

Tear Sheet:

# Molibdenos y Metales S.A.

August 11, 2025

This report does not constitute a rating action.

**S&P Global Ratings forecasts Molibdenos y Metales S.A. Molibdenos y Metales S.A. (Molymet)'s net leverage will be higher than we previously expected but still below our 2.0x downgrade trigger through the cycle.** We are revising our 2025 net leverage forecast for Molymet to 2.0x from 1.2x. This is mainly explained by higher molybdenum prices and working capital consumption than we previously anticipated. Relatively stable molybdenum prices in the next 12 months should support positive cash flows, and we expect a slight deleveraging to about 1.7x in 2026. However, we anticipate less leverage headroom below our trigger in case of potential molybdenum price volatility and higher working capital consumption.

**We anticipate higher contributions from rhenium products.** Rhenium product sales volume reached 32,000 pounds as of March 31, 2025, which represents a 23% increase versus first-quarter 2024. Moreover, rhenium prices are currently 20% higher than in 2024. Therefore, we expect the EBITDA contribution from byproducts to remain at about 30% in 2025 (similar to 2024) up from about 25% in 2023 and about 15% in 2022. The company's strategy to expand this unit is yielding results and we believe rhenium business could contribute to EBITDA growth in the next two years. This is still a niche market but has been growing in recent years, with Molymet holding about 70% market share worldwide.

**The company's comfortable liquidity position, with no debt maturities until 2028, supports its credit quality.** Molymet's liability management performed during March 2025 pushed maturities forward and strengthened the company's capital structure while keeping cash above \$100 million. Consequently, we expect cash sources to exceed cash uses by more than 20% in the next 12-24 months, resulting in comfortable liquidity.

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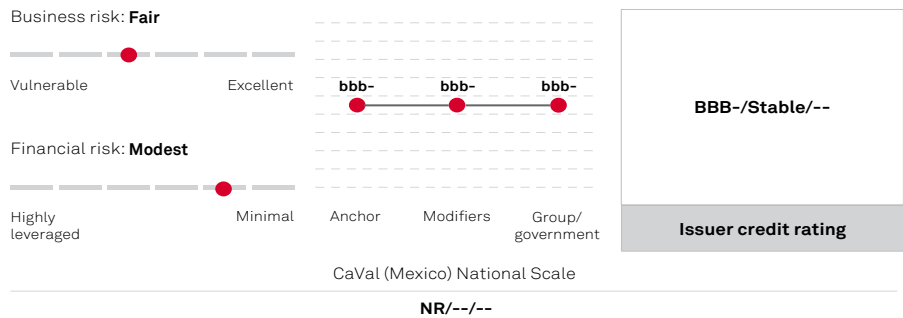
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# Ratings Score Snapshot



## Company Description

Molymet is the world's largest player in the molybdenum processing industry, with 35% of total global roasting capacity, and has a 70% global market share in rhenium. The company gets most of its revenue from processing molybdenite and delivering molybdenum oxide, ferromolybdenum, and other byproducts such as rhenium. Molymet generated \$2.06 billion in revenue and \$156 million of S&P Global Ratings-adjusted EBITDA in 2024. The company operates through three divisions:

- Own sales: Molymet buys molybdenite from miners and uses its own technology to treat and process the concentrate to produce and sell a variety of molybdenum products.
- Tolling: This unit charges a fee to companies in the mining industry to process their molybdenite.
- Byproducts: This unit recovers rhenium and other byproducts from the roasting and oxidation process at the other two business units.

The company benefits from resilient EBITDA generation despite volatility in molybdenum prices. This is because its tolling unit receives a defined fee while its own sales unit finalizes the payment to suppliers after it sells the final product to the market.

## Outlook

The stable outlook reflects our expectation that although slightly higher molybdenum prices will increase working capital needs and drive leverage to about 2.0x in 2025, gradual improvements in cashflow generation and EBITDA should bring debt to EBITDA to 1.7x in 2026. The outlook also reflects the company's comfortable liquidity with no maturities until 2028.

### Downside scenario

We could lower the ratings in the next 12 months if:

- The company faces higher-than-expected working capital needs and liquidity weakens with sources to uses persistently below 1.2x; or
- Credit metrics deteriorate with adjusted leverage consistently above 2.0x.

## Upside scenario

An upgrade is unlikely in the next 12 months because it would depend on Molymet increasing the scale and diversity of its operations, while maintaining debt to EBITDA consistently below 2.0x and funds from operations (FFO) to debt above 45%.

