

FREE TRANSLATION, FOR INFORMATION PURPOSES ONLY**MOLYMET PARTICIPANTS**

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PRESENTATION

Maximiliano De Tezanos-Pinto – *Molymet*

Hello everyone, I welcome you to these new earnings call for the second quarter of 2021. As usual, we are the Molymet team: Jorge Ramírez, Andrés Ovalle, and Maximiliano De Tezanos-Pinto to review the results of the company.

Regarding financial performance, on the revenue side, we can see that, at the end of the second quarter compared to the same of the previous year, lower sales were obtained in terms of volume in molybdenum products, reaching a value of 72.93 million pounds, compared to 81.68 million pounds obtained as of June 2020, which was a record year for us in terms of volume sold. However, the volumes currently achieved are very positive and healthy for the business. This translates, however, into a considerable increase in sales revenue, reaching an amount of US\$ 643.34 million, 26% more than the US\$ 510.44 million obtained last year. This is largely explained by a scenario of price increases that we have seen during this year, and last year. The products that most drove this were ferromolybdenum (FEMO), obtaining a 37% higher income compared to the previous year, also Pure Oxide Sandy Grade (OPAS) increased its income by 30%, and technical oxide powder by 7%, and technical oxide in briquettes by 19%. This speaks to the higher margins that we have obtained this year, which is quite positive for the business.

Regarding the net profit obtained by this quarter, it was higher compared to the previous year, and is mainly explained by the higher gross profit, and reached a value of US\$ 56.78 million. As we can see, notably higher than the US\$ 16.06 million obtained in the second quarter of 2020.

Regarding EBITDA, it also increased due to the higher gross profit, and reached a value of US\$ 105.27 million, almost double the amount obtained in the same period last year, which also has to do with the scenario we are seeing in terms of prices, and the efficiency of the company.

Regarding the net debt, it increased, and was US\$ 115.77 million, and it translates into a net debt / EBITDA ratio of 0.69 times. This increase is mainly due to a decrease in our consolidated cash level, which is largely driven by the international Mo price increase, which makes us have greater needs for working capital and cash disbursements, and thanks to the payment of dividends for an approximate amount of US\$ 27 million.

On this slide, we can see on the left side, how EBITDA varied from the second quarter of last year to the second quarter of this year, and how the different business units contributed to this variation. The main driver of this increase was own sales, which in terms of income represented a 29% increase compared to the previous year. We also show other important indicators such as the company's income discussed above, along with net income, EBITDA, and capital, which reached a value of US\$ 778 million, which represents an increase as is the trend. Liquidity (cash), net debt, consolidated assets, which reached a value of US\$ 1,471 million, and a CAPEX of US\$ 15 million.

On the right side, you can see the main ratios, compared to the end of 2020. They are very healthy, as usual, due to the company's financial policies.

The Net Debt / EBITDA ratio doubled, the debt ratio, which is the company's total liabilities, divided by equity, EBITDA / Financial expenses, also increased due to the increase in EBITDA and lower financial expenses, the current liquidity ratio and acid ratio, which are similar ratios that consider current assets over current liabilities, with the acid ratio subtracting current inventories from the value of current assets.

Here we show you the company's debt maturity profile by the end of the second quarter, and as we can see, we are quite comfortable with our debt maturities, the most important being in 2022, 2023 and 2028, represented by the bonds issued in Colombia, Mexico, and Chile respectively.

Talking about the international price of molybdenum oxide, it varied on average during the year from a value of US\$ 9.02 per pound in June 2020, to US\$ 12.74 per pound on average in June 2021. This represents an increase of 41.24%, which is very significant, and although these are average prices, we can see month by month that today we are in prices above US\$ 18 and US\$ 19 per pound, even seeing days when the price is over US\$ 20 per pound, which is very relevant.

Regarding the relevant events that we have had during this year, on February 15, Mr. John Graell, CEO of Molymet, resumed his functions after being absent for a relatively short period at the end of last year and the beginning of this for personal reasons, but he returned with the fullness of his functions, and we are very happy about it, and it is very positive for the company.

On April 20, the Ordinary Shareholders' Meeting of Molymet was held, in which the renewal of the Company's Board of Directors was agreed. The directors indicated there being elected, highlighting the appointment of Eduardo Guilisasti and Karlheinz Wex as president and vice president of the Board, respectively. New external auditors were appointed, with Deloitte Auditores y Consultores Limitada being chosen for the 2021 period, which applies to all affiliates and subsidiaries of the company.

