

# Results by the end of the second quarter 2020

**PRESS RELEASE**



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01

# Executive summary





81.68

Million pounds totaled  
the volume of  
molybdenum products  
sold by Molymet

EBITDA reached **US\$ 51.76 million** by June 30th, 2020, a decrease of **35.34%** over the same period in 2019, which was **US\$ 80.06 million**. Profit attributable to shareholders of Molymet as of June 30th, 2020 was **US\$ 16.05 million**, a **59.34%** decrease over the same period in 2019, which was **US\$ 40.32 million**. Which is mainly explained by the lower marketing margins and to the profit generated by the transfer of shareholding of Luoyang Hi-Tech Metals Co., Ltd. in May 2019 for **US \$ 11.64 million**.

Molymet shows a strong business model, a solid operating result, holds a comfortable liquidity position and has strengthened its leadership position in the global market, where there is a moderate activity in molybdenum consumption.

Regarding the international price of molybdenum oxide, in average during the year went from **US\$ 11.99 per pound** by June 2019 to **US\$ 9.02 per pound** by June 2020, which meant a **24.77%** decrease.

To date, **Molymet's commercial commitments have not been interrupted** due to this pandemic generated by the coronavirus (COVID-19) and **all the company's production plants**, MolymetNos and Molynor in Chile, Molymex in Mexico, Sadaci in Belgium and Molymet Germany in Germany, **are operating normally, achieving greater sales volume over the same period in 2019**. The volume of molybdenum products sold by Molymet in all its modalities, by June 2020, totaled **81.68 million pounds**, over the **71.67 million pounds** sold by June 2019, which meant a **13.97%** increase.

By June 30th, 2020, the liquidity level of the company totaled **US\$ 177.99 million**, which shows a **US\$ 22.28 million** decrease over the end of 2019, resulting from debt amortization and the payment of dividends, which was partially offset by a positive operating cash flow due to the decrease in the international price of Mo.

By June 30th, 2020, net debt was **US\$ 63.69 million**, which represents a **US\$ 15.10 million** decrease over the **US\$ 78.79 million** by the end of year 2019.

By the end of June 2020, Molytmet maintains its **Investment Grade** rating in the international market, obtained in 2007. Standard & Poor's confirmed the BBB-rating of the company, while Fitch Ratings maintained the BBB rating; in both cases with a stable outlook.

Dated April 2nd, 2020, Fitch Ratings ratified Molytmet Investment Grade rating in the international market. Thanks to our robust business model and financial position, Fitch Ratings ratified Molytmet rating in the international scale (BBB) and national AA- for Chile and AAA for Colombia, both with stable outlook, **along with increasing the national rating in Mexico from AA+ to AAA**. In addition, and in sight of the Coronavirus outbreak progress, the risk rating agency highlighted that Molytmet shows significant inventory levels and a solid liquidity position to face the scenario caused by the COVID-19 pandemic.

As a result of the pandemic caused by the Coronavirus (COVID-19), **Molytmet has minimized its financial and operational risks**, through a comprehensive contingency plan organized by a Crisis Committee, which aims to adopt measures to maintain the operational continuity of the company both in the productive and commercial aspects, prioritizing above all the health and safety of all its collaborators, community and people with whom we interact.

Some of the actions that have been carried out are the **organization of work by shift systems, or remotely for those tasks that are not necessarily face-to-face**. Additionally, Molytmet has **proactively carried out actions to help the community to face this crisis** through daily street sanitation programs in neighboring communities, on-line trainings to teach neighbors to apply for competitive funds, and the donation of boxes of solidarity merchandise, disinfectant liquid and masks, among others.

In the financial area, Molytmet currently has a **robust liquidity position** that has allowed it to meet its financial commitments without difficulties, both with its collaborators and with its suppliers. According to the company's financing structure, there are no relevant debt maturities in 2020 and 2021, so there are no significant financial effects due to the COVID-19 emergency. The cash estimates for the short and medium term allow us to project that the company's financial strength will continue.



Liquidity level of the  
company totaled  
**US\$ 177.99 millones**





Chemietall GMBH, based in Bitterfeld-Wolfen, Germany, subsidiary of Molymet Group for over 20 years, changed name acting from February 2020 under its new name “**Molymet Germany GMBH**”, in order to strengthen the Group global brand.

Regarding the current debt **covenants**, these are satisfactorily met by the end of June 2020.

Molymet shows a solid financial structure with high levels of liquidity, a **comfortable debt maturity profile** and broad access to financing markets. It is worth noting that in the next two years, Molymet does not have relevant debt maturities.

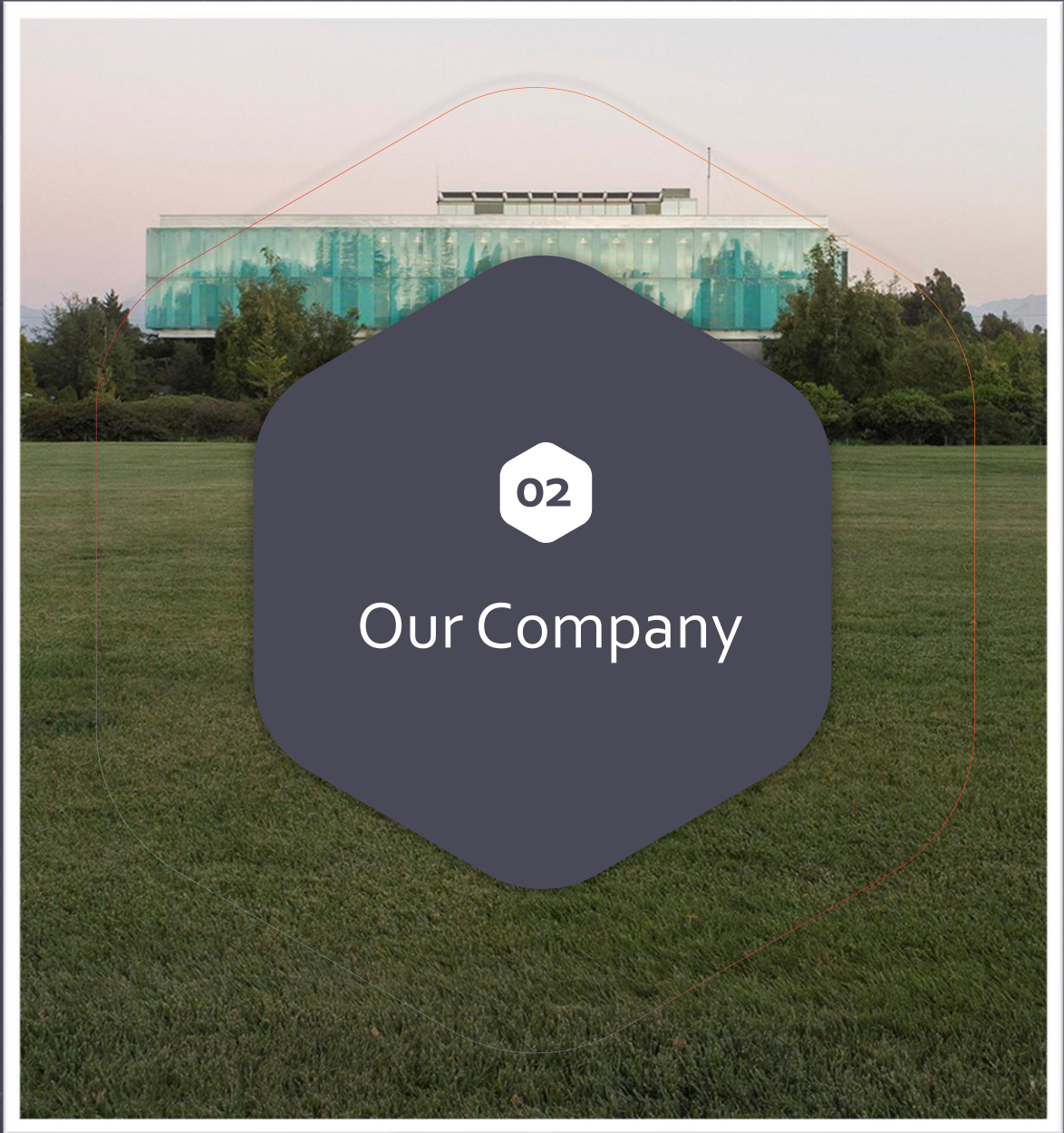
At the Ordinary Shareholders' Meeting held on April 21st, 2020, it was agreed to distribute the final dividend No. 88 charged to the profits of fiscal year 2019, for a total of US\$ 33.25 million, equivalent to **US\$ 0.25 per share**.

