



CHAPTER 01

# COMPANY INFORMATION

Chairman's Letter	9
Company Identification	13
Vision and Corporate Values	14
Executives' Interviews	19



# CHAIRMAN'S LETTER

## Dear shareholders, collaborators and related entities:

Before entering the numerical subjects that account for the past year, I want to give my thanks to all our collaborators who made it possible to take on very changing challenges and to manage our global operation in a good way.

The year 2019 presented us with very diverse scenarios, both worldwide, with a situation of prolonged instability due to the trade war between the superpowers, and a highly complex internal situations, with an unexpected strike at the end of the first semester and a climate of political tension that resulted in a scenario of social unrest in our country, towards the end of the year.

Despite these circumstances, MOLIBDENOS y METALES S.A. maintained its leadership position thanks to a business model that was able to adapt to supply, market and production variables, closing the year with a positive operating result and a robust liquidity position and very stable to face the future. Thus, we were also able to fulfill each of our clients and stakeholders 100%, both in the quality of our rhenium and molybdenum products and in the delivery opportunity in each of our contracts.

The fiscal year that ended last December reached an EBITDA of US \$ 134.51 million and a profit of US \$ 62.5 million, which although correspond to 27.5% and 35.35% lower compared to the results in 2018, this is due to a much more declining and fluctuating market situation than in the previous year, which involved lower volumes and margins.

In the European market, which is our main focus, the situation was quite stable and there was a decline in demand during the second semester. However, the price of Molybdenum oxide suffered a decrease of just 4.94% between December 2018 and December 2019. Regarding sales volume, we saw a significant decrease, from 156.12 to 148.84 million pounds during this last period.

Regarding our financial position, our net term debt was US \$ 78.79 million, against a previous net debt of US \$ 105.2 million, having paid a significant loan during this last period and having financed significant investments in our subsidiaries in Germany and Belgium. These investments will mean an increase in our production capacity of metallic molybdenum at the Chemiemetall plant (located in Bitterfeld, Germany) with an investment of more than US \$ 9 million and a new chemical plant at our subsidiary in Sadaci, Belgium, where Investments of more than US \$ 55 million have been approved. Both new projects are completed and will be launched during the first semester of 2020.

Taking this into account, we are taking a significant step towards greater productive capacity, towards products with higher added value, and at the same time giving our subsidiaries in Europe greater flexibility in the processing of molybdenum concentrates.

**MOLIBDENOS y METALES S.A. maintained its leadership position thanks to a business model that was adapted to supply, market and production variables.**

## CHAIRMAN'S LETTER

Along these same lines, during May 2019, the Board of Directors (where I have to preside) approved an investment of more than US \$ 50 million, for the modernization of our cleaning systems at the Molymet plant located in Nos, San Bernardo. This investment project, which is representative of the vision of our company, will be carried out over three years and will enhance the environmental sustainability of our operation, positioning it as a world leader in the industry.

At the end of 2019, MOLYMET maintained its status as INVESTMENT GRADE, obtained for the first time in the international market in 2007. With ratings of BBB- by Standard & Poor's, and BBB by Fitch Ratings, both confirmed with "stable forecast" during this last year.

As part of the challenge of contributing to the development of our collaborators in their daily work, during the last 16 months we put special emphasis on the joint construction of the Purpose of Molymet. It was wonderful to have the active and enthusiastic participation of more than 25% of our collaborators in all our plants and at operational, executive and managerial levels. The fruits of this joint work will be obtained from this year. I especially want to congratulate our Vice President of Human Resources, María Inés Gómez,

and to our CEO, John Graell, for their perseverance and good leadership during this significant project, as well as to each of those who have committed their time and unconditional will to this challenge, which will allow us to draw the new routes of the future, motivating all the members of our entity to fulfill their personal and professional dreams, and the groups of the organization to which we belong.

Complementary and as part of our strategic plan, the LEAN philosophy has been put into operation in MolymetNos, which implies putting into practice a permanent learning format among all the units, constant improvements and early detection of the inconveniences of these industrial operations. Its joint implementation will allow us to operate with better levels of efficiency and improve responsiveness to increasingly changing and demanding markets.

