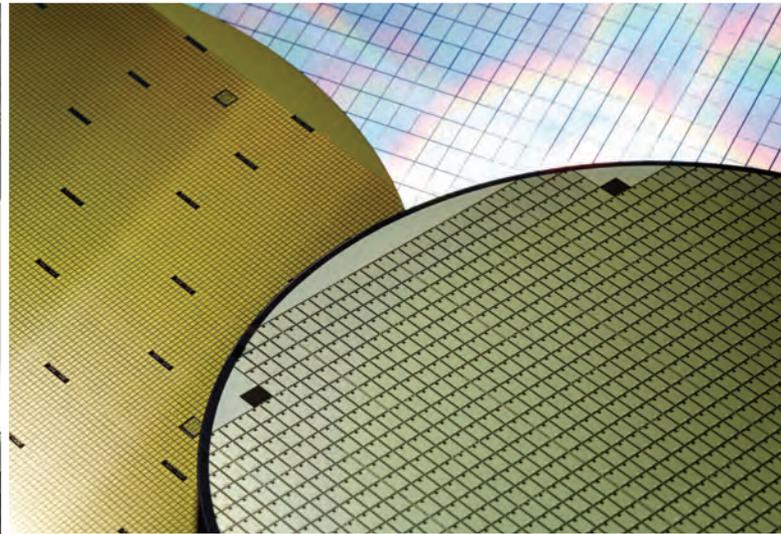


WE'RE A LEADER IN

functional coatings and color solutions

2016 ANNUAL REPORT AND FORM 10-K

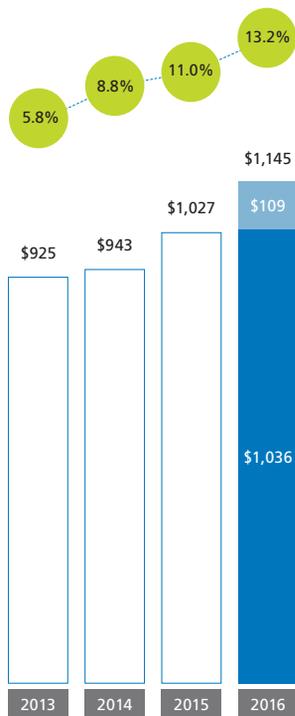


FERRO CORPORATION (NYSE: FOE) is a leading global supplier of technology-based functional coatings and color solutions. Ferro supplies functional coatings for glass, metal, ceramic and other substrates and color solutions in the form of specialty pigments and colorants for a broad range of industries and applications. Ferro products are sold into the building and construction, automotive, electronics, industrial products, household furnishings and appliances markets. The Company divides its businesses into three reporting segments: Performance Coatings (metal and ceramic coatings), Performance Colors and Glass (glass coatings), and Pigments, Powders and Oxides (color solutions). Headquartered in Mayfield Heights, Ohio, the Company has approximately 5,125 associates globally.

FINANCIAL HIGHLIGHTS

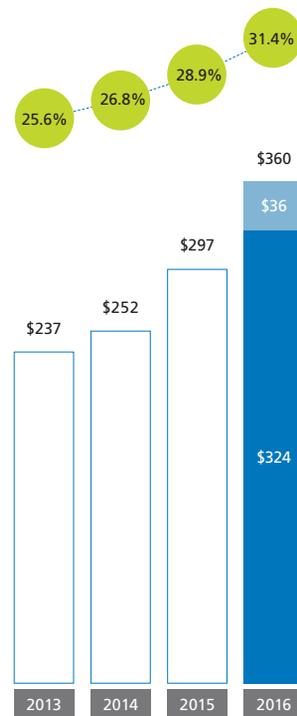
(Dollars in millions)

