



SOUTHERN COPPER CORPORATION
GRUPO MEXICO

First Quarter 2025 Earnings Results

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Raul Jacob

VP, Finance & CFO, Southern Copper Corporation

Welcome

Operator: Good morning. Welcome to Southern Copper Corporation's First Quarter 2025. With us this morning, we have Southern Copper Corporation Mr. Raul Jacob, Vice President, Finance, Treasurer and CFO, who will discuss the results of the company for the first quarter of 2025 as well as answer any questions that you might have.

The information discussed on today's call may include forward-looking statements regarding the company's results and prospects, which are subject to risks and uncertainties. Actual results may differ materially and the company cautions to not place undue reliance on these forward-looking statements. Southern Copper Corporation undertakes no obligation to publicly update or revise any forward-looking statement whether as a result of new information, future events or otherwise. All results are expressed in full U.S. GAAP.

Now I will pass the call on to Mr. Raul Jacob.

Raul Jacob: Thank you very much, Gigi. Good morning, everyone, and welcome to Southern Copper's first quarter 2025 Results Conference Call. At today's conference, I'm accompanied by Mr. Oscar Gonzalez Rocha, CEO of Southern Copper and Board member; as well as Mr. Leonardo Contreras, who is also a board member.

Agenda

In today's call, we will begin with an update on our view of the copper market and then review Southern Copper's key results related to production, sales, operating cost, financial results, expansion projects and ESG. After this, we will open the session for questions.

2024 Highlights

Now let us focus on the copper market. The London Metal Exchange copper price increased 11% from an average of \$3.83 per pound in the first quarter of last year to \$4.24 this past quarter. Based on current supply and demand dynamics, we estimate that the deficit at year-end will stand at about 300,000 metric tons. This is the market deficit that we're expecting.

Copper Business

Now, let us focus on the copper market.

Regarding copper inventories worldwide, we estimate that they are currently covering about one week of global demand. Over the past quarter, the copper market registered a significant arbitrage difference between COMEX and LME prices. At its peak, in March 26, the COMEX price was \$0.73 per pound or 17% above the London Metal Exchange price. This huge difference, and unusual, reflected the strong possibility of a 25% tariff to be imposed on U.S. copper imports.

Demand expectations

Although we maintain a very positive long-term outlook for copper, we believe an intense commercial war between the U.S. and China will affect economic growth worldwide, consequently impacting copper demand.

Fourth quarter production

Now let's look at Southern Copper's production for the past quarter. Copper represented 78% of our sales in the first quarter of this year. Copper production remained stable at 240,226 tons for the first quarter of 2025. We registered positive results for Buenavista's SX-EW cathode production that increased by 24%, and Toquepala concentrate production that uptick by 2%. These good results were partially offset by a decrease in copper production at La Caridad due to a drop in ore grades and recovery.

2025 production

At this point, we expect to produce 968,200 tons of copper this year, 2025. This is a 2,400 tons increase when compared to our plan of 965,800 tons. Molybdenum represented 10% of the company's sales value in the first quarter of this year and is currently our first byproduct. Molybdenum prices averaged \$20.43 per pound this quarter compared to \$19.84 in the first quarter of 2024. This represents an increase of 3%.

Molybdenum Business

Molybdenum production rose 9% in the first quarter of this year compared to the same period of 2024. This was mainly driven by an increase in production at the Toquepala, Caridad and Buenavista mines, fueled by higher ore grades. These results were partially offset by lower production at the Cuajone operation. In 2025, we expect to produce 27,400 tons of molybdenum. This is 5% above our initial plan.

Fourth quarter production

Molybdenum production dropped by 2.6% quarter on quarter, driven primarily by a decrease in production at La Caridad and Toquepala mines due to lower ore grades in both operations. These results were partially offset by higher production at the Cuajone and Buenavista mines.

Silver Business

For silver, it represented 6% of our sales in the first quarter with an average price of \$32.31 per ounce this past quarter. This represents an increase of 38% compared to the first quarter of 2024. Silver is currently our second byproduct. Mine silver production increased 14% in the first quarter versus the same period of 2024. This was driven by better production at Buenavista, IMMSA and Cuajone.

Refined silver production increased by 8% quarter-over-quarter, propelled by an increase in all our refineries. In 2025, we expect to comply with our plan to produce 23 million ounces of silver, an increase of 9% compared to 2024.