In another area and considering your good contributions to the company, we want to offer a warm farewell and a well-deserved thanks to our Vice President of Research and Development, Mr. Manuel Guzmán, for his loyalty and very high contribution to the development of our technical and environmental capacity for more 40 years. We also want to extend a well-deserved recognition to former director Mr. Jorge Gabriel Larraín,

who served in his duties until May 2019. His ability and contribution to the development of Molymet were very consistent. As new director, Mr. Juan Manuel Gutiérrez was appointed to replace him.

In terms of labor relations, during 2019 we worked incessantly to create relationships of trust, based on sincerity, mutual commitment and respect for current agreements and regulations, convinced that only together and considering a common purpose can we face future challenges.

Regarding relevant operations, it should be noted that in May 2019, the sale of all the shares and the indirect participation of Molibdenos y Metales S.A. in the Chinese company Luoyang Hi-Tech Metals Co Ltd. was carried out for an amount of US \$ 17.36 million, which implied recognizing a profit of US \$ 11.64 million. Then, during June 2019, the subsidiary Carbomet Energía S.A. materialized the acquisition of 33% of the shares of Compañía Auxiliar de Electricidad del Maipo S.A., thereby adding 100% to the ownership of the latter company. The purchase price was 2,500 million Chilean pesos, equivalent to US \$ 3.7 million.

Considering the result of US \$ 62.57 million obtained during the period between January and December 2019, the Board of Directors decided to submit to the consideration and determination of the Ordinary Shareholders' Meeting the payment of a dividend of US \$ 0.25 per share. If this dividend is approved by said Ordinary Shareholders' Meeting, it would be paid on April 29 of this year.

Finally, I reiterate my thanks to all the collaborators of Molymet and subsidiaries for their commitment, in addition to their personal and professional quality. Furthermore, we thank the shareholders for the trust placed in their Board of Directors.

Certainly the year 2020 will bring new challenges for the molybdenum and rhenium industry, but we believe that it will also create great opportunities for the development of Molymet, for each of us and our stakeholders.

**George Anastassiou Mustakis**  
CHAIRMAN OF THE BOARD  
OF MOLIBDENOS Y METALES S.A.

**During 2019 we worked incessantly to create relationships of trust, based on sincerity, mutual commitment and respect for current agreements and regulations.**



# COMPANY INFORMATION

## IMPORTANT DOCUMENTATION

Molibdenos y Metales S.A. is organized in Valparaíso by public deed of October 28, 1975, before the notary Mr. Roberto Fuentes Hurtado, also modified by the Public Deed of November 20, 1975, before the Notary of Santiago Mr. Rafael Zaldívar Díaz, and authorized by Resolution No. 463-C of November 28, 1975.

The respective certificate was published in the Official Gazette on December 30, 1975 and registered in the Valparaíso Trade Register on December 23, 1975, on pages 1,215 vta, with No. 689.

Its current registration at the registered office of San Bernardo is on page 140 No. 132 of the San Bernardo Commercial Registry, dated July 22, 2011.

## CONTACT INFORMATION

### Corporate Headquarters

Camino Nos a Los Morros 66, San Bernardo

### MolymetNos Plant

Camino Peñuelas N° 0258, Nos, San Bernardo

### Call Center

(56-2) 2 937 6600

### P.O.

1974, Santiago, Chile

### Web Site

[www.molymet.com](http://www.molymet.com)

### E-Mail

[info@molymet.cl](mailto:info@molymet.cl)