## Key Metrics

### Molibdenos y Metales S.A.--Forecast summary

Period ending	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027
(Mil. \$)	2021a	2022a	2023a	2024a	2025e	2026f	2027f
Revenue	1,453	1,883	2,475	2,064	2,290	2,342	2,399
Gross profit	274	260	198	230	248	256	264
EBITDA (reported)	193	186	115	157	167	173	179
Plus: Operating lease adjustment (OLA) rent	--	--	--	--	--	--	--
Plus/(less): Other	(0)	2	1	(1)	(1)	(1)	(1)
EBITDA	193	188	116	156	167	173	179
Less: Cash interest paid	(7)	(20)	(44)	(30)	(24)	(24)	(24)
Less: Cash taxes paid	(13)	(60)	(51)	(14)	(32)	(34)	(36)
Plus/(less): Other	--	--	--	--	--	--	--
Funds from operations (FFO)	173	109	21	113	111	115	119
EBIT	151	150	76	138	131	137	144
Interest expense	13	22	48	44	25	25	25
Cash flow from operations (CFO)	(302)	198	86	59	63	105	109
Capital expenditure (capex)	32	42	38	40	40	41	42
Free operating cash flow (FOCF)	(334)	156	47	20	23	64	67
Dividends	54	41	28	13	33	30	31
Share repurchases (reported)	--	--	--	--	--	--	--
Discretionary cash flow (DCF)	(387)	115	19	7	(10)	34	35
Debt (reported)	596	501	763	430	440	440	440
Plus: Lease liabilities debt	6	11	9	8	7	6	6
Plus: Pension and other postretirement debt	33	38	29	27	27	27	27
Less: Accessible cash and liquid investments	(157)	(174)	(376)	(141)	(139)	(171)	(205)
Plus/(less): Other	0	(25)	(98)	(4)	(4)	(4)	(4)
Debt	478	351	327	320	331	297	263
Equity	792	847	864	890	932	982	1,035
FOCF (adjusted for lease capex)	(339)	149	46	17	22	63	66
Interest expense (reported)	12	21	46	43	24	24	24
Capex (reported)	32	42	38	40	40	41	42
Cash and short-term investments (reported)	157	174	376	141	139	171	205
<b>Adjusted ratios</b>							
Debt/EBITDA (x)	2.5	1.9	2.8	2.0	2.0	1.7	1.5

## Molibdenos y Metales S.A.

### Molibdenos y Metales S.A.--Forecast summary

FFO/debt (%)	36.1	30.9	6.5	35.2	33.4	38.5	45.1
FFO cash interest coverage (x)	24.7	6.5	1.5	4.7	5.6	5.8	6.0
EBITDA interest coverage (x)	15.4	8.7	2.4	3.6	6.7	6.9	7.2
CFO/debt (%)	(63.1)	56.4	26.2	18.5	19.1	35.5	41.5
FOCF/debt (%)	(69.8)	44.5	14.4	6.1	6.9	21.6	25.4
DCF/debt (%)	(81.1)	32.8	5.8	2.0	(3.0)	11.6	13.5
Lease capex-adjusted FOCF/debt (%)	(70.9)	42.3	14.1	5.4	6.7	21.2	25.0
Annual revenue growth (%)	38.2	29.6	31.4	(16.6)	11.0	2.3	2.5
Gross margin (%)	18.9	13.8	8.0	11.1	10.8	10.9	11.0
EBITDA margin (%)	13.3	10.0	4.7	7.6	7.3	7.4	7.4
Return on capital (%)	14.6	12.1	6.3	11.5	10.6	10.8	11.2
Return on total assets (%)	9.9	8.0	3.8	7.5	7.6	7.6	7.7
EBITDA/cash interest (x)	26.4	9.5	2.6	5.2	7.0	7.2	7.5
EBIT interest coverage (x)	12.0	6.9	1.6	3.2	5.3	5.5	5.8
Debt/debt and equity (%)	37.6	29.3	27.4	26.4	26.2	23.2	20.3
Debt fixed-charge coverage (x)	15.4	8.7	2.4	3.6	11.3	6.9	7.2
Debt/debt and undepreciated equity (%)	37.6	29.3	27.4	26.4	26.2	23.2	20.3