On April 21st, 2020, the Molymet Board of Directors agreed to renew the Company Board, naming misters Raúl Álamos L., George Anastassiou M., José Miguel Barriga G., Boris Buvinic G., Luis F. Cerón C., Hernán Cheyre V., Eduardo Guilisasti G., Juan Manuel Gutiérrez P., Bernhard Schretter y Karlheinz Wex. In the board session N°970, on April 21st 2020, Mr. George Anastassiou M. and Mr. Karlheinz Wex were appointed as Board President and Vice-president, respectively.

On June 9, 2020, the Molymet Board of Directors was informed the resignation of the Director Mr. Bernhard Schretter, which became effective as of June 30, 2020.

The Company's Board of Directors agreed on June 23, 2020, to appoint Mr. Wolfgang Koeck to replace Mr. Bernhard Schretter, in the position of Director, effective as of July 1, 2020 and until the next ordinary shareholders meeting, moment in which the Board must be totally renewed.







Molymet is the main processor of molybdenum and rhenium concentrates in the world, with a share in the global processing capacity of approximately 35% and 70%, respectively.

Today, Molymet has plants in 4 countries: **Chile, Mexico, Belgium and Germany**, and commercial offices in **England, China, United States, Brazil, Peru and Chile**.

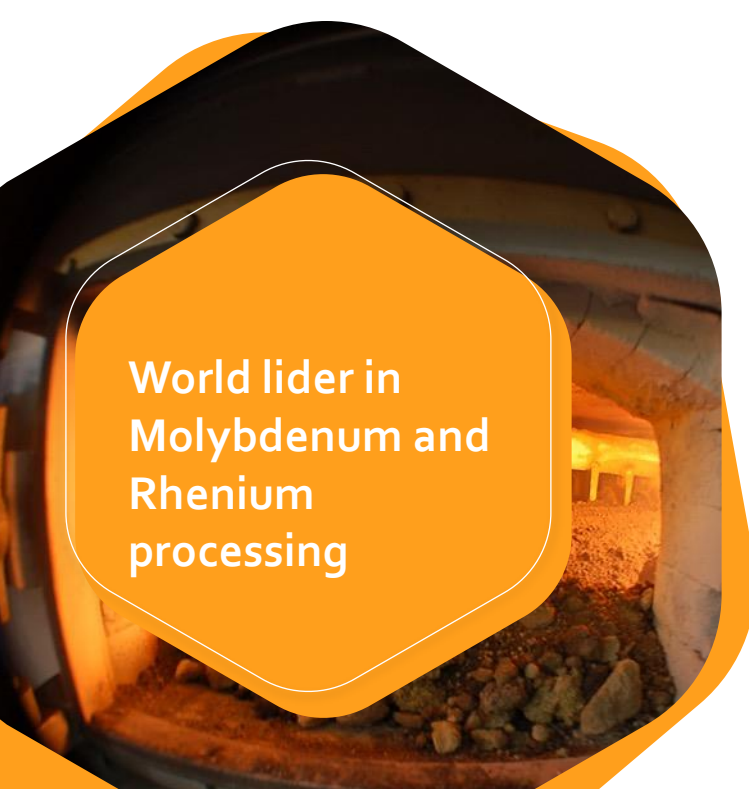
Molybdenum is primarily used in special steel alloys, where it significantly improves hardness, resistance to high temperatures and corrosion, increases durability and improves machinery efficiency. There are also applications of molybdenum in fertilizers, catalysts, lubricants, among others. The most relevant molybdenum products are: **technical oxide, ferromolybdenum, ammonium dimolybdate (ADM), pure oxide and metallic molybdenum**. Among its processes, Molymet extracts Molybdenum byproducts, being Rhenium the most important

Its **unquestionable leadership** in the international market is based on the permanent development of competitive advantages, through technological breakthroughs, efficiency and a great quality and coherent product and services portfolio, managing to meet the demands of its mining, industrial and rhenium clients. Also, its wide international presence has allowed it to achieve a greater integration with its markets, suppliers and clients.

Since year 2007, Molymet maintains an **Investment Grade** rating.

By the end of June, 2020, Molymet's total processing capacity is 207 million pounds of molybdenum per year, which is compared to an approximate worldwide consumption of 570 million pounds of Mo per year. <sup>1</sup>

**Molybdenum and Rhenium** are considered as **high strategic value metals at a global level**, due to their valuable technological applications and due to the significant role they play in the global development of: mega constructions, urban development, environmental care, more efficient, safe and durable alloys.



World lider in  
Molybdenum and  
Rhenium  
processing

<sup>1</sup>They correspond to pounds of molybdenum contained





80 years of  
experience

Long term  
agreements

Investment  
Grade

Molymet holds a long-term agreement portfolio providing stability to the business. The tolling agreement with Sierra Gorda for 10 years starting on 2014, the one of Kennecott for 3 years starting on 2018 and the one with Codelco for 10 years starting on 2010, which was renewed for 3 years until 2022.

The Chemical Plant Project is currently being executed at Sadaci N.V. subsidiary in Belgium. This Project, which adds to its current roasting operations, will allow for the development of greater value-added products, in addition to a greater flexibility in the processing of molybdenum concentrates. It is noted that the aforementioned Project includes commissioning during the second semester of 2020; an estimated investment of **US\$ 55.00 million**; will be carried out with its own resources, with no external partners; and financial impacts are not expected in the short term. At the end of June 2020, this Project shows a **physical progress of 95%**.