Zinc Business

For zinc, it represented 4% of our sales in the first quarter of this year with an average price of \$1.29 per pound in the quarter. This represents a 16% increase compared to the first quarter of 2024 figure. Zinc is currently our third byproduct. Mined zinc production increased 49% when compared to the first quarter of 2024 and totaled 39,375 tons. This was mainly driven by a 161% increase in production at the new Buenavista zinc concentrator. Refined zinc production dropped 11% in the first quarter of this year vis-a-vis the same period of 2024.

2025 production

For 2025, this year, we expect to produce 170,100 tons of zinc in line with our plan. This represents an increase of 31% over our 2024 production level. This growth will be driven by the production of our Buenavista zinc concentrator that will add 105,000 tons to our production, and this facility is certainly operating at full speed, and we are very pleased with the results that we're getting from this investment.

Financials

Moving to the financial results of the company. For net sales in the first quarter of this year, sales were \$3 billion. This is \$522 million above the sales registered in the first quarter of 2024 or a 20% increase. Copper sales rose 19% and volume by 4% in a scenario of better prices.

Sales by product

Regarding our main byproducts, we registered growth in sales of molybdenum by 10% which rose on the back of higher prices and an uptick in volume. We also had a significant increase in sales of zinc, 59%, which was fueled by better prices and bolstered by the rise in zinc volumes. Zinc sold volumes increased by 42%, mainly from Buenavista.

Finally, silver sales increased 58% due to higher prices and a larger volume. Our total operating cost and expenses increased \$176 million or 12% when compared to the first quarter of 2024. The main cost increments have been in inventory consumption, workers participation, repair materials, depreciation, exchange rate variance and other materials such as tires, explosives, grinding media, etcetera. These cost increments were partially compensated by lower fuel and leachable materials costs.

EBITDA and margin

The first quarter of 2025 adjusted EBITDA was \$1,746 million, which represented an increase of 23% over the \$1,418 million registered in the first quarter of 2024. The adjusted EBITDA margin in the first quarter of this year was 56% versus 55% in the first quarter of 2024. The first quarter adjusted EBITDA was 16% over the \$1,507 million registering the fourth quarter of 2024.

Operating cash costs

Operating cash cost per pound of copper before byproduct credits was \$2.05 per pound in the first quarter of this year. This was \$0.27 lower than the value for the fourth quarter that was \$2.32 per pound. This 12% drop in the operating cash cost was driven by both, decreases in cost per pound from production cost, treatment and refining charges, administrative expenses, and by an increase in the premium. Southern Copper operating cash cost, including the benefit of byproduct credits, was \$0.77 per pound in the first quarter of 2025. This cash cost was \$0.19 lower than the cash cost of \$0.96 that we had in the fourth quarter of 2024. This is a 21% reduction in cash cost.

Byproducts

Regarding byproducts, we had a total credit of \$659 million or \$1.29 per pound in the first quarter of this year. These figures represent a 5% decrease when compared with the credit of \$779 million or \$1.36 per pound in the last quarter of 2024. Total credits has increased for molybdenum and silver, and decreased for zinc and sulfuric acid.

Net income

For net income, the first quarter of 2025 net income was \$946 million, which represented an improvement of 29% compared to the \$736 million registered in the first quarter of last year. The net income margin this past quarter was 30% versus 28% in the same period of 2024. Net income in the first quarter of 2025 was 19% versus the \$794 million registered in the last quarter or the fourth quarter of 2024.

Cash flow

Regarding cash from operations, cash flow from operating activities in the first quarter of 2025 was \$721 million, which represented an increase of 9% versus a \$6 million posted in the first quarter of 2024. This improvement was attributable to the strong cash generation at our operations, which was driven by higher sales and cost control efficiency.

Capital investments

For capital investments, our current capital program for this decade exceeds \$15 billion and includes investments in projects in Mexico and Peru. Given that there is a description of our main capital projects in Southern Copper's press release, I'm going to focus on updating new developments for each. In the case of the Mexican projects, Minera Mexico is planning to invest more than \$600 million this year at both its open pit and underground mines. Half of this investment will be used to guarantee the viability of long-term operations by actively modernizing and updating assets. Remaining funds will target improvements in water usage and tailings management to ensure safety and efficiency of our operations. We will also invest in efforts to bolster optimization and growth.

