

# Results by the end of the first quarter 2020

PRESS RELEASE



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01

# Executive summary



# 42.97

Million pounds totaled  
the volume of  
molybdenum products  
sold by Molymet

EBITDA reached **US\$ 26.63 million** by March 31st, 2020, a decrease of **26.92%** over the same period in 2019, which was **US\$ 36.44 million**. Profit attributable to shareholders of Molymet as of March 31st, 2020 was **US\$ 8.73 million**, a **46.24%** decrease over the same period in 2019, which was **US\$ 16.24 million**. Which is mainly explained by the lower marketing margins.

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, in addition to stabilization in the price level.

Regarding the international price of molybdenum oxide, in average during the quarter went from **US\$ 11.79 per pound** by March 2019 to **US\$ 9.65 per pound** by March 2020, which meant a **18.15%** decrease.

The volume of molybdenum products sold by Molymet in all its modalities, by March 2020, totaled **42.97 million pounds**, over the **37.14 million pounds** sold by March 2019.

By March 31st, 2020, the liquidity level of the company totaled **US\$ 137.03 million**, which shows a **US\$ 63.24 million** decrease over the end of 2019, resulting from debt amortization.

By March 31st 2020, net debt was **US\$ 112.92 million**, which represents a **US\$ 34.13 million** increase over the **US\$ 78.79 million** by the end of year 2019.

By the end of March 2020, Molymet 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 Molymet Investment Grade rating in the international market. Thanks to our robust business model and financial position, Fitch Ratings ratified Molymet rating in the international scale (BBB) and national (AA+ for Mexico, AA- for Chile and AAA for Colombia), all with stable outlook. In addition, and in sight of the Coronavirus outbreak progress, the risk rating agency highlighted that Molymet 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 Coronavirus (COVID-19), Molymet has prepared to minimize risks. Financially, Molymet has a **robust liquidity position**. According to the Company financing structure, there are no short term nor mid-term debt maturities, for which there are **no financial effects** foreseen as a product of the COVID-19 Emergency.

Operationally, **measures to protect people are being implemented**, for which a Crisis Committee has been organized, which objective is to implement measures to maintain the operational continuity of the company in the production aspect as well as commercial, and organizing work in shift system or remote working for those labors that are not indispensably in-person.

On the other hand, **Molymet has taken measures to help the community** to face this crisis by means of daily streets sanitization of the neighboring communities, on-line training for neighbors to postulate to Government grant funds and for urgent cases solidary goods donations, disinfectant and sanitary masks.

Mexican United States Health Secretary published in the "Diario Oficial de la Federación" an agreement by which extraordinary measures are established to address the sanitary emergency generated by the SARS-CoV2 virus. Due to the established in this Agreement, all activities classified as "non-essential" were suspended. In the essential activities lists, mining and related activities were not listed. As consequence, from April 5th, 2020, Molymex S.A. of C.V. subsidiary started the stop of its industrial operations, according to the detention schedule duly informed to the Mexican authorities.

To this date, having available the processing capability of Molymet industry units and its subsidiaries, no relevant financial nor contractual effects are foreseen as a result of Molymex S.A. of C.V. operations suspension. Also, the other Company productive plants, MolymetNos and Molynor in Chile, Sadaci in Belgium and Molymet Germany in Germany are operating normally.