On May 29th, 2019, the Molymet Board of Directors approved the investment required for the modernization of certain facilities of the Molymet plant located in Nos, San Bernardo, which has been titled "Roasting Gas Cleaning Systems Modernization", in order to modernize gas cleaning processes, making them more efficient and robust. This project involves an investment of **US\$ 50.60 million**, in a 3 years term, which will be entirely funded with **own resources**.

Today, Molymet holds valid environmental permits, along with the basic engineering of its expansion projects at the Molymex and Molynor subsidiaries, which include a production capacity increase of **38.0 and 33.5 million pounds per year**, respectively.

Molymet has a unique geographic diversification in the industry. The strategic location of its processing plants and commercial offices has allowed it to obtain commercial and supply advantages through a more complete and efficient service for its clients.

In order to preserve the know how developed by the company, Molymet has changed its corporate Intellectual Property Policy, including the highest standards in Intellectual Property rights protection, management and compliance, thus adopting the appropriate measures to avoid leaks of this knowledge.

Molymet is a company whose development and growth are based on the use of innovation as a founding process for the addition of processes and technologies, enabling its leadership role in the molybdenum industry. This same innovation capacity has led Molymet to innovate in other strategic metals industries, seeking business opportunities allowing for an increase of its product portfolio.

This is how it managed to develop a process which had its invention patent published on March 9th, 2017, by the World Intellectual Property Organization under international publishing number **WO2017/035675 A1**, for the process of removing arsenic from materials that contain it. The application successfully completed the preliminary examination of international patentability and entered into the national phase on March 2nd, 2018, so it entered the application in the countries where the request will be made. Molymet entered the application in nine countries: **Chile, Peru, Mexico, USA, Canada, Bulgaria, Namibia, China and Australia**. Of these countries, the patent was already granted in Namibia. The application is under examination by national experts in Chile, the USA, China, Canada and Australia and progresses normally in the rest of the countries.



## Geographic diversification

## New Investment plan

Patent application **number 201803101** was filed on October 30th, 2018 in Chile. Said patent seeks to protect the selective removal process of copper compounds and other impurities on molybdenum and rhenium, from molybdenite concentrates, which is currently being processed normally. Additionally, the patent application was entered in the United States, Canada, Australia and Peru.

Sadaci subsidiary entered application **PCT WO2017/202909 A1** on year 2016. This patent refers to the process observing modifications to multi-floored roasting ovens developed by Molymet to improve efficiency in the roasting process. **The application was granted in Belgium by August 2018, in the European Union in March 2020 and in China in May 2020;** and is under local national phase in the following countries: **Canada, Chile, Korea, Mexico and the USA.** Pursuant to Belgian law, Sadaci subsidiary is granted tax benefits once the patent has been granted.

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Molymet, through its Real Estate subsidiary, Inmobiliaria San Bernardo, has among its assets a lot of **133.6 hectares**, of which **123 hectares** have walnuts. These hectares are located around the Molymet Nos plant, which is located in a **42.9 hectares** lot. Together, both properties reach an approximate total of **176.5 hectares**, which constitutes a lot with a great economic appeal, with a significant future potential.







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Summary by  
the second quarter  
2020

Consolidated sales of Molymet totaled, by the end of June 2020, **US\$ 510.43 million**, which is a **12.80%** decrease over the **US\$ 585.38 million** obtained by the end of June 2019.

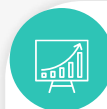
Profit attributable to Molymet shareholders by June 30th, 2020 was **US\$ 16.05 million**, compared to the **US\$ 40.32 million** profits obtained by June 30th, 2019, originated mainly as the result of the lower gross profit with respect to the same period of the previous year for **US\$ 18.36 million**.

EBITDA reached **US\$ 51.76 million** by June 30th, 2020, a decrease of **35.34%** over the same period in 2019, which was **US\$ 80.06 million**. This is mainly due to the decrease in gross profits at the end of the period, for **US\$ 18.36 million** over June 2019.

Consolidated net debt by June 2020 decreased **US\$ 15.00 million**, going from **US\$ 78.79 million** in December 2019 to **US\$ 63.69 million** in June 2020, that is mainly explained by the fact that consolidated debt decreased by **13.39%**, while cash decreased by **11.13%**.

## Accumulated results

### HIGHLIGHTS



Sales  
**US\$ 510.43 million**



EBITDA  
**US\$ 51.76 million**



Net debt  
**US\$ 63.69 million**

# Accumulated results Highlights

Molymet decreased its cash from **US\$ 200.27 million** by December 2019 to **US\$ 177.99 million** by June 2020.

By the end of June 2020, **US\$ 15.30 million** were invested, over the **US\$ 28.31 million** in the same period of year 2019.

By the end of June 2020, Molymet's total processing capacity is **207 million pounds of molybdenum per year**, which is compared to an approximate worldwide consumption of **570 million pounds of Mo per year**.<sup>1</sup>

Main accumulated figures	Q2 2020	Q2 2019	VAR Q2 2020 / Q2 2019	
			MM USD	%
Sales Income (mm USD)	510.43	585.38	-74.95	-12.80%
EBITDA (mm USD)	51.76	80.06	-28.29	-35.34%
EBITDA Margin	10.14%	13.68%	-	-354 bps
Net Profit (mm USD)	16.05	40.32	-24.27	-60.19%
CAPEX (mm USD, without VAT)	15.30	28.31	-13.01	-45.96%
EBITDA / Financial Expenses	7.22	7.04*	-	2.56%
Net Debt (mm USD)	63.69	78.79*	-15.10	-19.16%
Average Mo Price (USD/Lb)	9.02	11.99	-	-24.77%

<sup>1</sup> They correspond to pounds of molybdenum contained  
\* Value by December 2019





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## Analysis of results

## Q2 2020 vs Q2 2019

Consolidated volumes of Molybdenum products sold by Molymet, in all its modalities, by the end of June 2020 was **81.68 million pounds**, compared to **71.67 million pounds** by the same period in 2019. By the end of June 2020, accumulated ordinary revenue totaled **US\$ 510.43 million**, which accounts for a **12.80%** decrease over the **US\$ 585.38 million** obtained by the end of June 2019.

In terms of the production mix, own sales represent **55.91%** of the total volumes sold of molybdenum products by the end of June 2020.

Variations in the business units of Molymet were the following:



### SUMMARY VOLUMES AND INCOME

	Volumes			Total revenue (MM US\$)		
	Q2 2020	Q2 2019	Var. %	Q2 2020	Q2 2019	Var. %
Own Sales* (mm Pounds)	45.66	40.49	12.77%	458.77	524.04	-12.46%
Tolling (mm Pounds)	36.01	31.18	15.49%	31.71	31.15	1.80%
Rhenium (Pounds)	17,252	26,189	-34.13%	15.00	22.69	-33.89%
Metallic Mo (mm Pounds)	1.07	1.21	-11.57%	16.00	21.25	-24.71%
Byproducts** (Tons)	57,054	53,532	6.58%	4.95	7.50	-34.00%
Efficiencies (Pounds)	424,450	679,496	-37.53%	4.00	7.68	-47.92%

Own Sales includes Metallic Mo and Efficiencies.