It was also agreed to pay dividends of US 0.20 per share, representing a total of US\$ 26.6 million.

A new relevant event compared to last quarter is that, in Mexico, the National Banking and Securities Commission of Mexico ("CNBV") authorized the issue program, on a revolving basis, of long-term stock certificates for Molymet. In this program, we are authorized to issue up to MXN 6,000 million, equivalent to US\$ 300 million, in a term of 5 years. It should be noted that these emissions are not restricted to a defined number of emissions, that is, different amounts can be issued more than once during that period until the authorized limit is reached.

With this we conclude the earnings call for the second quarter of 2021, if anyone has any questions, we can answer them right now.

Hernán Kisluk - *MetLife*

Hello, good day, here Hernán Kisluk from MetLife, I have some questions to ask you: The effect of working capital, which increased a lot in the second quarter, did it continue to deepen in the third quarter, due to the increase in prices (of Mo)?

Andrés Ovalle - *Molymet*

Hello Hernán, good afternoon. Look, indeed as Maximiliano mentioned in the presentation, we saw an important effect in the second quarter of the increase in prices, and that, although on average the rise is not reflected in such an important way, we are already talking at the end of June price levels of US\$ 18 per pound. Today we are talking about US\$ 20 per pound spot, and indeed, July and August were also months with strong working capital needs, which have intensified. However, as you can see, our levels of indebtedness, leverage, and ratios such as net debt / EBITDA, etc., continue to be healthy, despite this drop in cash, so on that side, we have no major concerns. And as you know Hernán, we have short-

term financing options through uncommitted credit lines with several national banks, in addition to the Mexican line that Maximiliano mentioned at the end, which we also have available for when we want to make an issue.

Hernán Kisluk - *MetLife*

Perfect, regarding the issue of the minimum cash, I remember that the agencies asked them for a certain minimum level of cash to maintain the ratings. Would you remind me how you are with that?

Andrés Ovalle - *Molymet*

Yes, at the time there was talk of a minimum cash of US\$ 200 million, but the truth is that we have made this more flexible at a certain point, so that, although the idea is to maintain the liquidity above that level in the long term, from time to time, during some periods, we have kept cash at levels lower than that without any problem. However, we are concerned if we have cash close to US\$ 100 million, we are clearly worried, but if we have kept cash around US\$ 120-200 million throughout the year.

Hernán Kisluk - *MetLife*

I have another question regarding the Colombian peso bond, which expires next year. Can it be an option to refinance it with this line of credit registered in Mexico?

Andrés Ovalle - *Molymet*

Yes, it can totally be an option. We are working, internalizing ourselves in the Mexican market, to be able to make a bond issue promptly. As Maximiliano mentioned before, we have a line of up to US\$ 300 million equivalent, which is quite practical for us and can effectively be through a new bond issue in Mexico, or it can be with a PAE loan to finance that bond, and we have no inconveniences in refinancing, because as you know, the rates in dollars are quite attractive, in fact, you can raise one-year PAEs credits for rates below 0.5% per year in dollars, then those short-term financing are quite practical and they are a tool that we have used and will use in the future.

Hernán Kisluk - *MetLife*

Thanks. Finally, for a few years now, the sales mix between own sales and tolling have been changing. Do you have a capacity utilization target that you want to reach for each of these uses?

Andrés Ovalle - *Molymet*

The truth is no, we do not have a target defined as 60:40, 70:30. We have tended to a higher proportion of our own sales, and that has given us quite a lot of returns in recent years, and this year in particular, with the rise in price and the reactivation of demand, has allowed us to have the good results we have seen. The sales mix, the gains for products, everything has been reactivated in a very good way. For example, the prizes for FeMo, if we were talking that in 2019 they were around US\$ 0.50 per pound, today we see prizes of US\$ 1.50 per pound. That's how big the increase in prices was, so all this is in line with the fact that our own sale benefits us much more at the moment.

Hernán Kisluk - *MetLife*

Ok, but doesn't that mean that those tolling contracts that you have are not renewed?

Andrés Ovalle - *Molymet*

No, because in the end, tolling also gives you good margins, good EBITDA, and also helps you reduce your unit production costs, by having a little more volume.

Maximiliano De Tezanos Pinto – *Molymet*

As there are no more questions, we close the results call, and we thank you for joining this opportunity. I remind you that both the presentation in Spanish and English, along with the transcript also in Spanish and English, will be uploaded to our website in the next few days, and we invite you to participate in the next call for results. Thank you.