## INVESTORS RELATIONS

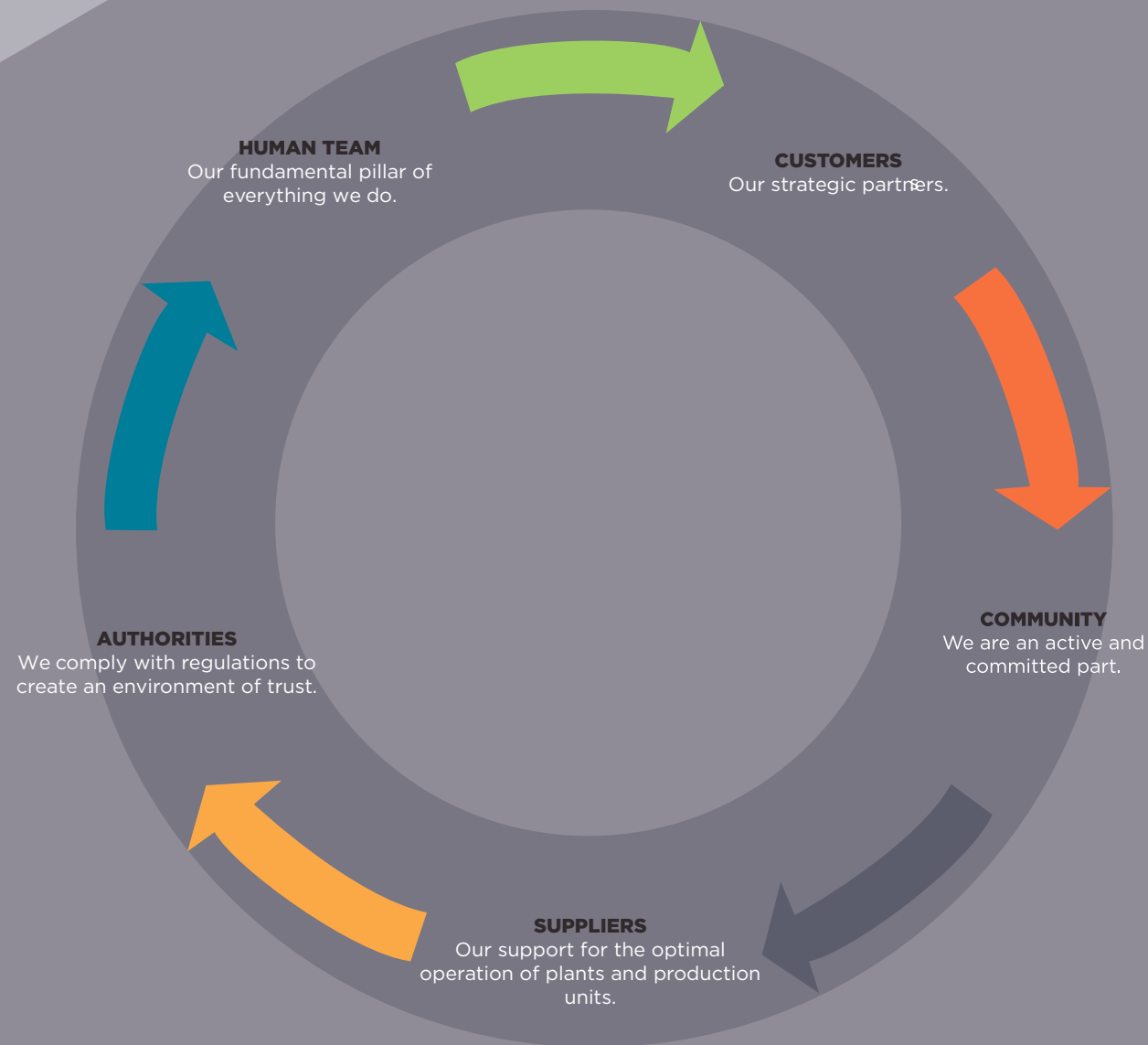
Andrés Ovalle Montero

[andres.ovalle@molymet.cl](mailto:andres.ovalle@molymet.cl)

Phone No.: (56-2) 2 937 6672







## Vision

Our mission is to strengthen our position worldwide in the molybdenum and rhenium market, and to encourage a business culture that acts in a responsible, ethical, moral and transparent manner.

It is also important to create and increase value for shareholders and investors and our most relevant stakeholders, including:

### Our shareholders

Those who place their trust in our work and for whom we seek permanent excellence.

### Our human team

Those who, with their commitment and professionalism, enable everything we do, and whose talent we strive to enhance.

### Our clients

Long-term strategic partners whom we seek to serve closely and efficiently.

### Community

In which we are inserted and of which we must be an active and committed part.

### Our providers

Those who support us to make our operations possible and with whom, regardless of their scale, we maintain fair and equitable treatment.

### The authorities

Whose regulations we intend to comply with permanently and strictly, thus generating an environment of trust.



## Values

For Molymet, our Human Team is the fundamental pillar of its work; the value of people is part of its mission.

Its work teams are positively influenced by leaders who promote communication, generating a good work environment that contributes to commitment and productivity.