Liquidity level of the  
company totaled  
**US\$ 137.03 million**





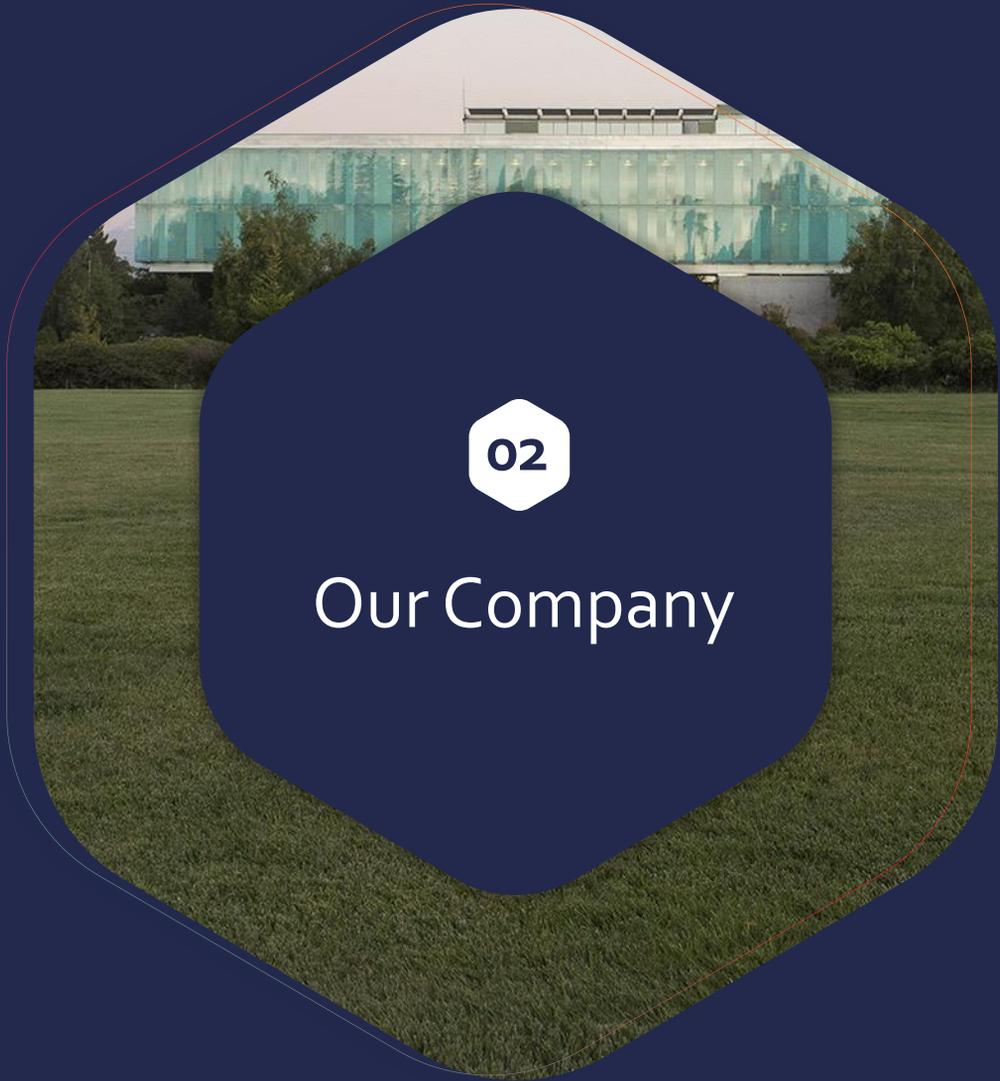
Regarding the current debt covenants, these are satisfactorily met by the end of March, 2020.

Molymet shows a solid financial structure with high levels of liquidity, a comfortable debt maturity profile and broad access to financing markets.

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.

Chemietal 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.



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# Our Company



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.