El Arco

For the El Arco project in Baja California, the company has moved on with detailed engineering, which is still underway for the concentrator, as well as for the SX-EW plant, water salinization, logistics, infrastructure and power delivery.

Other Mexican projects

SCC has several projects in its Mexican pipeline that may boost organic growth if they are found to be of value for both stakeholders and the communities in which we operate. These projects are Angangueo and Chalchihuites and the Empalme Smelter, which could bolster our position as a fully integrated copper producer.

Tia Maria

For the Peruvian projects, in the case of the Tia Maria project, as of March of this year, the company has generated more than 628 jobs. Of those, 503 were filled with local applicants. To the fullest extent possible, we intend to fill the 3,500 jobs estimated to be required during Tia Maria's construction phase with workers from the Islay province. In 2027, when we start operations, the project will generate 764 direct jobs and about 5,900 indirect jobs.

In the early construction phase, progress on access roads and platforms stands at 61%. We will advance these efforts alongside work to set up a temporary camp, engage in massive earthwork and rollout mine operating activities. To date, we have installed 59 kilometers of live fence to delimit the property.

Los Chancas

For the Los Chancas project in Apurimac, on February 4 of this year, the company acquired 3,125 hectares of surface land from the Tiaparo community. This was an important step in securing our stake in the Los Chancas project.

Sadly, between March 12 and 14 of this year, a group of illegal miners attacked the project facilities and set fire to our camps in Mazopampa and Patahías, damaging both equipment and facilities. The company is coordinating with the authorities to remove the 75 illegal miners who are squatting our property so that the project development can continue.

Michiquillay

For the Michiquillay project, in the Cajamarca region of Peru, as of March 31 of this year, the total progress of the exploration project was 39%. We have drilled almost 146,000 meters and obtained 48,000 drill core samples for chemical analysis. Diamond drilling will continue, and we'll provide information to interpret mineralization in geological sections, develop geological models and evaluate mineral resources. Geo-metallurgical as well as hydrological and hydro-geological studies have been initiated. The geotechnical study for the project is scheduled to begin shortly.

ESG Update

For environmental, social, and corporate governance practices, ESG,

Improving Peru's educational

We have in Peru two high-performance schools named COAR, that has been built by Southern Copper Corporation in the Tacna and Moquegua regions of Peru. These were inaugurated by the President of the Republic of Peru and the Ministry of Education. A total of \$60 million was invested through the works for taxes mechanism. The schools feature top-level services, which has been designed to maximize students' academic, artistic and athletic activities. Every year, these COAR schools will educate 600 outstanding students from vulnerable areas of Peru. This is a way to actively contribute to closing the educational gaps in the country. Work to build a new COAR in the Apurimac region is slated to begin soon.

Our social practices are

Our social practices have been recognized again. This is the third consecutive year that we receive the Exceptional Company award, which recognizes our commitment to Mexican communities. This distinction, bestowed by the Business Coordinating Council, the Communications Council and the Institute for Promotion of Quality, applauds our initiative to drive regional economic and recreational development by developing the Tamosura and Pinacate urban park in the mining municipalities of Cananea and Nacozari in Sonora. Every year, more than 50,000 users will benefit from the sports, recreational and cultural facilities developed by the company.

We maintain our rating in climate change and water security in the CDP evaluation

We maintain our rating in the climate change and water security in the carbon disclosure project, better known as CDP, in the evaluation that this agency have done. The CDP is the world's leading environmental disclosure platform. We're part of more than 24,800 companies that last year voluntarily reported their environmental impacts to the CDP, representing nearly two-thirds of global market capitalization. SCC as part of Grupo Mexico, ranked above the average for both the materials sector and the North America region in evaluations for both categories.

Dividends

Moving to dividends. As you know it is the company policy to review our cash position, expected cash flow generation from operations, capital investment plans and other financial needs at each Board meeting to determine the appropriate quarterly dividend. Accordingly, on April 10, Southern Copper Corporation announced a quarterly cash dividend of \$0.70 per share of common stock and stock dividend of 0.0099 shares of common stock per share payable on May 19, 2025, to shareholders of record at the close of business on May 2, 2025. So this is basically the share dividend is one share for almost 100 shares of stock position.

So with this, ladies and gentlemen, we end up our presentation today. Thank you very much for joining us. We would like to open the forum for questions now.

Q&A

Operator: Our first question comes from the line of Alejandro Demichelis from Jefferies.