All those who are part of Molymet base their work activities on the values that represent the company:

**Integrity:** acting consistently with what is said and what is thought.

**Excellence:** guide work towards continuous improvement of productivity, efficiency and cost indexes.

**Confidentiality:** make responsible use of the knowledge one has about the company.

**Innovation:** looking for new technologies and better products.

**Sustainability:** minimizing the environmental impact of the operation, respecting the natural and social environment.

**Significance:** Molymet's legacy will be the present for future generations.



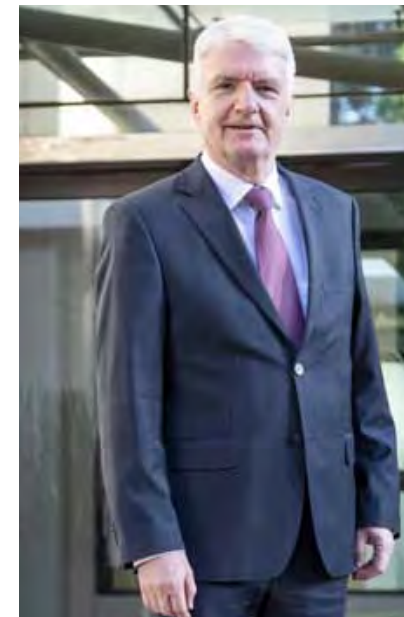


## Molymet leaders give a testimony about the challenges they had to face with their work teams during 2019.

*With the aim of projecting Molymet towards a sustainable future, in 2019 we carried out important internal transformations to optimize the resources available for the benefit of our shareholders, collaborators and stakeholders. Based on the "Purpose" of the company, we work on the implementation of the LEAN philosophy, the consolidation of a new organizational structure and the digital transformation. Faced with an uncertain global economic and social scenario, the way to face the challenges, both contemplated and extraordinary, was to generate spaces for reflection and communication with a spirit of consensus among executives, unions and workers, who showed at all times a deep commitment to the company.*



**JOHN GRAELL MOORE**  
Chief Executive Officer



*With an unexpected slowdown in demand for molybdenum metal powder, our most important product, we had to react quickly to compensate through additional business of other products and achieve the expected sales volume for 2019. In addition, we managed to equip the built areas of the third production line of molybdenum metal powder, which is part of the plant's production capacity expansion project approved in 2018.*

**KLAUS ANDERSSON**  
CEO CM Chemiemetall GmbH, Germany



Taking into account that part of our functions includes auditing the controls associated with the company's risks, from 2014 to 2018 we were entrusted with the task of identifying and raising the risks of the different areas to build a consolidated strategic risk parent company, which in 2019 we present to the Board and the organization to begin with its implementation. With the same effort, in the audit area and thanks to a joint effort with the Vice President of Information, we managed to go from performing manual reviews to automating audit tests associated with our permanent reviews on the core of the business, which allows us to move forward in technological innovation to get into Industry 4.0.

**CLAUDIA AVENDAÑO ROZAS**  
Corporate Vice President of Compliance and Risk



During 2019 in Molynor we face an adjusted supply forecast; Still, we achieved excellent financial results thanks to the effort we put into fostering a culture of innovation as a means of reducing costs and increasing our efficiency. In the new organizational structure that we are implementing, the promotion of spaces for direct and assertive communication was vital for transversal collaboration between business units.

**BRAULIO CID DÍAZ**  
CEO of Complejo Industrial Molynor S.A.



Through successful commercial planning, in 2019 we continued to generate availability and an adequate mix of products to deliver to our customers in a timely manner. This allowed us to face a molybdenum market that was characterized by imbalances generated by the supply and demand of finished products. In this period, logistics, fluid information and reportability were key to fulfilling the expected sales volume.

**GONZALO BASCUÑÁN OBACH**  
Vice President of Commerce and Market Development



Considering the goals and challenges posed by the executive presidency, this year we restructured the area's work teams to increase the efficiency and speed of execution of our project portfolio, which also became more limited and focused. One of the most outstanding projects we are working on is the implementation of a pilot plant for cleaning copper concentrates with a high content of arsenic. We also continue to make progress in the development of molybdenum-rhenium powders and in the purification of lithium salts; The latter with a pilot plant that we hope will be fully operational in March 2020.