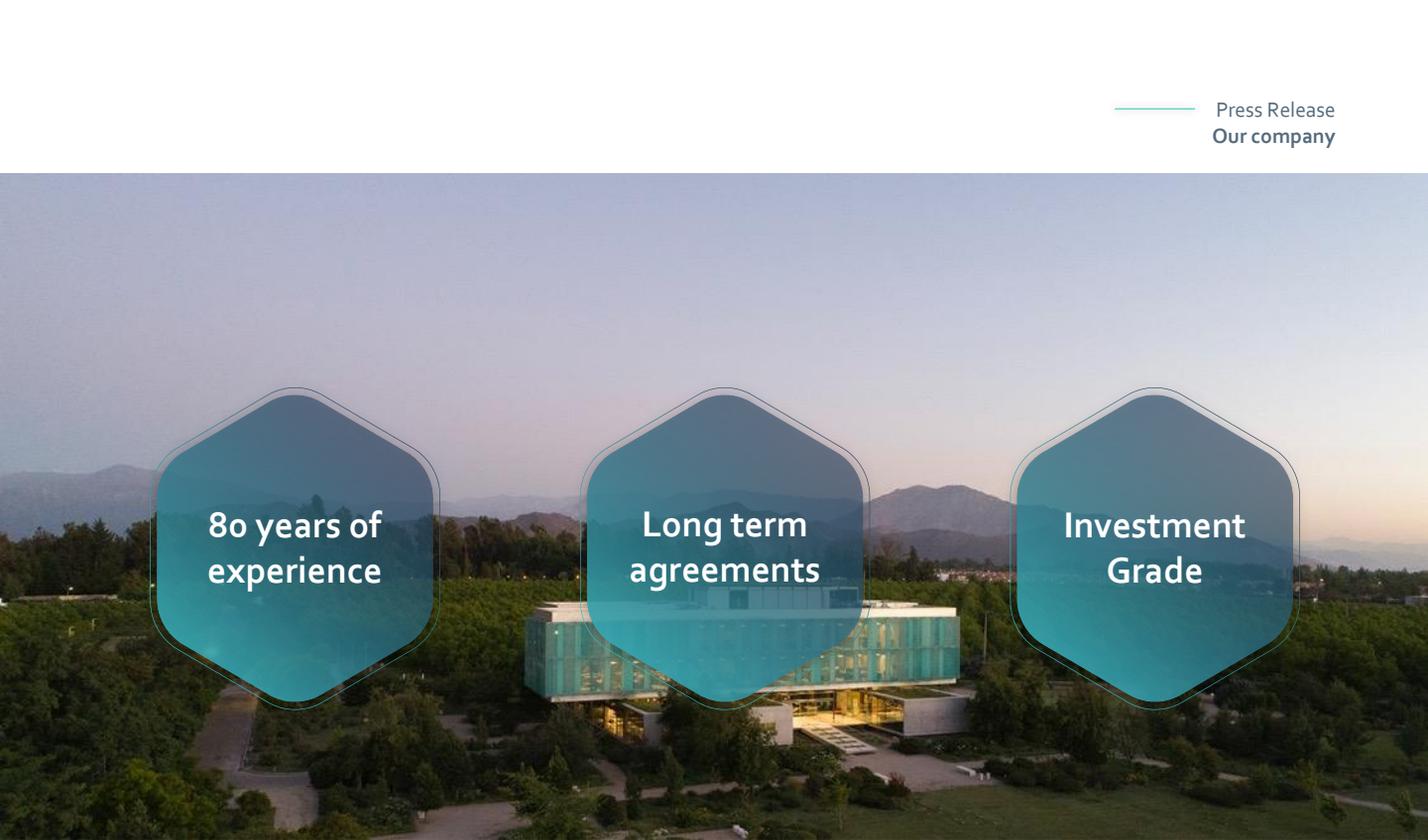
Since year 2007, Molymet maintains an **Investment Grade rating**.

By the end of March, 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: meg constructions, urban development, environmental care, more efficient, safe and durable alloys.



World lider in  
Molybdenum and  
Rhenium  
processing



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 first 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 March 2020, this Project shows a **physical progress of 97%**.

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 approximately **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.



**Geographic  
diversification**

**New investment  
plan**

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 nine countries where the request will be made. Molymet entered the application in nine countries: **Chile, Perú, México, EE.UU., Canada, Bulgaria, Namibia, China** and **Australia**. Of these countries, the patent was already granted in Namibia.

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, 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 and is under local national phase in the following countries: **Canada, Chile, China, Korea, Mexico** and the **European Union**. Pursuant to Belgian law, Sadaci subsidiary is granted tax benefits once the patent has been granted.

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.

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 first quarter  
2020

Consolidated sales of Molymet totaled, by the end of March 2020, US\$ 269.90 million, which is a 5.87% decrease over the US\$ 286.73 million obtained by the end of March 2019.

Profit attributable to Molymet shareholders by March 31st, 2020 was **US\$ 8.73 million**, compared to the **US\$ 16.24 million** profits obtained by December 31st, 2019, originated mainly as the result of the lower gross profit with respect to the same period of the previous year for **US\$ 10.33 million**.

EBITDA reached **US\$ 26.63 million** by December 31st, 2020, a decrease of **26.92%** over the same period in 2019, which was **US\$ 36.44 million**. This is mainly due to the decrease in gross profits at the end of the period, for **US\$ 10.33 million** over March 2019.