Alejandro Anibal Demichelis: Two questions, if I may please. The first one is, as you mentioned, we have seen an improvement in your cash cost this quarter, how we should think about cash cost evolving in the rest of the year? That's the first question. Then the second question is on the dividend that you just kind of mentioned, we have seen an increase in the proportion of the share dividend. So first, why was that? Or what was the thinking behind that and how we should think about that proportion of shares on the dividend side?

Raul Jacob: Well we are relatively prudent regarding the management of cash flow for the company. As you know we don't want to hoard cash. But at the same time we have to fund our operations properly. In the case of the past quarter, we have some -- well, in the first quarter of the year, we usually have to do a final payment of taxes to the tax authorities in both Mexico and Peru. And when you have a year where prices or production, as it has been the case, are better than -- excuse me, please -- as I was saying, when you have a year where results are better than the prior one, usually, you have to do a much higher payment for -- at the closing of the year -- of the prior year, for taxes and some other benefits for the workforce such as the profit sharing.

Last year in particular, we had to pay on top of all the taxes that we pay through the year 2024, a final closing payment of \$711 million in taxes; that was for 2024. That made our cash from operations relatively smaller than what may be expected given the prices and production profile of the company. And besides this, we have to pay also two specific taxes in both Mexico and Peru that are due in the first quarter.

And all of this has, as I said, affected a little bit our cash flow generation in the first quarter, but we believe that this will not be the case for the rest of the year, particularly in the second quarter, because usually, the Mexican taxes are paid in the second quarter of the year and this time for just the calendar that we had for these payments, we had an unusual payment in the first quarter for the Mexican operations.

Going back to your first question, cash cost for the rest of the year. Well, it depends on how are we seeing the market prices. We're doing a little bit better than our initial plan, and I expect this to be the case through the year. So, if we have the same prices that we're seeing for our byproducts, my expectation is that we end up the year in this range of \$0.75 to \$0.80 per pound of copper as a cash cost for 2025.

Alejandro Anibal Demichelis: That's great, Raul. Thank you very much.

Operator: Our next question comes from the line of David Feng from China International Capital Corp.

Tingshuai Feng: So my first question is regarding your CapEx. So we can see that your CapEx increased a lot both year-over-year and quarter-over-quarter during the last quarter. So how much does Tia Maria's construction costs are counted in this CapEx? And besides Tia Maria, is there any increment from other projects? That's my first question. I'll come back with my second one.

Raul Jacob: Okay. For Tia Maria specifically, we expect to spend a little bit less than \$200 million this year, 2025. And next year, 2026, we will be spending about \$980 million. In 2027, \$460 million. That's basically for Tia Maria. In the case of the other projects, well Michiquillay and Los Chancas will start spending more money as we move on from the exploration part of the development of the project towards the construction. That is being reflected in our capital for the next few years.

I'll give you the number of our forecast at this point for CapEx, it's -- for this year, \$1.5 billion; for next year, 2026, will be \$2.3 billion, 2027, \$2.7 billion, 2028, \$2.7 billion. And about that until we start finishing our projects that should be by about 2031, 2032

Tingshuai Feng: That's really helpful. And my second question is we know that the treatment and refining charges or TC/RC has been active for a long time in the spot market. So just wondered how much flexibility do you have at this moment for you to sell more copper concentrate instead of refined copper based on the current market conditions and the long-term contracts you have?

Raul Jacob: Well, the first thing is that we have to comply with our contracts and our contracts are a little bit north of 70% based on refined copper or further process materials such as rod, and copper concentrates. When you produce refined copper, you not only have the copper itself, but also have precious metals that sometimes are not recognized when you sell copper concentrates, and you have some other materials. So the main one of the byproducts of a smelter, for instance, is sulfuric acid.

So, when you do all the arithmetic, even though the terms of TCs/RCs are very favourable now for concentrate producers, the smelters, at least in our case, are very competitive. And we believe that we're doing more or less a very small difference between selling concentrates or selling refined copper. So, in that regard, we are we're okay with what we do. And as I say, our main point this year is complying with the contracts that we have signed and to deliver copper to our industrial customer base as well as some other customers that we have in the case of Southern Copper.

Operator: Our next question comes from the line of Timna Tanners from Wolfe Research.