## Financial Summary

### Molibdenos y Metales S.A.--Financial Summary

Period ending	Dec-31-2019	Dec-31-2020	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024
Reporting period	2019a	2020a	2021a	2022a	2023a	2024a
Display currency (mil.)	\$	\$	\$	\$	\$	\$
Revenues	1,170	1,052	1,453	1,883	2,475	2,064
EBITDA	125	116	193	188	116	156
Funds from operations (FFO)	91	106	173	109	21	113
Interest expense	18	13	13	22	48	44
Cash interest paid	15	11	7	20	44	30
Operating cash flow (OCF)	105	119	(302)	198	86	59
Capital expenditure	58	32	32	42	38	40
Free operating cash flow (FOCF)	46	87	(334)	156	47	20
Discretionary cash flow (DCF)	7	53	(387)	115	19	7
Cash and short-term investments	200	213	157	174	376	141
Gross available cash	200	213	157	174	376	141
Debt	82	47	478	351	327	320
Common equity	734	756	792	847	864	890
<b>Adjusted ratios</b>						
EBITDA margin (%)	10.7	11.0	13.3	10.0	4.7	7.6
Return on capital (%)	11.3	9.5	14.6	12.1	6.3	11.5
EBITDA interest coverage (x)	7.0	8.8	15.4	8.7	2.4	3.6
FFO cash interest coverage (x)	7.1	10.5	24.7	6.5	1.5	4.7

**Molibdenos y Metales S.A.--Financial Summary**

Debt/EBITDA (x)	0.7	0.4	2.5	1.9	2.8	2.0
FFO/debt (%)	110.7	227.1	36.1	30.9	6.5	35.2
OCF/debt (%)	127.4	254.7	(63.1)	56.4	26.2	18.5
FOCF/debt (%)	56.6	185.3	(69.8)	44.5	14.4	6.1
DCF/debt (%)	8.4	113.3	(81.1)	32.8	5.8	2.0

## Liquidity

We assess Molymet's liquidity as adequate. We expect sources to exceed uses by more than 1.2x in the next 12 months, and we think sources will remain above uses even if EBITDA declines 15%. Our liquidity assessment reflects almost no debt maturities in the next 12 and 24 months but potentially high working capital requirements. Moreover, the company has a good refinancing track record and overall prudent financial risk management.

### Principal liquidity sources

- Cash position of \$110 million as of March 31, 2025; and
- FFO of about \$115 million over the next 12 months.

### Principal liquidity uses

- Short-term debt maturities of \$10 million as of March 31, 2025;
- Potential intra-year working capital outflows of \$100 million in the next 12 months;
- Capital expenditure of about \$40 million in the next 12 months; and
- Dividend distributions of about \$30 million in the next 12 months.

## Environmental, Social, And Governance

Environmental factors are a neutral consideration in our credit rating analysis of Molymet. The company transforms sulfur dioxide from the roasting process into sulfuric acid with commercial value, minimizing greenhouse gas emissions through washing and filtering technologies. Molymet treats wastewater, allowing it to reuse 80%, and recycles over 140,000 pounds of industrial and household waste. As a result, 98% of Molymet's waste is inert. In addition, the company's investment plan incorporates the modernization of facilities, with a positive environmental impact. Those projects include the modernization of the gas treatment and cleaning systems at the MolymetNos plant in Chile, as well as Molymex's gas and sulfuric acid scrubbing plants located in Mexico and Belgium.

We assess Molymet's management and governance as neutral for the rating. In our opinion, Molymet maintains satisfactory governance policies with a focus on long-term business continuity and sustainability, which is reflected in its strategic planning and transparent reporting.

#### Rating Component Scores

<b>Foreign currency issuer credit rating</b>	<b>BBB-/Stable/--</b>
<b>Local currency issuer credit rating</b>	<b>BBB-/Stable/--</b>
<b>Business risk</b>	<b>Fair</b>
Country risk	Intermediate
Industry risk	Moderately High
Competitive position	Fair
<b>Financial risk</b>	<b>Modest</b>
Cash flow/leverage	Modest
<b>Anchor</b>	<b>bbb-</b>
<b>Modifiers</b>	
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Adequate (no impact)
Management and governance	Neutral (no impact)
Comparable rating analysis	Neutral (no impact)
<b>Stand-alone credit profile</b>	<b>bbb-</b>

## Related Criteria

- [Criteria | Corporates | General: Sector-Specific Corporate Methodology](#), April 4, 2024
- [Criteria | Corporates | General: Corporate Methodology](#), Jan. 7, 2024
- [Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities](#), Jan. 7, 2024
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments](#), April 1, 2019
- [Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers](#), Dec. 16, 2014
- [General Criteria: Methodology: Industry Risk](#), Nov. 19, 2013
- [General Criteria: Country Risk Assessment Methodology And Assumptions](#), Nov. 19, 2013
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

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