Consolidated net debt by March 2020 increased **US\$ 34.13 million**, going from **US\$ 78.79 million** in December 2019 to **US\$ 112.92 million** in March 2020, that is mainly explained by the fact that consolidated cash decreased by **31.58%**, while debt decreased by **10.43%**.

## Accumulated results

### HIGHLIGHTS



Sales  
**US\$ 269.90**  
million



EBITDA  
**US\$ 26.63**  
million



Net debt  
**US\$ 112.92**  
million

# Accumulated results Highlights

Molybdenum decreased its cash from **US\$ 200.27 million** by December 2019 to **US\$ 137.03 million** by March 2020.

By the end of March 2020, **US\$ 7.92 million** were invested (before taxes), over the **US\$ 11.85 million** in the same period of year 2019.

By the end of March 2020, Molybdenum'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	Q1 2020	Q1 2019	VAR Q1 2020 / Q1 2019	
			MM USD	%
Sales Income (mm USD)	269.90	286.73	-16.83	-5.87%
EBITDA (mm USD)	26.63	36.44	-9.81	-26.92%
EBITDA Margin	9.87%	12.71%	-	-284 bps
Net Profit (mm USD)	8.73	16.24	-7.51	-46.24%
CAPEX (mm USD, without VAT)	7.92	11.85	-3.93	33.16%
EBITDA / Financial Expenses	7.03	7.04*	-	-0.14%
Net Debt (mm USD)	112.92	78.79*	34.13	43.32%
Average Mo Price (USD/Lb)	9.65	11.79	-	-18.15%

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



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# Analysis of results

## Q1 2020 vs Q1 2019

Consolidated volumes of Molybdenum products sold by Molymet, in all its modalities, by the end of March 2020 was **42.97 million pounds**, compared to **37.14 million pounds** by the same period in 2019. By the end of March 2020, accumulated ordinary revenue totaled **US\$ 269.90 million**, which accounts for a **5.87%** decrease over the **US\$ 286.73 million** obtained by the end of March 2019.

In terms of the production mix, own sales represent **53.71%** of the total volumes sold of molybdenum products by the end of March 2020.

Variations in the business units of Molymet were the following:



### SUMMARY VOLUMES AND INCOME

	Volumes			Total revenue (MM US\$)		
	Q1 2020	Q1 2019	Var. %	Q1 2020	Q1 2019	Var. %
Own Sales* (mm Pounds)	23.08	19.89	16.04%	241.52	253.27	-4.64%
Tolling (mm Pounds)	19.89	17.25	15.30%	17.05	17.60	-3.13%
Rhenium (Pounds)	9,779	14,267	-31.46%	9.06	12.29	-26.28%
Metallic Mo (mm Pounds)	0.54	0.64	-15.63%	8.23	10.97	-24.98%
Byproducts** (Tons)	29,905	28,016	6.74%	2.27	3.57	-36.41%
Efficiencies (Pounds)	250,527	329,348	-23.93%	2.52	3.87	-34.88%

Own Sales includes Metallic Mo and Efficiencies.  
\*\*Byproducts includes Copper, Acid and others.

## Q1 2020 vs Q1 2019

Own sales volumes totaled **23.08 million pounds** by the end of March 2020, increasing **16.04%** over the same period of 2019. Regarding revenues of this business unit, these decreased, by March 2020, **4.64%** over the same period in 2019. This decrease in income is explained by the decrease in the sales of **16.75%** for ferromolybdenum, **17.71%** for pure oxide Sandy grade, and **19.72%** for technical oxide-briquettes, which was partially offset by an increase in **30.36%** for technical oxide-powder.

Tolling volumes totaled **19.89 million pounds** by the end of March 2020, increasing **15.30%** over the same period in 2019. Regarding revenue from this business unit, these decreased **3.13%** over the same period in 2019. This is mainly the result of a decrease in ferromolybdenum tolling for **23.88%**, and in technical oxide-powder tolling for **1.04%**, and which was partially offset by an increase technical oxide-briquettes tolling for **7.74%**.



**30.36%**

Higher revenues from  
technical oxide-powder



**7.74%**

Higher revenues from tolling  
of technical oxide-briquettes



## Q1 2020 vs Q1 2019

Rhenium sales volumes rose to **9,779 pounds** by the end of March 2020, decreasing **31.46%** over the same period in 2019. Regarding revenues of this product, these decreased **26.28%** over the same period in 2019.

