RATING ACTION COMMENTARY

Fitch Affirms Molymet's IDR at 'BBB-'; Outlook Negative

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Fitch Ratings - New York - 24 Feb 2026: Fitch Ratings has affirmed Molibdenos y Metales S.A.'s (Molymet) Long-Term Foreign and Local Currency Issuer Default Ratings (IDRs) at 'BBB-' and its National Long-Term and senior unsecured ratings at 'AA-'(cl). Fitch has also affirmed Molymet's National Long-Term and senior unsecured ratings at 'AAA(mex)' and Equity Rating at First Class Level '3(cl)'. The Rating Outlook has been revised to Negative from Stable.

The Negative Outlook reflects Molymet's limited rating headroom to support it business expansion, absorb regular working capital swings funded by debt and shareholder friendly policy in a context of relatively weaker liquidity position over the rating horizon. Fitch estimates Molymet will maintain adjusted total and net leverage of about 2.6x and 2.1x.

Molymet's ratings reflect its global leadership in the molybdenum and rhenium markets, together with moderate leverage metrics. Rating constraints include Molymet's limited scale and commodity diversification, moderate profitability, exposure to molybdenum price volatility, and the resulting pressure on working capital.

KEY RATING DRIVERS

Working Capital Volatility: Molymet's business model and working capital exposure to molybdenum price volatility and higher molybdenite procurement are key factors for the ratings. Fitch expects working capital needs of USD55 million in 2026, USD92 million in 2027 and USD95 million in 2028, based on higher raw material procurement as it continues grow its operations and a molybdenum price assumption of USD23-USD25/lb. In 2025, the company reported a working capital outflow of USD177 million, driven mainly by higher inventories, higher prices and higher accounts receivable. Fitch expects a modest recovery in 1Q26 that should drive the reduction in outflows.

Molymet has demonstrated access to the Chilean and Mexican credit markets to fund these working capital needs and has recently improved its debt schedule amortization profile. Fitch expects the company to remain proactive on its liability management strategy to avoid exposure to refinancing risks within the 24 months period.

Limited RMI-Leverage Headroom: Fitch projects RMI-adjusted leverage and net leverage at about 2.6x and 2.1x, respectively, in 2026-2028. We expect Molymet to have average debt for 2026-2028 of around USD590 million, driven by high capex (including the Rhenium Alloys acquisition) and elevated working capital needs, under Fitch's assumptions, due to higher molybdenum price and procurement assumptions. Higher EBITDA from improved operational performance across all segments mitigates this effect. RMI-adjusted leverage and net leverage were 2.1x and 1.7x at end-2025.

Robust Niche Market Position: Molymet's position as the world's largest processor of molybdenum (35% market share), and rhenium (70% market share), is a key rating consideration. Molymet's market dominance offsets the limited scale and diversification and provides bargaining power with suppliers and clients. This, combined with state-of-the-art plants, results in high metal recovery outputs that enhance profitability. Fitch expects the consolidation of the Rhenium Alloys acquisition, along with higher production, to further strengthen Molymet's leadership position.

Tolling Business: The rating also reflects the company's tolling business segment, secured by long-term price contracts with large copper producers with whom the company has a longstanding relationship. These contracts account for more than 12% of Molymet's EBITDA and provide stability despite molybdenum price volatility.

EBITDA to Continue Growing: Fitch projects that the company's EBITDA will increase to USD189 million in 2026, USD203 million in 2027 and USD214 million in 2028. The improvement reflects higher molybdenum and rhenium prices along with higher sales volumes. Despite higher molybdenum prices, given Molymet's business model, this increase in sales translates into a smaller rise in EBITDA.

CFO Returning to Positive: Fitch anticipates that Molymet's CFO will return to positive territory at about USD73 million in 2026 and around USD50 million in 2027 and 2028. This reflects higher working capital needs, partially offset by higher EBITDA. However, Fitch projects negative FCF of USD30 million per year in 2026-2028, driven by investments, dividend distribution and production increase. Aggressive dividend distribution, higher capex or higher working capital needs could deteriorate financial metrics within the investment grade category.

Equity Rating: Molymet's equity rating at first class level '3(cl)' is constrained by its liquidity ratio, despite a solid financial profile. The company has a small market presence in the Chilean stock market, in line with a free float of around 4%. Last month's average daily volume was around USD37,631 million as of February 2026. Molymet's market capitalization was USD1,488 million.

PEER ANALYSIS

There is no direct peer for Molymet in Fitch's global rating portfolio due to the unique characteristics of the company's business and the fundamentals of its market. Molymet has a diversified supplier base, with many suppliers under long-term contracts. Its output significantly contributes to the global supply of molybdenum products, evidenced by its 35% market share, despite the market's smaller size compared with other global commodities.

Molymet's rating is aligned with Jinchuan Group Co., Ltd.'s Standalone Credit Profile of 'bbb-'. Although both companies have similar geographical diversification, Jinchuan has larger scale, higher EBITDA, a significant role in copper and nickel processing, and strong links to the Chinese government, leading to Jinchuan's higher rating (BBB+/Stable).

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Despite being different business models and operate in different sectors, in the "Commodity Processing and Trading Companies" navigator Molymet is rated higher than leading Latin American rigid plastic packaging solutions company NG Packaging & Recycling Corporation Holdings S.A. (BB+/Negative), given its lower leverage and higher geographical diversification, despite similar working capital volatility following their respective processing businesses. Molymet is rated higher than Brazil grains producer Andre Maggi Participacoes S.A. (BB/Stable), despite Andre Maggi's larger scale, due to Molymet's better market position, geographical diversification and lower leverage.