\*\*Byproducts includes Copper, Acid and others.

## Q2 2020 vs Q2 2019

Own sales volumes totaled **45.66 million pounds** by the end of June 2020, increasing **12.77%** over the same period of 2019. Regarding revenues of this business unit, these decreased, by June 2020, **12.46%** over the same period in 2019. This decrease in income is explained by the decrease in the sales of **26.60%** for ferromolybdenum, **34.34%** for technical oxide-briquettes, and **17.47%** for pure oxide Sandy grade, which was partially offset by an increase in **9.86%** for technical oxide-powder.

Tolling volumes totaled **36.01 million pounds** by the end of June 2020, increasing **15.49%** over the same period in 2019. Regarding revenue from this business unit, these increased **1.80%** over the same period in 2019. This is mainly the result of a increase in technical oxide-powder tolling for **6.81%**, and in technical oxide-briquettes tolling for **6.16%**, which was partially offset by a decrease ferromolybdenum tolling for **22.54%**.



**9.86%**

**Higher revenues from  
technical oxide-powder**



**6.81%**

**Higher revenues from  
tolling of technical oxide-  
powder**





## Q2 2020 vs Q2 2019

Rhenium sales volumes rose to **17,252 pounds** by the end of June 2020, decreasing **34.13%** over the same period in 2019. Regarding revenues of this product, these decreased **33.89%** over the same period in 2019.

Metallic molybdenum sales totaled **1.07 million pounds** by the end of June 2020, decreasing **11.57%** over the same period of 2019. Regarding revenues obtained from this product, these decreased **24.71%**, over the same period of 2019.

Other byproducts sales volume totaled **57,054 tons** by the end of June 2020, increasing **6.58%** over the same period in 2019.

Regarding revenues of this business unit, these decreased **34.00%** over June 2019.

The sales volume of efficiencies obtained by the company (metallurgic earnings) totaled **424,450 pounds** by the end of June 2020, which is **37.53%** lower than the amount recorded in the same period of 2019. Regarding revenue obtained, this decreased **47.92%** over the same period of 2019. This is due to a lower volume obtained from efficiencies, and lower international Mo prices during 2020.



80 years  
of experience

## Q2 2020 vs Q2 2019

Regarding the international price of molybdenum oxide, in average during the year, went from **US\$ 11.99 per pound** by June 2019, to **US\$ 9.02 per pound** by June 2020, which meant a **24.77%** decrease.

Consolidated cost of sales by June 30th, 2020 totaled **US\$ 444.40 million**, showing an decrease of **11.30%** over the **US\$ 500.99 million** registered by the end of June 2019.

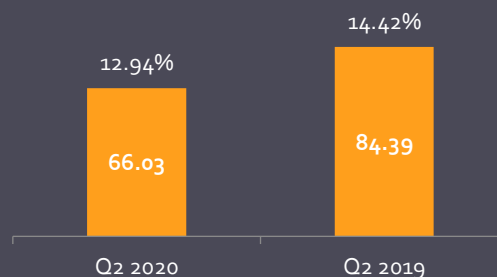
By June 30th, 2020, gross profit totaled **US\$ 66.03 million**, which accounts for a **21.76%** decrease over the **US\$ 84.39 million** obtained by the end of June 2019.

Administration and sales expenses totaled **US\$ 22.30 million** by the end of June 2020, decreasing **17.50%** over the same period in 2019. When measured as a percentage over sales revenues, these rose to **4.37%** by the end of June 2020.

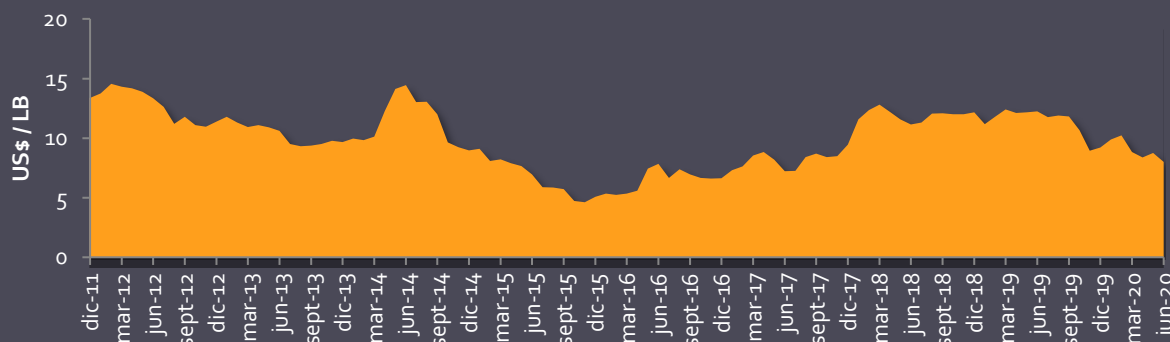
It is important to note that Molymet holds a stable mid and long term clients portfolio for its Tolling, Own Sales and Rhenium business units.

**Due to the appropriate commercial performance of the company, Molymet operates under contract terms that greatly minimize the risk of exposure to the price volatility.**

### GROSS MARGIN AND GROSS PROFIT EVOLUTION (MM US\$)



### MO AVERAGE MONTHLY PRICES Metals Week D.O. USA

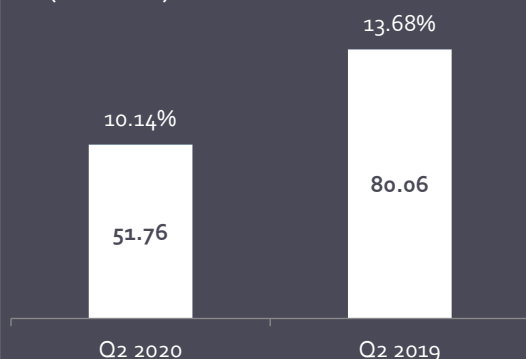


## Q2 2020 vs Q2 2019

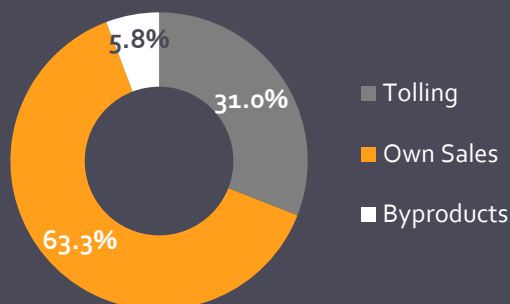
By June 30th, 2020, EBITDA totaled **US\$ 51.76 million**, showing a **35.34%** decrease over the same period in 2019, which was **US\$ 80.06 million**. This is mainly due to the decrease in gross profit by the end of the period for **US\$ 18.36 million** obtained by June 2019.

Profit attributable to Molymet shareholders by June 30th, 2020 was **US\$ 16.05 million**, compared to the profits of **US\$ 40.32 million** obtained by June 30th, 2019, originated mainly as the result of the lower gross profit with respect to the same period of the previous year for **US\$ 18.36 million**.

