMPETITIVE ENERGY** Project, which aims to implement projects that ensure the supply of electricity at competitive prices.



BW Guirapá I\*: average production between 2018 and 2022





do empenho  
nasce o

*futuro*

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**Carlos Henrique Temporal**

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