FITCH’S KEY RATING-CASE ASSUMPTIONS

Fitch's Key Assumptions Within Our Rating Case for the Issuer Include

- Molybdenum prices: USD 23.2/lb in 2026, USD 24.5/lb in 2027 and USD 25.0/lb in 2028;

- Proprietary molybdenum sales volumes: ~108 MMlbs in 2026, ~113 MMlbs in 2027 and ~118 MMlbs in 2028;

- Capex of USD 50 million in 2026 and around USD38 million per year in 2027-2028;

- Dividend payout: 50% in 2026 and 40% in 2027-2028.

CORPORATE RATING TOOL INPUTS AND SCORES

Fitch scored the issuer as follows, using our Corporate Rating Tool (CRT) to produce the Standalone Credit Profile (SCP):

- Business and financial profile factors (assessment, relative importance): Management (bbb-, Moderate), Sector Characteristics (bbb-, Lower), Market and Competitive Positioning (bbb, Higher), Diversification and Asset Quality (bb, Moderate), Company Operational Characteristics (bbb-, Moderate), Profitability (bb-, Moderate), Financial Structure (bb+, Higher), and Financial Flexibility (bbb-, Moderate).

- The quantitative financial subfactors are based on standard CRT financial period parameters: 20% weight for the latest historical year 2025, 40% for the forecast year 2026 and 40% for the forecast year 2027.

- The Governance assessment of 'Good' results in no adjustment.

- The Operating Environment assessment of 'bbb-' results in no adjustment.

- The SCP is 'bbb-'.

Fitch made no adjustments to the SCP, resulting in Foreign and Local Currency IDRs of 'BBB-'/Outlook Negative.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

--RMI-Adjusted Leverage ratio above 2.7x and/or RMI-Adjusted Net Leverage ratio above 2.3x;

--Weaker cash flow, leading to liquidity deterioration and/or exposure to refinancing risks within the 18-month horizon;

--An FCF margin consistently below -1%;

--Friendly shareholder dividend policy pressuring liquidity position;

-- RMI-Adjusted EBITDA Interest Coverage consistently below 7.0x

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

--An upgrade is unlikely in the short to medium term. However, higher diversification and scale, reducing exposure to working capital needs due to midcycle molybdenum prices, could lead to a positive rating action.

LIQUIDITY AND DEBT STRUCTURE

As of end-2025, Molymet registered cash and equivalents of USD73 million, considerably lower than prior years (4Q24: USD140 millones; 4Q23: USD375 millones), compared with short-term debt of USD3 million. In 2025 Molymet issued two bonds in the Mexican market totaling USD135 million. It used the proceeds to refinance the bond Series C and fund working capital needs. The transaction extended the maturity profile to 2028, when about USD190 million matures.

The company can mitigate high working capital volatility by rapidly converting a portion of inventory into cash and using available credit facilities from local and foreign banks of more than USD600 million. Molymet has access to the Chilean and Mexican credit markets to fund these working capital needs and has recently improved its debt schedule amortization profile. Fitch expects the company to remain proactive on its liability management.

ISSUER PROFILE

Molymet is the main processor of molybdenum and rhenium concentrates in the world, holding approximately 35% and 70% of the global processing capacity, respectively. The company has operations in four countries: Chile, Mexico, Belgium, and Germany.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

MACROECONOMIC ASSUMPTIONS AND SECTOR FORECASTS

Click here to access Fitch's latest quarterly Global Corporates Sector Forecasts Monitor data file which aggregates key data points used in our credit analysis. Fitch's macroeconomic forecasts, commodity price assumptions, default rate forecasts, sector key performance indicators and sector-level forecasts are among the data items included.

CLIMATE VULNERABILITY SIGNALS

The results of our Climate.VS screener did not indicate an elevated risk for Molibdenos y Metales S.A. (Molymet).

ESG CONSIDERATIONS

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

RATING ACTIONS

ENTITY / DEBT ⬍	RATING TYPE ⬍	RATING ⬍	RATING ACTION ⬍	PRIOR ⬍
Molibdenos y Metales S.A. (Molymet)	Natl LT	AAA(mex) Rating Outlook Negative	Affirmed	AAA(mex) Rating Outlook Stable
senior unsecured	Natl LT	AAA(mex)	Affirmed	AAA(mex)
Molibdenos y Metales S.A. (Molymet)	LT IDR	BBB- Rating Outlook Negative	Affirmed	BBB- Rating Outlook Stable
	LC LT IDR	BBB- Rating Outlook Negative	Affirmed	BBB- Rating Outlook Stable

	Natl LT	AA-(cl) Rating Outlook Negative	Affirmed	AA-(cl) Rating Outlook Stable
	Nat Equity Rating	Primera Clase Nivel 3	Affirmed	Primera Clase Nivel 3
senior unsecured	Natl LT	AA-(cl) Rating Outlook Negative	Affirmed	AA-(cl) Rating Outlook Stable

VIEW ADDITIONAL RATING DETAILS

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APPLICABLE CRITERIA

National Scale Rating Criteria (pub. 22 Dec 2020)

Metodología de Calificaciones en Escala Nacional (pub. 22 Dec 2020)

Metodología de Clasificación de Acciones en Chile (pub. 19 Jul 2024)

Chilean Equity Rating Criteria (pub. 22 Jul 2024)

Metodología de Calificación de Finanzas Corporativas (pub. 24 Jul 2025)

Corporate Rating Criteria (pub. 09 Jan 2026) (including rating assumption sensitivity)

Sector Navigators – Addendum to the Corporate Rating Criteria (pub. 09 Jan 2026)

APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Corporate Monitoring & Forecasting Model (COMFORT Model), v8.2.0 (09 Jan 2026, 09 Jan 2026)

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Dodd-Frank Rating Information Disclosure Form

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