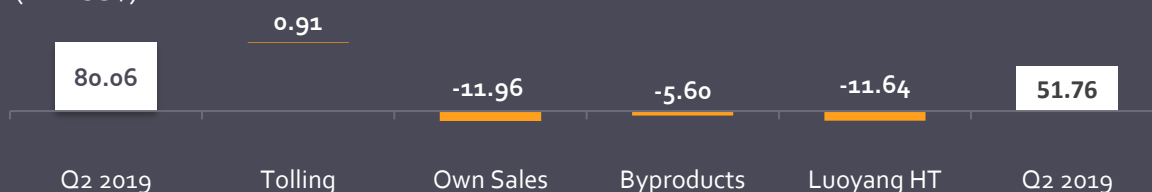
EBITDA MARGIN AND EBITDA EVOLUTION  
(MM US\$)



EBITDA COMPOSITION  
Q2 2020



EBITDA COMPOSITION VARIATION  
(MM US\$)







05

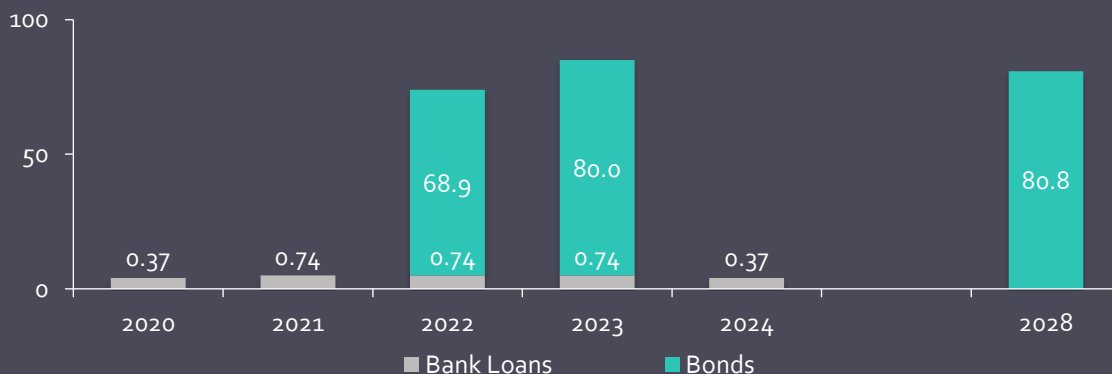
## Consolidated balance sheet analysis

By June 30th, 2020, total assets of the company show a decrease of **US\$ 77.75 million** over the end of December 2019. This is mainly due to:

Current assets decreased, by June 30th, 2020, in **US\$ 81.19 million**, over the end of December 2019. This mainly reflects upon the decrease in current inventories for **US\$ 44.02 million**, in cash and cash equivalent for **US\$ 22.10 million**, and in trade and other receivables for **US\$ 14.56 million**.

Non current assets show an increase, by June 2020, of **US\$ 3.44 million** over the end of 2019, mainly explained by the increase in Other intangible assets for **US\$ 2.00 million**, in noncurrent inventories for **US\$ 1.86 million**, and in Right-of-use assets for **US\$ 1.07 million**, which was partly offset by the decrease in property, plant and equipment for **US\$ 1.48 million**.

#### FINANCIAL DEBT MATURITY PROFILE by June 30th, 2020 (US\$ MM)



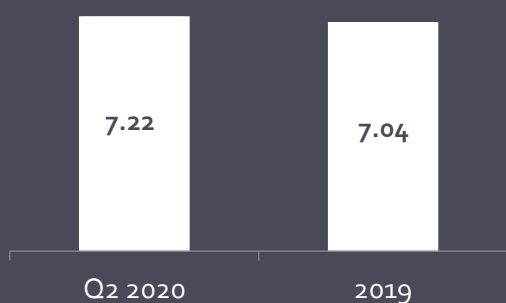
By the end of June 2020, the total of current and non current liabilities of the company decreased **US\$ 76.52 million** over the end of 2019. This is mainly due to:

Current liabilities decreased, by June 2020, in **US\$ 75.93 million** over the end of December 2019, mainly explained by the decrease in other financing liabilities for **US\$ 41.01 million**, in current non-financing liabilities for **US\$ 18.94 million**, trade accounts and other payables for **US\$ 6.44 million**, and in post-employment benefits for **US\$ 5.44 million**, and in current tax liabilities for **US\$ 4.25 million**.

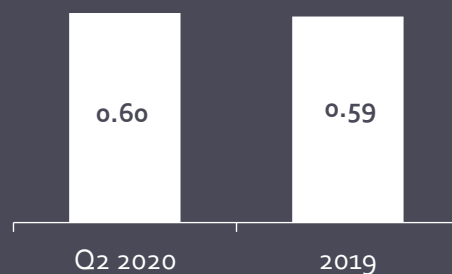
Non current liabilities decreased, by June 2020, in **US\$ 0.59 million** over the end of December 2019, mainly explained by the decrease in deferred tax liabilities for **US\$ 3.63 million**, in post-employment benefits for **US\$ 1.22 million**, which were partly offset by the increase in other non current financial liabilities for **US\$ 3.63 million**.

Net equity, by the end of June 2020, recorded a **US\$ 1.23 million** decrease over the end of year 2019, mainly explained by a decrease in other reserves for **US\$ 2.52 million**, which was partly offset by the increase in accumulated profits for **US\$ 1.41 million**.

#### EBITDA / FINANCIAL EXPENSES



#### NET DEBT/ EBITDA





## Financial ratios

**Net Debt to EBITDA ratio:** increased **1.69%** between December 2019 and June 2020, reaching a value of **0.60 times**. The above is due to a decrease in the annualized EBITDA of **21.03%**, while net debt decreased **19.16%**, compared to the end of 2019. It is the management view that this value corresponds to a completely appropriate level for the company.

**Debt ratio:** decreased **13.75%** over December 2019, reaching a value of **0.69 times** by June 2020. The above is mainly explained by the result of the liabilities decrease, in a greater measure than the equity.

**Short Term Liabilities %:** decreased from **40.34%** in December 2019 to **31.48%** by June 2020, mainly due to the payment of **US\$ 40.00 million**, corresponding to a bank loan, to the decrease in other current non financial liabilities for **US\$ 18.94 million**, accounts payables for **US\$ 6.44 million**, in post-employment benefits for **US\$ 5.44 million**, and in current tax liabilities for **US\$ 4.25 million**.

**Long Term Liabilities %:** Increased, from **59.66%** by December 2019 to **68.52%** by June 2020, due to the decrease in short term liabilities for **US\$ 75.93 million**, while the long term liabilities decreased in **US\$ 0.59 million**.

Ratio	December 2019	June 2020	VARIATION % 2019 / Q2 2020
Net Debt / EBITDA	0.59	0.60	1.69%
Debt Ratio <sup>1</sup>	0.80	0.69	-13.75%
% Short Term Liabilities	40.34%	31.48%	-21.96%
% Long Term Liabilities	59.66%	68.52%	14.85%
EBITDA / Financial Expenses <sup>2</sup>	7.04	7.22	2.56%
Current Liquidity <sup>3</sup>	3.20	4.22	31.88%
Acid Ratio <sup>4</sup>	1.55	2.06	32.90%

<sup>1</sup> Corresponds to the total liabilities divided by the total equity.