Metallic molybdenum sales totaled **0.54 million pounds** by the end of March 2020, decreasing **15.63%** over the same period of 2019. Regarding revenues obtained from this product, these decreased **24.98%**, over the same period of 2019.

Other byproducts sales volume totaled **29,905 tons** by the end of March 2020, increasing **6.74%** over the same period in 2019.

Regarding revenues of this business unit, these decreased **36.41%** over March 2019.

The sales volume of efficiencies obtained by the company (metallurgic earnings) totaled **250,527 pounds** by the end of March 2020, which is **23.93%** lower than the amount recorded in the same period of 2019. Regarding revenue obtained, this decreased **34.88%** over the same period of 2019. This is due to a lower volume obtained from efficiencies.

80 years  
of experience

## Q1 2020 vs Q1 2019

Regarding the international price of molybdenum oxide, in average during the year, went from **US\$ 11.79 per pound** by March 2019, to **US\$ 9.65 per pound** by March 2020, which meant a **18.15%** decrease.

Consolidated cost of sales by March 31st, 2020 totaled **US\$ 236.23 million**, showing an decrease of **2.68%** over the **US\$ 242.73 million** registered by the end of March 2019.

By March 31st, 2020, gross profit totaled **US\$ 33.67 million**, which accounts for a **23.48%** decrease over the **US\$ 44.00 million** obtained by the end of March 2019.

Administration and sales expenses totaled **US\$ 10.93 million** by the end of March 2020, decreasing **15.35%** over the same period in 2019. When measured as a percentage over sales revenues, these rose to **4.05%** by the end of March 2020.

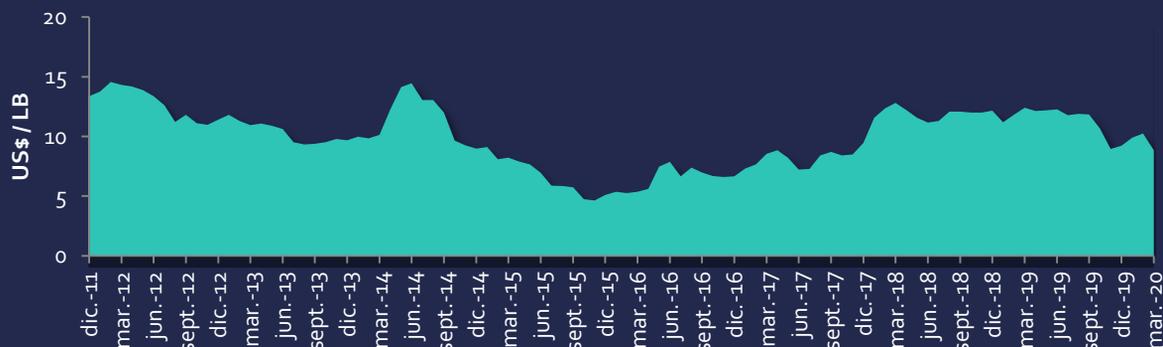
It is important to note that Molymet holds a stable mid and long term clients portfolio for its Tolling, Own Sales and Rhenium business units.

**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



## Q1 2020 vs Q1 2019

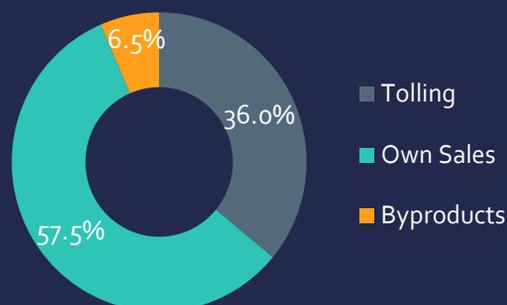
By March 31st, 2020, EBITDA totaled **US\$ 26.63 million**, showing a **26.92%** decrease over the same period in 2019, which was **US\$ 36.44 million**. This is mainly due to the decrease in gross profit by the end of the period for **US\$ 10.33 million** obtained by March 2019.

Profit attributable to Molymet shareholders by March 31st, 2020 was **US\$ 8.73 million**, compared to the profits of **US\$ 16.24 million** obtained by March 31st, 2019, originated mainly as the result of the lower gross profit with respect to the same period of the previous year for **US\$ 10.33 million**.