**EDGARDO CISTERNA JARA**  
Research and Development Manager







*The most notable aspect of our management during 2019 was obtaining from the Board the authorization for a modernization plan for the gas cleaning and roasting facilities. What started as a study request led to the proposal of a plan that will be an important step towards the sustainability of the company in the next 15 to 20 years. Today, our focus is to capitalize on what we have through lasting and reliable modernization, using the best available technologies.*

### **LUIS GONZALO CONCHA PARADA**

*Vice President of Engineering*



*This year we continue to move forward with the strategic planning that we have been working on since 2018, focused on talent management, leadership and succession, strengthening the corporate culture, alignment with strategic challenges, quality of life and organizational commitment. In the same way and collaboratively we work with the subsidiaries of Chile and America in the construction of the "Purpose" of MolyMet, an instance that summoned collaborators from our subsidiaries and from all areas to reflect and talk about the value of having a purpose that make sense to our work and internal culture, as well as the path for sustainable development that MolyMet has set out for the future.*

### **MARÍA INÉS GÓMEZ GONZÁLEZ**

*Corporate Vice President of Human Resources*



*In 2019 and thanks to the extensive relationship with other internal areas and a vision aligned with sustainability, we managed to continue supporting both MolyMet and its subsidiaries abroad. Regarding legal issues, we were able to regularize the water rights of our two energy generating companies and advise on the merger of both. In external communications we worked on the renewal of the website and we also hired a monitoring system of the company for social networks. From a corporate stand point, we strengthened the structure of the Stock Department, improving our standard to give a faster response to shareholders and also be able to take on other challenges.*

### **MIGUEL DUNAY OSSES**

*Vice President of Corporate and Legal Affairs*



*In 2019, MolyMet reached the highest global sales volume in history. The European and Indian markets represented 41% of that total, reaching a figure of around 33 million pounds of molybdenum. Of this total, an important part corresponded to sales developed in the spot market where we reached the second highest figure in the last ten years. Additionally, we began to develop new sales channels through the use of digital platforms. Lastly, despite the uncertainty associated with the world economy, proper commercial management with our clients during the sales campaign allowed us to exceed the volume agreed upon in the long-term contracts for 2020.*

### **JAVIER GUEVARA BLANCO**

*CEO of MolyMet Services Ltd.*





*The great objective in 2019 of Molymet Peru was to approach with current and potential clients to find a business model for the commercialization of the arsenic removal technology of complex concentrates that Molymet has just patented. With this challenge ahead, it was decided to open an office in which the information of the samples of complex concentrates was collected until the analysis of the technologies that would compete on costs worldwide. This management ended with a final report that unified what was done in 2018 with an in-depth analysis of 2019. During this period we were cautious in our approach and managed to have a clear and detailed vision of the Peruvian market to understand that we need to focus efforts on installation of a pilot plant to strengthen and display the technology and so that we can enter the market with an assertive strategy in the future.*



**MARIO LAMA ACOSTA**  
CEO Molymet Perú Trading Company



*The year 2019 was one of transformations, where the great challenge was to operate during the largest drought in history in the Metropolitan Region. In this context, the merger of Carbomet Energía with the Maipo Auxiliary Power Plant was carried out to obtain greater economic and operational synergy. We actively participate in working groups, such as the Maipo River Surveillance Board, in order to reach agreements to ensure water availability. Inmobiliaria San Bernardo S.A. was also restructured to focus its efforts one hundred percent on the production of organic walnuts. Although we had a low harvest, mainly due to climatic factors, the company was able to focus on the learning obtained in this first stage to look towards the production of the following year.*



**LEONARDO MORAGA HERNÁNDEZ**  
CEO Carbomet Energía S.A. and Inmobiliaria San Bernardo S.A.



*After the sales record we achieved in 2018, one of the main challenges of 2019 was to maintain our market share in North America considering the strong competition from other large producers. Understanding the needs of the clients helped us expand our portfolio and, by providing an excellent service, we managed to maintain relationships of trust so that large buyers satisfied their total consumption with our product.*

**DIEGO MARTIN LEMA**  
CEO of Molymet Corporation



*Although this year the international situation was one of instability and uncertainty, we managed to close 2019 by complying with our investment projects in time, form and quality. We also had zero debt and a return on equity of 26%. The excellent work environment and good relations with the community, suppliers and government institutions allowed us to achieve the operational continuity of our plants for 20.3 months, with a Global Efficiency of Productive Equipment of over 90%. In addition, we earned the Best Place to Work (GPTW) certification.*

**ALFREDO ORTEGA TERÁN**  
CEO of Molymex S.A. de C.V. México





Operational excellence and sustainability were our focuses during 2019. In this line, we led the start of the implementation of the LEAN philosophy, both strategically and at the operational level, and we worked on the development of a corporate sustainability strategy. We are advancing in the challenge of improving the profitability of operations by guaranteeing operational continuity, reducing costs, and increasing efficiency and productivity. In addition, we made the necessary investments to improve the standards of the facilities with a focus on digitization. Among the achievements it is worth mentioning the reduction in incident rates, the lower use of water and the progress in reducing emissions. All of the above could not be possible without the support of our collaborators, of whom we are permanently concerned.