<sup>2</sup> Corresponds to the EBITDA divided by the financial expenses.

<sup>3</sup> Corresponds to the total current assets divided by the total current liabilities.

<sup>4</sup> Corresponds to the total current assets, less the current inventories, divided by the total current liabilities.

## Financial ratios

**EBITDA / Financial Expenses:** Showed a **2.56%** increase going from **7.04 times** by the end of year 2019 to **7.22 times** by June 2020, which is mainly explained by the greater decrease in financial expenses compared to the EBITDA, with respect to these same values at the year ended 2019.

**Current liquidity:** By the end of June 2020 totals **4.22 times**, increasing **31.88%** over the **3.20 times** by the end of December 2019. The above is explained by the decrease in current liabilities, greater than the decrease in current assets.

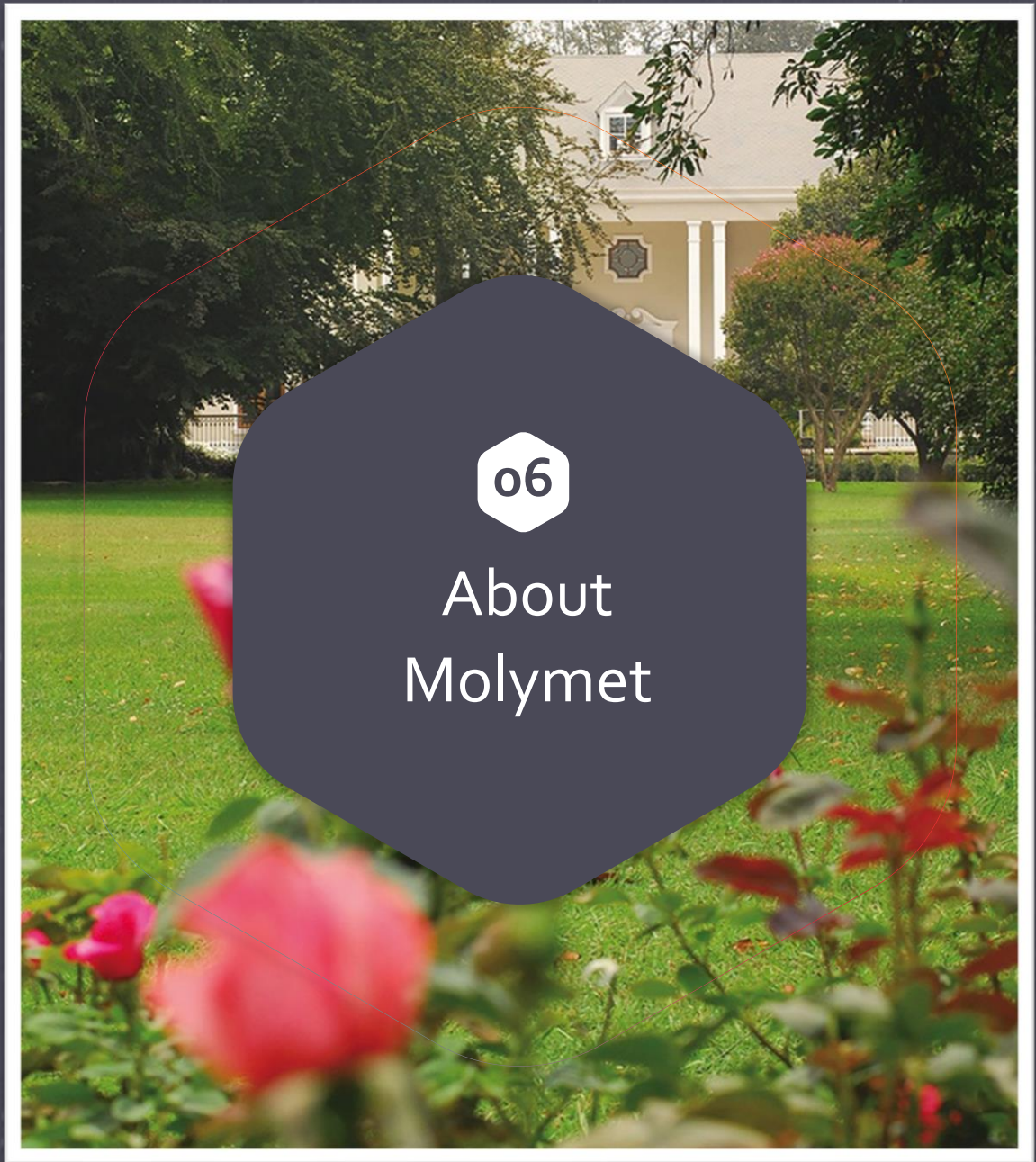
**Acid Ratio:** Increased, going from **1.55 times** by December 2019 to **2.06 times** by June 2020, due to the decrease in current liabilities, greater than the decrease in current assets, and the decrease in current inventories for **US\$ 44.02 million**.



### RISK RATING

Risk Rating	S&P	Fitch	Feller-Rate
International	BBB-	BBB	-
Mexico	AA	AAA	-
Chile	-	AA-	AA-
Colombia	-	AAA	-





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## About Molytmet

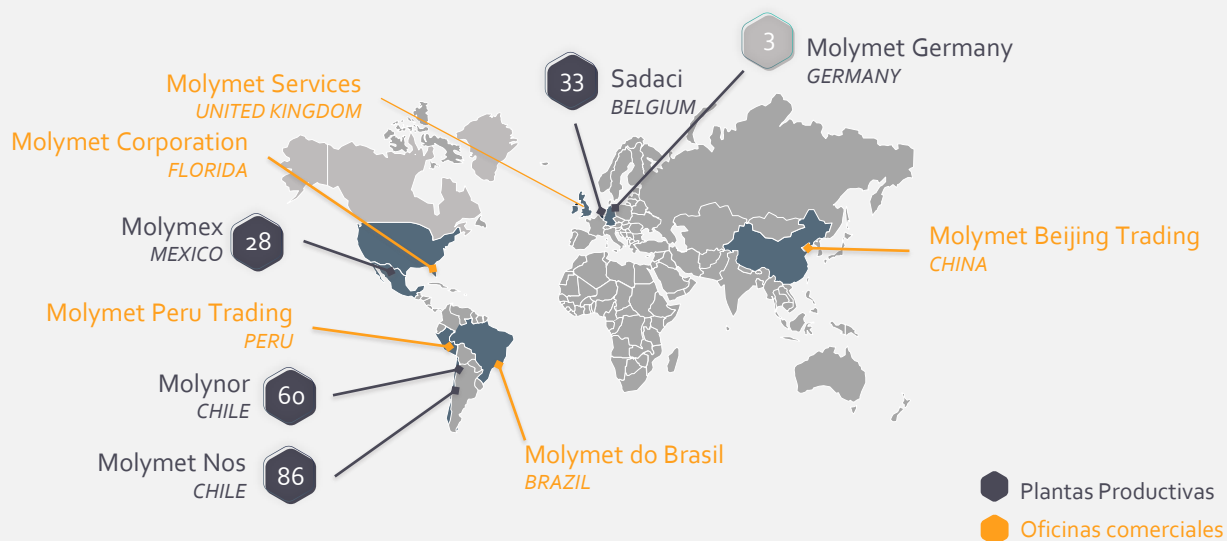


Largest molybdenum processor in the **world (35% of the world's processing capacity).**

Sustained increase in the world demand for molybdenum of **2.7%\*** is expected for the next few years, which may suffer variations according to the evolution of the world economy.