NET SALES



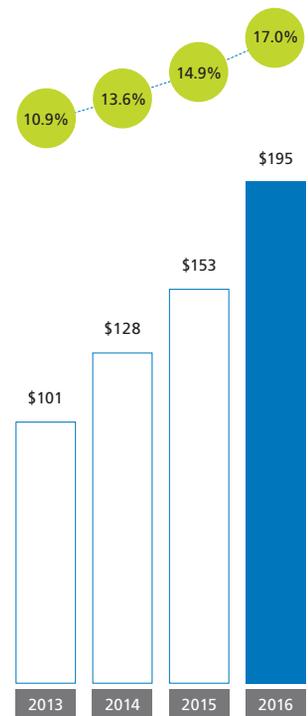
■ Base Sales
 ■ Acquisition Sales
 ■ Operating Margin

ADJUSTED GROSS PROFIT



■ Base Adjusted Gross Profit
 ■ Acquisition Adjusted Gross Profit
 ■ Adjusted Gross Profit Margin

ADJUSTED EBITDA



■ Adjusted EBITDA
 ■ Adjusted EBITDA Margin

Non-GAAP Financial Information: Continuing Operations excluding Discontinued Operations and Other Divestitures; Adjusted Gross Profit Margin; Constant Currency Results; Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA); are non-GAAP measures. These non-GAAP measures have been reconciled to the comparable GAAP measures within tables immediately following the Company's Annual Report on Form 10-K.

Over the past four years, the Company has been transformed from a diversified specialty chemicals company into a focused provider of functional coatings and color solutions. Through the transformation, profitability has improved substantially, as we upgraded the business portfolio, reduced expenses, and optimized manufacturing capabilities.

The Company is now well-positioned to accelerate organic and inorganic growth.

This annual report may contain “forward-looking statements” as defined under the Private Securities Litigation Reform Act of 1995. Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied in this annual report. These statements speak only as of the date of this annual report. Further information concerning issues that could materially affect financial performance related to forward-looking statements can be found in Ferro’s Annual Report on Form 10-K, a copy of which is included in this annual report, and the Company’s periodic filings with the SEC. The Company undertakes no obligation to update any forward-looking statements.

FELLOW SHAREHOLDERS:

2016 was another successful year for Ferro Corporation. Our commercial operations teams around the world delivered increased sales volumes and gross profit margins in all three business segments while maintaining a disciplined focus on managing costs, resulting in increased adjusted EPS and cash flow. We moved forward with our inorganic growth initiatives by acquiring five more companies that extend and enhance our portfolio of products and services and by integrating and generating value from prior-year acquisitions. We also drove organic growth through new product development and through utilization of technological, manufacturing and geographic synergies across our businesses.



Taking a longer view, we have leveraged our strengths to improve performance through the three phases of the value creation strategy initiated in late 2012. The first phase of the strategy was devoted to simplifying the business, removing redundancies and reducing costs. In the second phase – the portfolio evolution stage – we harvested non-core businesses to transform the Company into a focused provider of functional coatings and color solutions. In 2016, we transitioned to the third phase, which focuses on accelerated growth. We are now squarely within this phase and look forward to executing on our robust organic and inorganic pipelines.

Through this transformation, we have created an asset-light, heavy-touch business model. This model prioritizes maintaining an efficient global manufacturing footprint with relatively low fixed costs, while providing continuous, highly-responsive technical support for the needs of our customers, especially in the areas of product development and manufacturing

processes. This asset-light, heavy-touch model, coupled with our high product quality and reliability of supply, give Ferro significant competitive advantages. These are just some of the reasons we maintain a leadership position in the vast majority of our revenue base.

STRATEGIC PROGRESS IN 2016 PERFORMANCE

Our success in transforming Ferro and building a more attractive, higher-value-added business portfolio generated strong performance in 2016.

On a constant currency basis, our net sales in 2016 increased to \$1.15 billion from \$1.03 billion, an 11.1 percent improvement over 2015. Gross profit increased to \$351.2 million from \$301.7 million, an increase of 16.4 percent, and gross margin expanded 260 basis points to 30.7 percent from 28.1 percent in 2015.