### EBITDA MARGIN AND EBITDA EVOLUTION (MM US\$)



### EBITDA COMPOSITION Q1 2020



### EBITDA COMPOSITION VARIATION (MM US\$)





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# Consolidated balance sheet analysis

By March 31st, 2020, total assets of the company show a decrease of **US\$ 47.81 million** over the end of December 2019. This is mainly due to:

Current assets decreased, by March 31st, 2020, in **US\$ 54.40 million**, over the end of December 2019. This mainly reflects upon the decrease in cash and cash equivalent for **US\$ 63.10 million**, and in current inventories for **US\$ 26.76 million**. The above was partly offset by the increase trade an Other receivables for **US\$ 33.50 million**.

Non current assets show an increase, by March 2020, of **US\$ 6.59 million** over the end of 2019, mainly explained by the increase in Deferred tax assets for **US\$ 2.55 million**, in property, plant and equipment for **US\$ 2.42 million**, and in Other intangible assets for **US\$ 1.21 million**.

### FINANCIAL DEBT MATURITY PROFILE by March 31st, 2020 (US\$ MM)



By the end of March 2020, the total of current and non current liabilities of the company decreased **US\$ 44.71 million** over the end of 2019. This is mainly due to:

Current liabilities decreased, by March 2020, in **US\$ 49.85 million** over the end of December 2019, mainly explained by the decrease in other financing liabilities for **US\$ 39.55 million**, in trade accounts and other payables for **US\$ 12.11 million**, and in post-employment benefits for **US\$ 5.66 million**. The above was partly offset by the increase in current tax liabilities for **US\$ 3.90 million**, and in current non-financing liabilities for **US\$ 3.57 million**.

Non current liabilities increased, by March 2020, in **US\$ 5.15 million** over the end of December 2019, mainly explained by the increase in other non-current financial liabilities for **US\$ 10.44 million**, which was partly offset by the decrease in deferred tax liabilities for **US\$ 3.96 million**, and in post-employment benefits for **US\$ 2.10 million**.

Net equity, by the end of March 2020, recorded a **US\$ 3.10 million** decrease over the end of year 2019, mainly explained by a decrease in other reserves for **US\$ 8.17 million**, which was partly offset by de increase in accumulated profits for **US\$ 5.24 million**.

#### EBITDA / FINANCIAL EXPENSES



#### NET DEBT / EBITDA



## Financial ratios

**Net Debt to EBITDA ratio:** increased between December 2019 and March 2020, reaching a value of **0.91 times**. The above is due to a decrease in the annualized EBITDA of **7.29%**, and an increase of the net debt of **43.32%**, 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 **7.50%** over December 2019, reaching a value of **0.74 times** by March 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 **34.45%** by March 2020, mainly due to the payment of **US\$ 40.00 million**, corresponding to bank loan, to the decrease in accounts payables for **US\$ 12.11 million**, and in post-employment benefits for **US\$ 5.66 million**. The above was partly offset by the increase in current tax liabilities for **US\$ 3.90 million**, and in other current non financial liabilities for **US\$ 3.57 million**.

**Long Term Liabilities %:** Increased, from **59.66%** by December 2019 to **65.55%** by March 2020, due to the decrease in short term liabilities, and the increase of the long term liabilities for **US\$ 5.15 million**.

Ratio	December 2019	March 2020	VARIATION % 2019 / Q1 2020
Net Debt / EBITDA	0.59	0.91	54.24%
Debt Ratio <sup>1</sup>	0.80	0.74	-7.50%
% Short Term Liabilities	40.34%	34.45%	-14.60%
% Long Term Liabilities	59.66%	65.55%	9.87%
EBITDA / Financial Expenses <sup>2</sup>	7.04	7.03	-0.14%
Current Liquidity <sup>3</sup>	3.20	3.77	17.81%
Acid Ratio <sup>4</sup>	1.55	1.82	17.42%

<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 **0.14%** decrease going from **7.04 times** by the end of year 2019 to **7.03 times** by March 2020, which is mainly explained by the decrease of the EBITDA, with respect to these same values at the year ended 2019.