## PRODUCTION PLANTS AND COMMERCIAL OFFICES by June 30th, 2020



Annual Molybdenum Processing Capacity in million pounds

Total capacity: 207 million pounds



Annual Metallic Molybdenum Processing Capacity in million pounds.

### LONG TERM RELATIONSHIPS WITH CLIENTS AND SUPPLIERS

- Its production is under medium and long term agreements.
- Long term relationships with more than 100 clients worldwide.

### EFFICIENCY AND PROPER COST MANAGEMENT CONTROL.

### HEALTHY DEBT LEVELS

### OWN TECHNOLOGY THAT ALLOWS US:

- Better profitability and efficiency.
- Capacity to process low quality molybdenite (unique in the industry).
- Ability to extract byproducts: rhenium, copper, sulfuric acid.

During 2011, the Company moved its corporate offices to a new building in the main plant of Molybmet, the Nos plant in Chile. This new building was the first in South America to be awarded with the LEED Platinum certification, and is located in Parque Las Lilas, park with more than 120 years old and surrounded by 123 hectares of walnut trees, which constitutes a lot with a great economic appeal, with a significant future potential. Houses and landscaping of this park were rescued and remodeled, today becoming part of the company's culture and a source of pride to the city.

Molybmet is constantly concerned about expanding its processing capacity, increasing its efficiency through new technologies, offering products tailored to its clients and developing long term relationships with its suppliers and clients, hence achieving the strengthening and consolidation of the company's position, its investors, clients and suppliers.

Unique geographic diversification in the industry. Strategic location of processing plants, achieving advantages in terms of supply and commercial offices near clients of the company, managing commercial advantages through a comprehensive and efficient service.

Of these by products, the most important one for Molybmet is rhenium. Rhenium is a transition metal rarely found in nature. Its main uses are when used as a catalyst and in super-alloys in components with high temperature resistances, used in turbines and engines of the aeronautic industry, among others.



## Own sales

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Molymet buys molybdenum concentrates (molybdenite) and uses its own technology for the treatment and processing of the concentrate, in order to produce a wide variety of molybdenum products (from molybdenum oxide to pure products) and then sell them to various clients in the global market.

## Tolling

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Companies in the mining industry supply molybdenite to Molymet so it is processed and then returned to the companies as a marketable product. A fee is charged for this service.

## Byproducts

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As a result of the roasting and oxidation process to which molybdenum must be subject to for its processing, Molymet recovers byproducts that are later marketed. These by products are rhenium, copper cathodes and sulfuric acid.





## Efficiencies

Molymet has developed proprietary technology that allows it to improve on its oxidation and roasting processes, so, today, it is able to reduce its metallurgic losses and achieve metallurgic earnings in its processes.

### MAIN BENEFITS OF MOLYBDENUM USE IN STEELS DEVELOPMENT

- Significantly increases hardness.
- Increases high temperature resistance.
- Increases corrosion resistance.
- Increases durability.
- Improves machinery efficiency.

### MAIN USES FOR OUR PRODUCTS

Main Uses	Technical Oxide	FEMO	Pure MO	Metallic MO	Rhenium
Stainless Steel	✓	✓			
Fertilizers	✓				
Catalysts			✓		✓
Cast Iron	✓	✓			
High Speed Steel	✓	✓		✓	
Super Alloys			✓	✓	✓
Construction Steel	✓	✓			
Lubricants			✓		



## Sustainability

Molymet is focused in the development and starting-up of a **Sustainability Strategy** which, besides complying with legal regulations, allows operational continuity and establishing a new way to connect with the community, environment and authorities.

In such context, a relevant step to move forward on these matters was the creation of the **Corporate Sustainability Management** in 2019, where its main role is to develop and administrate the corporate sustainability strategy.

Among the highlighted milestones in this area is the publishing of Molymet's **First Sustainability Report** at the end of 2018. During 2020, it was published [Molymet's Second Sustainability Report](#).

In addition, Molymet also develops the following activities in the area of Sustainability:

- **Residue and recycling management**, in order to comply with the Recycling Foment Law and the Base Recyclers Policy;
- **Facilities Upgrades and Modernization**, in order to ensure processes operational sustainability and efficiency;
- **Sustainability Management from the social, commercial and environmental perspective**, materializing a real involvement with stakeholders, establishing actions to avoid corruption acts and supporting communities social, education and development aspects.

## Digital Transformation

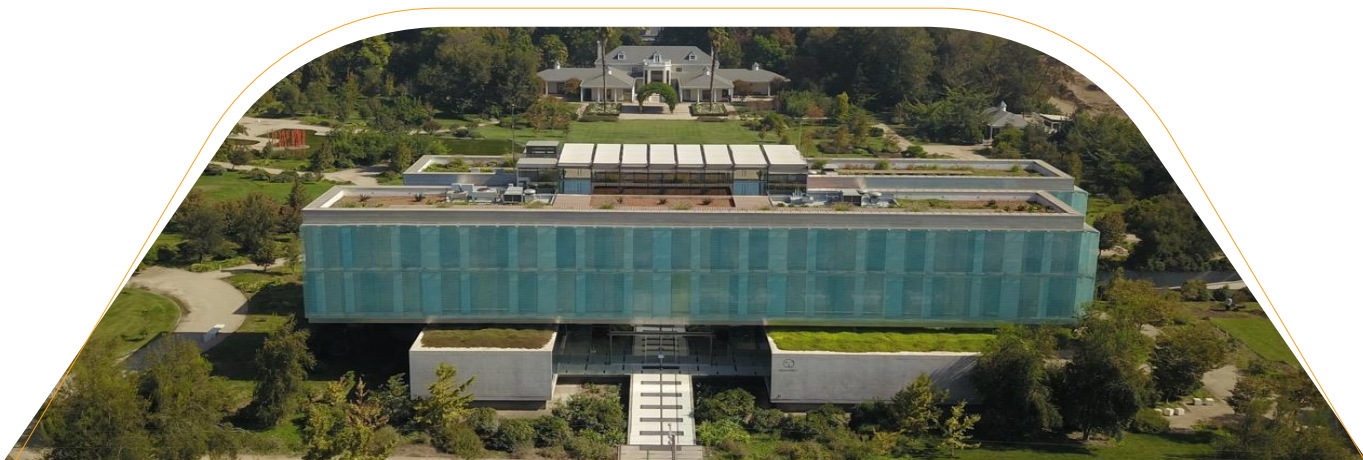
Considered as one of the main aspects of Molymet modernization scheme, the **Digital Transformation Strategy** seeks to apply new capabilities to the company processes and systems, in order to improve efficiency, support sustainability, ensure operational continuity and discover renewed business opportunities.