Income from continuing operations was \$44.6 million, or \$0.51 per diluted share. On an adjusted basis, 2016 earnings per diluted share increased 28.0 percent to \$1.09 from \$0.85.

Adjusted EBITDA grew to \$194.6 million, 17.0 percent of sales, from 14.4 percent of sales in 2015. Net cash provided by operations was \$62.6 million, an increase of 22.3 percent. Adjusted free cash flow from continuing operations was \$84.5 million, up 11.9 percent over 2015.

PLATFORMS FOR CONTINUING GROWTH

We are eager to build on the successful execution of our strategy to date and to further enhance the Company's growth profile.

Our portfolio consists of three main businesses:

- Performance Coatings;
- Performance Colors and Glass; and
- Pigments, Powders and Oxides.

We leverage our strengths across these business platforms to provide our customers with superior products and services. These include:

- Color innovation, glass science and technology, application science, particle engineering, and custom formulation;
- Manufacturing infrastructure and technical expertise in multiple locations around the globe; and
- Deep experience working collaboratively with our customers to develop product solutions.

Performance Coatings supplies glass coatings and decorative systems for ceramic tile and metal substrates, such as appliances and cookware. The adjusted gross margin for this business is 26.5 percent of sales. Our strategy for this business is to continue to expand at the higher end of the tile coatings market and establish low-cost positions in high-growth geographic markets.

Performance Colors and Glass is a leading supplier of glass coatings for glass substrates for automotive, containers and dinnerware, electronics and industrial applications. The adjusted gross margin for this business is 36.7 percent of sales. Our growth strategy is to expand into adjacent markets, extend our capabilities to new glass applications and substrates, and enhance our position in new glass coating technologies, including organic coatings for glass.



Pigments, Powders and Oxides is a leader in the production of high-value inorganic and organic pigments and color solutions for a variety of substrates and applications such as paints, plastics, concrete, and other construction materials. The adjusted gross margin of this business is 34.2 percent of sales. We have a horizontal and vertical strategy for this segment: increasing our portfolio of high-end organic and inorganic pigments, as well as functionalizing and altering pigments to increase their value to customers. The oxides, or Surface Technologies business, a leading provider of polishes for plastics lenses and automobile finishing, is pursuing organic growth as it extends its particle

engineering and formulation expertise into precision polishes for substrates in high-technology applications, such as semiconductors and smartphones. Longer term, we see growth opportunities for Ferro in other surface treatment technologies, and applying these treatments to a broader range of substrates.

PRIORITIES FOR GROWTH

As we move forward, we have multiple avenues for growth and enhanced profitability. Our focus is on delivering value-enhancing acquisitions and sustained organic growth, coupled with continuous optimization of our business processes.



“We are confident that the Company is positioned for continued value creation and we are excited about building on the momentum generated in 2016.”

Our target is to invest \$100 million – \$150 million per year in strategic acquisitions that strengthen our product and technology portfolios, enhance our market positions and expand our global reach, although we may consider opportunities that would have us investing more than that in any given year. Early in 2017, we closed a successful refinancing, which provides greater capacity and flexibility to continue our growth strategy.

Executing our strategy both organically and inorganically has lifted our overall gross profitability. Gross profit margins have benefited from an improved mix of higher-value products; increased activity in select markets; customer and product line rationalization; and leaner, more efficient manufacturing operations.

We are confident that the Company is positioned for continued value creation, and we are excited about building on the momentum generated in 2016. There will be challenges in 2017, including the potential for increasing raw material costs and continued volatility in foreign currency markets; however, we have mitigation strategies in place to help offset these risks. Consequently, we are expecting another year of solid growth in sales and earnings.

Our confidence about Ferro’s future is rooted in our outstanding associates. The accomplishments over the past four years would not have been possible without their extraordinary execution, diligence and creativity. We are very grateful to our global team for their hard work and dedication.

Thank you for your confidence and investment in our company. We look forward to sharing more information about our progress in the coming months.

Peter T. Thomas
Chairman, President and Chief Executive Officer

March 15, 2017