**Current liquidity:** By the end of March 2020 totals **3.77 times**, increasing **17.81%** 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 **1.82 times** by March 2020, due to the decrease in current liabilities, greater than the decrease in current assets, and the decrease in current inventories for **US\$ 26.76 million**.



### RISK RATING

RISK RATING	S&P	Fitch	Feller
International	BBB-	BBB	-
Mexico	AA	AA+	-
Chile	-	AA-	AA-
Colombia	-	AAA	-



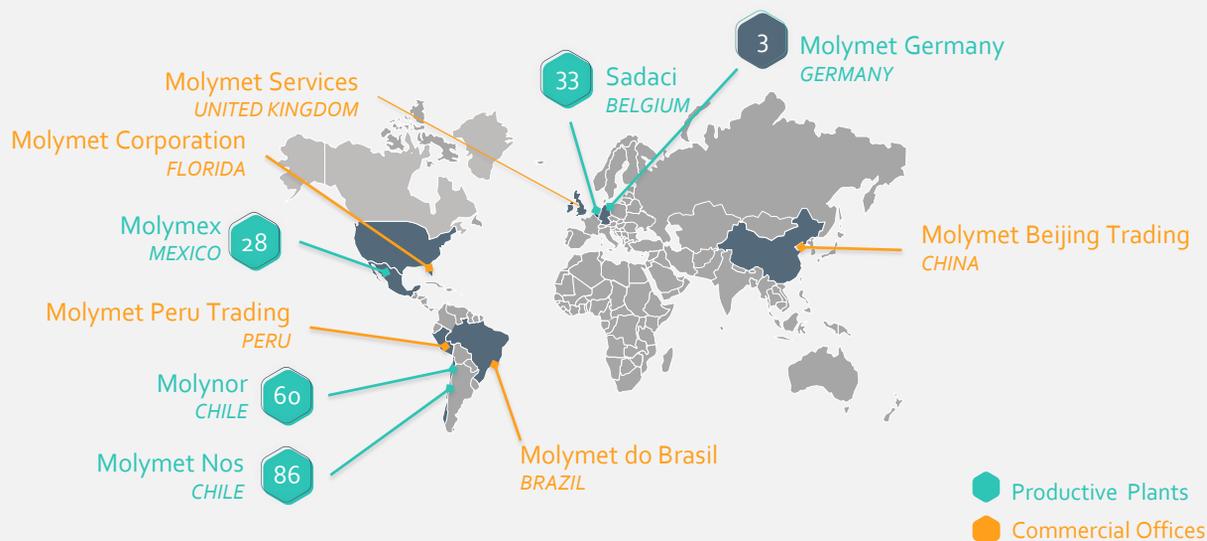


Largest molybdenum processor in the world (35% of the world's processing capacity).

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 March 31st, 2020



 Annual Molybdenum Processing Capacity in million pounds  
Total capacity: 207 million pounds

 Annual Metallic Molybdenum Processing Capacity in million pounds.

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## 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.

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## EFFICIENCY AND PROPER COST MANAGEMENT CONTROL.

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## HEALTHY DEBT LEVELS

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## 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 Molymet, 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.

Molymet 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 Molymet 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, which will be presented yearly.

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 teams trainings**.

An aerial photograph of a golf course, showing a large green pond in the foreground, surrounded by lush green trees and a clear blue sky. The image is framed by a dark blue, rounded hexagonal shape.

07

# Consolidated Financial Statements

## Balance sheet

Assets	03-31-2020	12-31-2019	VAR %
	MUSD	MUSD	Q1 2020 / 2019
Current assets			
Cash and cash equivalent	136,727	199,824	-31.58%
Other financing assets, current	34	145	-76.55%
Other non-financing assets, current	6,839	4,445	53.86%
Trade and Other receivables, current	173,258	139,757	23.97%
Intercompany receivable, current	27	316	-91.46%
Inventories, current	362,814	389,579	-6.87%
Biological assets, current	778	526	47.91%
Tax assets, current	20,759	21,045	1.36%
Non-current assets or groups of assets for disposal classified as held for sale or held as distributable to owners	-	-	-
<b>Total Current Assets</b>	<b>701,236</b>	<b>755,637</b>	<b>-7.20%</b>
Non current assets			
Other financing assets, non-current	267	301	-11.30%
Other non-financing assets, non-current	24	24	0.00%
Trade and Other receivables, non-current	48	54	-11.11%
Intercompany receivable, non-current	-	-	-
Inventories, non-current	85,792	85,329	0.54%
Investments accounted using the Equity method investments	-	-	-
Other intangible assets	4,196	2,988	40.43%
Properties, Plant and Equipment	462,179	459,764	0.53%
Deferred tax assets	17,635	15,086	16.90%
<b>Total non-Current Assets</b>	<b>570,141</b>	<b>563,546</b>	<b>1.17%</b>
<b>Total Assets</b>	<b>1,271,377</b>	<b>1,319,183</b>	<b>-3.62%</b>