Timna Tanners: I wanted to ask a few questions about the Mexican pipeline. You mentioned a few projects, Chalchihuites and another one I just Googled. So, I just wanted to understand how imminent they might be, how incremental. There looks like there is some decent information about the opportunity there online, but I'd like to hear it from you. And then can you remind us of your exposure to the CME as well? We keep getting questions about that.

Raul Jacob: Timna, could you -- so sorry, but I couldn't get your first question well.

Timna Tanners: Oh, sure. So just trying to understand, you mentioned in the press release and in the remarks that you're looking into some new opportunities to expand the pipeline in Mexico. I might butcher this, but Chalchihuites and another one that you detailed, again hard to pronounce. So wondering if you could provide some further detail about how imminent they might be, what mined products you're looking at, what timeframe?

Raul Jacob: Okay. In the case of -- well we have the other project that has been mentioned, Angangueo, it's an underground project that we were looking in the Michoacan state, it has copper, silver, zinc and lead as materials, and it's very, very attractive. So we are looking into it. We are still on the initial steps of this project. The other one is Chalchihuites. That's probably the one that had some difficulties for pronunciation. This is in the Zacatecas region and it's on the exploration phase, but they are very interesting.

And besides this, we're considering the construction of a new smelter in Empalme, in the region of the northern part of Mexico. And this is something that we will review and entertain as a possible investment. But at this point, I think that this is not the best time to build a smelter. But whenever conditions are the proper ones, the company will consider to move on with this.

Timna Tanners: Okay. So, in terms of timeline, would we think about tacking them on your existing project pipeline? Or is it something that could be more imminent.

Raul Jacob: It is not that imminent. As we move on with the projects, we will report on them and we'll add them to our list of projects at the Mexican operations when it is proper.

Timna Tanners: Okay. Helpful. Then about the CME exposure, if you could remind us on that as well?

Raul Jacob: What do you mean by CME?

Timna Tanners: The COMEX versus the LME exposure?

Raul Jacob: Okay. The COMEX. Okay. Well, we do have some of our contracts based on COMEX. There is still a spread. Now it's much lower than the one that I mentioned. It's about less than 10%, now about 7% if you look at the prices yesterday. We are, well, basically, dealing with this as we deal with some other issues at the commercial side of the business.

Timna Tanners: Okay. Then one last one, if I could, please, you commented broadly on a trade war and the negative impact on global demand for copper. But any thoughts about Mexico possibly getting excluded in early negotiation of USMCA? Or any insights have you been in dialogue with the Mexican government? Just wanted your thoughts there.

Raul Jacob: Actually, not much to report. At this point, we have no duties, tariffs applied to the Mexican nor the Peruvian operations for copper. This is, in my view, a very positive action from the U.S. because it's -- the U.S., it's significantly short of copper. So putting tariffs on imported copper wouldn't make the country production move on just with the tariffs. And basically, it will increase the cost for the end consumers of the products that are manufactured with copper and reduce the country competitiveness in several industries. So to me, it's a wise decision that the U.S. government has not put any tariffs on copper so far.

Operator: Our next question comes from the line of John Tumazos from John Tumazos Very Independent Research, LLC.

John Tumazos: Congratulations on the good results, Raul. Some other large mining companies have had a lot of cost escalation. First Quantum and Newmont, for example, had 10%, 15% unit cost, sequential escalations, Newmont had a \$2,000 gold cost in Argentina, for example. Could you explain in a little more detail the ability of Southern Copper to hold the cash cost at \$0.77, how your suppliers don't hold you up and get price hikes? Or just how you're able to keep costs under control so uniquely and superbly.

Raul Jacob: Well thank you very much for your comment, John. Well in reality, what we do is it's a part of the company DNA to be very extremely cautious about cost, operating cost. And the other point which is very important is that we continue investment -- our continued investment in maintaining our facilities in very good shape. I think that, in general, we do negotiate and have a very good relationship with our vendors.

And at the same time, we are focusing on increasing our production, maintaining our cost in line, and particularly in this year, we're seeing the positive effect of the important investment that we did in the last 3 years in Buenavista by building a new concentrator that it's giving the company excellent results.

The cash cost of this facility is extremely low per pound of zinc. We are seeing that as a major contribution of value this year. Besides that, the company had a very good year last year in production, and we have -- we are maintaining our production level this year, which is excellent for us.