Within the Digital Transformation roadmap, it can be found projects like **PI System, LIMS, Maximo and Qlik Sense, Biometric access control and SAP Remuneration module**, which allows modernizing the production base and support operational areas as well as people management areas, and looking forward to apply more advanced technologies such as **Artificial Intelligence, Machine Learning, Data Analytics and greater Automatization**.

## LEAN Transformation

Aligned with propelling one of Molymet strategic pillars, **Operational Excellence, Lean Transformation** process started, in order to convert Molymet into a Lean company, supporting the continuous improvement of the operations and people development.

To materialize the **Lean Strategy Deployment**, company executives developed a **"Top-Down"** work, while the operation plants developed a **"Bottom-Up"** work, through a series of **multidisciplinary collaborative team trainings**.



# Our Purpose

At Molymet, our Mission was our roadmap to achieve the objectives that we set for ourselves as a company.

Since 2018 we decided to go one step further and, in a collaborative work of co-construction and internal reflection, we defined our **Purpose**, determining who we are and how we want to contribute to our society based on our business.

**“To create value for the evolution of the humanity, with products developed by people who think about the planet wellbeing”**

By making our purpose a reality and connecting our experience with it, we will seek to inspire our teams so that in each of the challenges they undertake - at the base - our purpose is always there. Definitely, teams aligned with a purpose in which they believe, feel and want to fulfill in the coming decades.

Its incorporation into the business and in decision-making will allow us to comply with our stakeholders, make a positive difference in the world and create a brand that attracts and retains the talent of the next generations.





An aerial photograph of a golf course featuring a large, irregularly shaped pond with greenish water. The pond is surrounded by dense, lush green trees and a sandy path. In the background, more trees and a clear blue sky are visible. A dark blue hexagonal overlay is centered on the image, containing the page number and title.

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## Consolidated Financial Statements

## Balance sheet

Assets	06-30-2020	12-31-2019	VAR %
	THUSD	THUSD	Q2 2020 / 2019
<b>Activos corrientes</b>			
Cash and cash equivalent	177,723	199,824	-11.06%
Other financing assets, current	101	145	-30.34%
Other non-financing assets, current	6,513	4,445	46.52%
Trade and Other receivables, current	125,193	139,757	-10.42%
Intercompany receivable, current	157	316	-50.32%
Inventories, current	345,562	389,579	-11.30%
Biological assets, current	34	526	-93.54%
Tax assets, current	19,162	21,045	-8.95%
<b>Total Current Assets</b>	<b>674,445</b>	<b>755,637</b>	<b>-10.74%</b>
<b>Activos no corrientes</b>			
Other financing assets, non-current	162	301	-46.18%
Other non-financing assets, non-current	24	24	-
Trade and Other receivables, non-current	50	54	-7.41%
Inventories, non-current	87,187	85,329	2.18%
Other intangible assets	4,986	2,988	66.87%
Properties, Plant and Equipment	455,346	456,828	-0.32%
Right-of-use assets	4,007	2,936	36.48%
Deferred tax assets	4,986	2,988	66.87%
<b>Total non-Current Assets</b>	<b>566,987</b>	<b>563,546</b>	<b>0.61%</b>
<b>Total Assets</b>	<b>1,241,432</b>	<b>1,319,183</b>	<b>-5.89%</b>

## Balance sheet

Equity and Liabilities	06-30-2020	12-31-2019	VAR %
	THUSD	THUSD	Q2 2020 / 2019
<b>Pasivos corrientes</b>			
Other financing liabilities, current	2,869	43,878	-93.46%
Current lease liabilities	1,490	1,346	10.70%
Accounts and other payables, current	127,585	134,022	-4.80%
Tax liabilities, current	7,200	11,445	-37.09%
Employee benefit provisions, current	13,824	19,265	-28.24%
Other non-financing liabilities	7,001	25,944	-73.01%
<b>Total Current Liabilities</b>	<b>159,969</b>	<b>235,900</b>	<b>-32.19%</b>
<b>Pasivos no corrientes</b>			
Non-Current Liabilities	238,811	235,178	1.54%
Non-current lease liabilities	2,373	1,648	43.99%
Other provisions, non-current	340	439	-22.55%
Deferred tax liabilities	88,465	92,093	-3.94%
Employee benefit provisions, non-current	18,268	19,487	-6.26%
<b>Total non-Current Liabilities</b>	<b>348,257</b>	<b>348,845</b>	<b>-0.17%</b>
<b>Total Liabilities</b>	<b>508,226</b>	<b>584,745</b>	<b>-13.09%</b>
Equity			
Share capital	501,952	501,952	0.00%
Retained earnings	250,772	249,363	0.57%
Other reserves	(20,790)	(18,269)	13.80%
<b>Total Equity attributable to owners of the parent</b>	<b>731,934</b>	<b>733,046</b>	<b>-0.15%</b>
Total Equity attributable to non-controlling interests	1,272	1,392	-8.62%
<b>Total Equity</b>	<b>733,206</b>	<b>734,438</b>	<b>-0.17%</b>
<b>Total Liabilities and Equity</b>	<b>1,241,432</b>	<b>1,319,183</b>	<b>-5.89%</b>



## Estado de resultados

Statement of Net Income by Function	06-30-2020	06-30-2019	VAR %
	THUSD	THUSD	Q2 2020 / Q2 2019
Revenue	510,435	585,383	-12.80%
Cost of sales	(444,403)	(500,989)	-11.29%
<b>Gross Profit</b>	<b>66,032</b>	<b>84,394</b>	<b>-21.76%</b>
Other gains, by function	788	543	45.12%
Distribution costs	(8,100)	(6,652)	21.77%
Administrative expenses	(22,301)	(27,031)	-17.50%
Other expenses, by function	(3,572)	(3,611)	-1.08%
Other gains (loss)	39	11,662	↓
<b>Income from operating activities</b>	<b>32,886</b>	<b>59,305</b>	<b>-44.55%</b>
Financial income	1,100	3,595	-69.40%
Financial expenses	(7,172)	(10,154)	-29.37%
Exchange rate differences	338	(1,228)	↑
<b>Income (loss) before income taxes</b>	<b>27,152</b>	<b>51,518</b>	<b>-47.30%</b>
Income tax expense	(10,760)	(10,858)	-0.90%
<b>Income from continuing operations</b>	<b>16,392</b>	<b>40,660</b>	<b>-59.69%</b>
<b>Income</b>	<b>16,392</b>	<b>40,660</b>	<b>-59.69%</b>
Income (loss) attributable to owners of the parent	16,049	40,318	-60.19%
Income (loss) attributable to non-controlling interest	343	342	0.29%
<b>Income</b>	<b>16,392</b>	<b>40,660</b>	<b>59.69%</b>