**EDGAR PAPE ARELLANO**  
Vice President of Operations America



This year, one of our main challenges was dealing with the volatility of the markets and reducing the risk of fluctuations in the exchange rate as a result of the trade war. Despite the low interest rates, we managed to maintain a significant profitability and above market conditions for Molymet's investments. Furthermore, we are focused on continuing with greater integration between the different Molymet subsidiaries, helping to manage their risks and making them part of the decision-making process. Regarding our internal structure, Accounting began to depend on us and we created a new administrative area, an interesting work team that doubled in number, and where synergy was quickly generated.

**JORGE RAMÍREZ GOSSLER**  
Corporate Vice President of Administration and Finance



The process of selling our stake in Luoyang Hi-Tech Metals Co. Ltd. was an administrative and legal challenge that we managed to close favorably in July 2019. Meanwhile, in Europe, our subsidiary Sadaci ended the year with the result of a detailed soil report of the property where it is located and that determined that the remediation of the land is not necessary. Finally, both Chemiemetall and Sadaci made large investments to increase the production capacity of the plants by more than half.

**GUIDO PROVOOST VOETS**  
Vice President of Operations Europe and Asia



In 2019 and in a context of internal changes in the administration, we focused on reinforcing the human team, strengthening trust and collaboration between areas. The implementation of the LEAN philosophy allowed us to manage costs, reduce emissions and the operational continuity of our plant, in addition to obtaining good productivity and accident indicators.

**DANIEL URETA VIAL**  
CEO of MolymetNos





*In 2019, our challenge was to substantially improve project management and strengthen the technological infrastructure areas. Thus, throughout the year we worked to build a common technological platform to have maintenance, laboratory, production control and cost systems in all our industrial subsidiaries. In addition, we are advancing in the automation of reports, freeing up time for their generation to redirect efforts to improve analysis and, thus, support the decision-making process.*



*The incorporation of technology and the digital transformation is a discussion that we want to do broadly and transversally to plan the company together for the future. With this in mind, we established a Digitization and Innovation Committee, where we have been able to discuss with other areas the company's portfolio of projects, an instance that has been very positive. As a result, we have seen that several projects that are progressing well coincide with a strong involvement of the functional areas.*

### **JUAN CRISTÓBAL VALENZUELA BÉJARES**

*Vice President of Information*



*In the context of a rather deteriorated Brazilian economy, MolyMet's challenge this year was to adapt to the country's new scenarios, mainly with respect to the increase in internal competition, which is subsidized by the Government. Given this scenario, we were able to identify a need in the agricultural market, which gave us the opportunity to decomodify the molybdenum oxide product, developing a new quality thanks to a joint effort with Molynor, which considerably improved the total volume of sales of said product compared to 2018.*

### **CARLOS VILLA**

*CEO MolyMet do Brasil Representações e Serviços Ltda.*



*This year at Sadaci we are working on the implementation of the roadmap that will allow us to reach the desired level of maturity in the planned maintenance for 2019-2020. To continue with this challenge, we understood that in 2020 it will be essential to attract talents with experience and expertise to enhance the maintenance department, considering that these types of professionals are highly valued in the market. This will allow us not only to reorganize the area to face the complexity of projects like Purox but also to achieve a high OEE (General Equipment Efficiency) and maintain a high level of profitability.*

### **GODFRIED VAN SCHUYLENBERGH**

*CEO SADACI NV, Belgium*



*In 2019 we observed a significant increase in spot sales in Asian countries, such as China and South Korea. This was thanks to the opening of the export window to China and the permanent exchange of information and cooperation with the main players in these markets. Under difficult market conditions due to lower demand for molybdenum products in the European and American markets, and also with a new structure and functions for the commercial office of the Asian market, the team managed to adapt to efficient collaborative work and complied with sales goals.*

### **KEVIN WANG**

*CEO of MolyMet Beijing Trading Co. Ltd.*