So I think that this combination of being well focused on keeping our production on track, increasing it as much as we can, obviously without jeopardizing the long-term situation of the company, as well as having strategic alliances and development of opportunities together with our suppliers, it's some of the reasons why the company is maintaining a very competitive cash cost and very likely the lowest of companies of this size in the copper space.

Operator: Our next question comes from the line of Myles Allsop from UBS.

Myles Allsop: Just a few quick questions. Maybe on the production guidance you've talked to 2025. Could you give us a sense whether you'd be able to maintain production in 2026 and 2027 as well? Or are you expecting a bit of a dip to come through?

That's the first question.

Raul Jacob: Okay. We will have an adjustment in production for next year. At this point, we want to maintain our production level where it is. But eventually, we may reduce a little bit our profile next year for copper. After that, you will see the impact of our new projects, particularly in 2027, Tia Maria, and we are expecting it to move towards over 1 million tons for production in 2028, and on, we will be increasing our production from a little bit north of 1 million tons in 2028 up to 1 million and 80,000 tons by 2030.

Myles Allsop: Okay. Maybe just on Tia Maria as well. When do you expect -- I know you normally issue bonds ahead of the big CapEx. Is the delay in the financing for Tia Maria a reflection of the project or the market? And should we expect some of that step-up in CapEx to be pushed out? Or is it imminent, should we say?

Raul Jacob: No. We will move on with Tia Maria. Let me put it differently. We have no concerns on the Tia Maria construction in terms of the project viability. We believe that the project is moving forward on a very nice way. We are very happy to how the community is working with the company at several instances to develop the project as fast as we can.

I will say that we are considering moving forward with some financing for the project, but we believe that the markets has to be more stable and reflect better the qualities that the company has for going to finance a project. So for now I would say that to your question, it's more the market than specifically the project.

Myles Allsop: That makes sense. And has there been any protests over the last quarter at Tia Maria, or has the project now been more widely kind of accepted by the local communities?

Raul Jacob: Quite clearly, it's the second option. The project has been very widely approved and supported by the locals. There is always a small group of people that is against it. That's part of human nature. About 40 persons that demonstrate against the project in an area where 52,000 people live. So you may imagine that this is not getting any traction at all.

Myles Allsop: Okay. That's encouraging. Maybe on the projects, El Pilar, it's not mentioned at all in the release. Is that reflecting a change in heart with that project? Or is it still bubbling along in the background?

Raul Jacob: No. We're doing some work. We haven't reported it because there is no update that has changed vis-a-vis what we have been reporting. In El Pilar, we're looking into ways to improve the recovery of the project. That is something that we're focusing in. And we believe that we should have some information to report through the year. But for now in this press release, we didn't believe it was necessary to include because they had no significant changes since the last time.

Myles Allsop: Okay. That makes sense. Maybe one very last question on the projects, Los Chancas, have you bought all the land that you need to buy? And when, or how long's the piece of string, I mean with these illegal miners, it seems every quarter, there's a challenge still to remove them. Yes. Is there any meaningful progress? Or when can we expect kind of drilling to restart there?

Raul Jacob: With the acquisition that we mentioned in the press release, we basically have acquired pretty much almost all the land that we need, a very high percentage of what we need. In the case of the removing of illegal miners, we are working with the authorities and we are developing our own plans to move on and retire these people from where they are operating.

We're seeing very positive actions by the national government on this matter. So we believe that we could see some progress through the year and reinitiate the work that we have to move on with it. We believe that if we solve this problem, we will probably in a year, 1.5 years, we'll be finishing in the environmental as well as permitting part of the project, and that could open up the construction of Los Chancas. Hopefully a little bit better than we're expecting now, but that's more a desire than the actual forecast that we have.

Operator: One moment for our next question. Our next question comes from the line of Juraj Domic from LarrainVial.

Juraj Domic: Just a single one from our side, just to have your comments in how have been demand so far in the second quarter? Have you seen any variability or weakness in any of the markets?

Raul Jacob: I'm so sorry, Juraj, could you repeat it because I couldn't get -- are you referring to a specific market or the copper market, please, could you--

Juraj Domic: No. Not any specific markets. Just an overall view would be perfect.

Raul Jacob: Overall, we are positive in general on the copper future. We believe that the fact that we have -- what we're seeing is a replacement of demand coming from infrastructure, mainly from Asia, towards new energy technologies, artificial intelligence that are kicking in at a very strong speed. And the very positive news of that for us is that, generally speaking, for instance, if you consider a plant for solar energy, the tons of copper per megawatt of installed capacity is much higher than the traditional ways to generate such as hydro or gas combustion or some other carbon coal power.

