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MOLYMET PARTICIPANTS

Andres Ovalle - *Molymet* – Investor Relations Deputy Manager

Maximiliano De Tezanos Pinto - *Molymet* - Corporate Finance Analyst

PRESENTATION

Maximiliano De Tezanos Pinto – *Molymet*

We welcome you to this earnings call of the second quarter of 2020. The Molymet team is here, with Andrés Ovalle and Maximiliano De Tezanos Pinto speaking to you.

I want to ask you to keep the microphones silent until the end of the call, where we will proceed to answer your questions

Regarding the financial performance of the company, as of June 2020, Molymet sold 81.61 million pounds of molybdenum products, higher than the 71.67 million pounds registered as of June 2019. It is important to highlight these higher sales volumes, in a world scenario impacted by COVID, in which Molymet is with all its production plants in Chile, Mexico, Belgium and Germany, fully operational, being able to fulfill all our commercial commitments, as Molymet has always done. The company's sales income decreased slightly compared to the same period of last year, reaching US\$ 510.43 million, which is influenced by the lower levels of the international price of molybdenum oxide seen this semester, with respect to the levels of the year 2019.

Regarding the net profit attributable to Molymet shareholders, this was lower compared to the same period of the previous year, and reached a value of US\$ 16.05 million at the end of June 2020, mainly due to lower marketing margins, translated into lower gross profit.

Regarding EBITDA, this also decreased compared to the end of June 2019, in part due to the lower gross profit, and the positive effect that the sale of the subsidiary Luoyang Hi-Tech had on the 2019 results for approximately US\$ 11 million. Therefore, the EBITDA as of June 2020 reached a value of US\$ 51.76 million.

Regarding the net debt, it reached US\$ 63.69 million, which is very positive, achieving a decrease compared to the US\$ 78.79 million at the end of 2019. This is equivalent to a net debt / EBITDA ratio of 0.60 times, which is very positive. It should be noted that cash levels have increased despite the debt payment of US\$ 40 million and the payment of dividends of US\$ 33 million.

Regarding the evolution of the international price of molybdenum oxide, on average during the year it varied from US\$ 11.99 per pound in June 2019, to US\$ 9.02 per pound in June 2020. These values have been stable in recent months around values of US\$ 9 per pound, which is positive and shows the solidness of the molybdenum industry worldwide.

Regarding the relevant events of the Company which occurred during 2020, on April 21 at the Ordinary Shareholders' Meeting, the Company's Board of Directors was renewed for 3 years, and in turn, Mr. George Anastassiou and Karlheinz Wex were named as President and Vice-president, respectively.

On April 29, dividends were paid for a total of approximately US\$ 33 million.

On April 2 and May 19, Fitch Ratings and S&P ratified Molymet's Investment Grade rating on the international market at BBB and BBB-, respectively, both with a stable outlook.

On June 9, Molytmet learned of the resignation of the Director Mr. Bernhard Shretter, which became effective on June 30, 2020.

On June 23, Mr. Wolfgang Koeck was appointed to replace Mr. Bernhard Shretter, to assume the position of Director of the Company on July 1, 2020, until the next Ordinary Shareholders' Meeting, where a Board of Directors renewal will take place.

Thus we end the presentation of results, if you have any questions, we will gladly answer them.

Round of Questions

Daniel Auza - *Banchile Inversiones*

I wanted to understand how you are seeing prices going forward, what you have seen in July and August, and understand how contracts can be in the remainder of the year.

Andres Ovalle - *Molytmet*

With regard to prices, as Max said in the presentation, prices have remained fairly stable, there has not been so much volatility this year or in recent months, which is explained by the solid demand, which despite COVID, it has remained stable, and we see this reflected in the higher volumes of molybdenum sold this year compared to the previous year. This has not been reflected in the margins, because the sales mix has tended more towards molybdenum oxide instead of more elaborated products. It is important to note that the demand, especially from China, and lately reactivated in Europe and the United States, have meant that the price has not fallen below US\$ 7 per pound this year. Today we are in values above US\$ 8 per pound, and this is what we anticipate for the next few months, without significant variations.

Daniel Auza - *Banchile Inversiones*

Looking to the bond maturities that come in the next few years, and considering the low rates scenario we are currently seeing, are you perhaps considering refinancing? Advance refinancing a bit?

Andres Ovalle - *Molytmet*

That is a good question that we also constantly ask ourselves, and it is true, the current scenario with low rates and Libor at very low levels as well, becomes very attractive. It is also important to see that corporate bond issues in the different markets have been reactivated. As we saw, the next maturity is in 2022, leaving us this year and the next without debt maturities, which gives us a lot of room in the payment of liabilities and gives us a very important financial flexibility. Going back to extensions, we are always working to keep alternatives open. We are currently completing a bond issuance line registration in Mexico, to have the alternative of going to the market if necessary, and we are continuing to analyze the alternatives in Colombia, the United States, and Chile. We have not made decisions about issuing this year, but we are keeping an eye on market conditions and being prepared to take advantage of opportunities.

Daniel Auza - *Banchile Inversiones*

Having seen perhaps the worst of this health crisis, in terms of budget, can you share with us how much you are expecting to achieve in terms of EBITDA for this year?

Andres Ovalle - *Molytmet*

As you say, we hope that the worst is over, and as I mentioned before, we are seeing a reactivation in Europe and the United States, especially in automotive markets that have already bottomed out, however our EBITDA projections for this year remain stable regarding those we had at the beginning of the year. We are talking about US\$ 110 million to US\$ 120 million at the end of the year. As you know, we are quite conservative in our projections, we do not like to have exaggerated expectations regarding these indicators, but amounts around these I think it is quite prudent to comment, and we see a second semester better than the first in terms of results and EBITDA.

Daniel Auza - *Banchile Inversiones*

Perfect, and even better in the cash generation, or not? Because of how anti-cyclical the business is, when prices fall.

Andres Ovalle - *Molymet*

That is right, and as Max commented at the beginning, although our cash decreased slightly compared to the end of 2019, our net debt decreased, which reflects an important operating cash flow in this period. This is part of the advantage of Molymet's business model, which has the virtue of when prices fall, we are able to maintain positive operational flows that help the sustainability of the business. Regarding the above, I want to mention that despite the pandemic and all the situation we have experienced, all our plants are fully operational, no worker has been laid off, the company has not reduced salaries, nor has it made any provision on that side, which is very good for the company's workers and stakeholders.

Maximiliano De Tezanos Pinto – *Molymet*

As there are no more questions, we end this earnings call for the second quarter of 2020, we thank you for your presence, and I remind you that this call will be transcribed and translated, and will be published on our website within the next few days. Thank you very much.