## Balance sheet

Equity and Liabilities	03-31-2020	12-31-2019	VAR %
	MUSD	MUSD	Q1 2020 / 2019
Current liabilities			
Other financing liabilities, current	4,328	43,878	-90.14%
Accounts and other payables, current	123,258	135,368	-8.95%
Intercompany payables, current	-	-	-
Tax liabilities, current	15,347	11,445	34.09%
Employee benefit provisions, current	13,603	19,265	-29.39%
Other non-financing liabilities	29,511	25,944	13.75%
<b>Total Current Liabilities</b>	<b>186,047</b>	<b>235,900</b>	<b>21.13%</b>
Non-Current Liabilities			
Other financing liabilities, non-current	245,619	235,178	4.44%
Trade accounts payable and other non-current accounts payable	2,453	1,648	48.85%
Other provisions, non-current	404	439	-7.97%
Deferred tax liabilities	88,135	92,093	-4.30%
Employee benefit provisions, non-current	17,382	19,487	-10.80%
Other non-financial liabilities, non-current	-	-	-
<b>Total non-Current Liabilities</b>	<b>353,993</b>	<b>348,845</b>	<b>1.48%</b>
<b>Total Liabilities</b>	<b>540,040</b>	<b>584,745</b>	<b>-7.65%</b>
Equity			
Share capital	501,952	501,952	0.00%
Retained earnings	254,601	249,363	2.10%
Other reserves	(26,442)	(18,269)	-44.74%
<b>Total Equity attributable to owners of the parent</b>	<b>730,111</b>	<b>733,046</b>	<b>-0.40%</b>
Total Equity attributable to non-controlling interests	1,226	1,392	11.93%
<b>Total Equity</b>	<b>731,337</b>	<b>734,438</b>	<b>-0.42%</b>
<b>Total Liabilities and Equity</b>	<b>1,271,377</b>	<b>1,319,183</b>	<b>3.62%</b>

## Profit and Loss Statement

Statement of Net Income by Function	03-31-2020	03-31-2019	VAR %
	MUSD	MUSD	Q1 2020 / Q1 2019
Revenue	269,900	286,727	-5.87%
Cost of sales	(236,231)	(242,726)	2.68%
<b>Gross Profit</b>	<b>33,669</b>	<b>44,001</b>	<b>-23.48%</b>
Other gains, by function	240	238	0.84%
Distribution costs	(4,218)	(3,346)	26.06%
Administrative expenses	(10,931)	(12,913)	-15.35%
Other expenses, by function	(1,584)	(1,745)	-9.23%
Other gains (loss)	(12)	4	↓
<b>Income from operating activities</b>	<b>17,164</b>	<b>26,239</b>	<b>-34.59%</b>
Financial income	938	1,742	-46.15%
Financial expenses	(3,786)	(4,883)	-22.47%
Share of income (losses) from equity method associates and joint ventures	-	-	-
Exchange rate differences	(438)	(878)	50.11%
<b>Income (loss) before income taxes</b>	<b>13,878</b>	<b>22,220</b>	<b>-37.54%</b>
Income tax expense	(4,871)	(5,664)	-14.00%
<b>Income from continuing operations</b>	<b>9,007</b>	<b>16,556</b>	<b>-45.60%</b>
<b>Income</b>	<b>9,007</b>	<b>16,556</b>	<b>-45.60%</b>
Income (loss) attributable to owners of the parent	8,729	16,239	-46.25%
Income (loss) attributable to non-controlling interest	278	317	-12.30%
<b>Income</b>	<b>9,007</b>	<b>16,556</b>	<b>-45.60%</b>