So, in that regard, we're seeing a very positive development, eolic, for instance, over seas, requires much more copper per ton of installed capacity of generation, for instance, it may be 10 tons of copper per megawatt of installed capacity in an off-land or an in-sea eolic plant. And when you -- the option to that is maybe two or three with the gas burn facility for power generation. So, the outlook in that regard, it's very positive.

Besides that, we have the new developments of artificial intelligence that are requiring significant amounts not only for copper, but some other materials such as zinc and silver. These three materials are being produced by us. So, we see good support for our prices in the next few years. The only one concern that we have is that when you have the two major economies in a commercial war, well, it's a concern that may slow down the economic growth and indirectly affecting the copper demand. But that will be a short-lived impact, if any.

Operator: Our next question comes from the line of Camilla Barder from Bradesco BBI.

Camilla Barder: I have two questions here. The first one, you mentioned you see lower copper production in 2026. I'm just -- I was just wondering if copper prices remain at a low level, could you consider perhaps altering your production plans and go into areas of lower grades to increase production next year? That's my first question. And the second question, just a follow-up on costs. You mentioned cost after byproducts in the range of \$0.70, \$0.80 for this year. Can you comment please on the expectations of cash cost before byproducts for 2025?

Raul Jacob: I think I mentioned already that we're expecting copper cash cost to be at about \$0.75 to \$0.80 per pound through this year. Hopefully, with better byproduct prices, we may be a little bit better off than that, but that's our current expectation. And for copper prices, generally speaking, we don't move our long-term production plans due to copper price changes.

We're doing our plans using a much lower copper price. We're very conservative in that regard. Our plans are prepared using a long-term price of \$3.30. That is a very conservative price nowadays. And for us, it will be more like if we can maintain our production next year, that will be excellent. But so far, the plan calls for a small reduction in our production that is currently under review.

Camilla Border: On the cash cost, my question was actually on costs before byproducts.

Raul Jacob: Okay. That one has decreased. And keep in mind that we are adding to that cost, the total cost of operation, the cost of the new zinc concentrator, which was not included 2 years ago. So our cash cost has decreased on a per pound basis given the productivity that the company has.

And I think it's important to share this point. The concentrator that we have built for Buenavista has made us to process zinc only this year. But we could do a mix between zinc and copper production in the Buenavista facilities that we are not doing now because we have found that there is much more value in focusing only on zinc this year and in a few more than specifically copper on this specific facility. So that has decreased the production that we may get from the Buenavista facility for about 2,000 tons that we had last year, and we are not having that volume this year.

So that there are always possibilities of improving production. But in this case, we did review the process and concluded that it was better to focus on zinc-only production with the Buenavista zinc facility than doing the mix between zinc and copper, because by changing the processes from one metal to the other one, we spent some time that has generated less value if we were only focusing on zinc and that's what we're doing in this year and probably a couple of more.

Operator: Our next question comes from the line of Timna Tanners from Wolfe Research.

Timna Tanners: I just wanted to follow up on my last question, and fully appreciate that we haven't seen tariffs on copper exported to the U.S. yet. But the market is obviously pricing and some chance of that happening. It would be great to hear what Southern Copper's response could be to a 25% tariff on imports. How could Southern Copper react to that?

Raul Jacob: We believe that if we have a tariff -- as the one that you mentioned, it will have - it will make us to reassign some of the production that we have to some other markets. By doing that, we will very likely have decreased significantly the impact that this may have to the company. At this point, we prefer to wait and see what's the end of this situation. As I mentioned, we are seeing -- we are pleased to see that the U.S. government has recognized the important role of copper as a material to be imported with zero duties and hopefully, that will be the case in the long term.

Operator: Our next question comes from the line of Emerson Viera from Goldman Sachs.

Emerson Viera: So, I got two questions. The first one is on the COMEX LME price arbitrage. So, I understand that the company might have been benefiting from this exposure to COMEX sales. So, a few questions on this matter. What percentage of your contracts are spot? And what is the average duration for the remaining ones?

And just a follow-up on this COMEX LME price arbitrage. For how long do you guys think you can benefit from this? I mean U.S. consumers do not want to double pay the tariff and non-U.S. consumers would eventually switch to LME. That's what we think. So, are you guys seeing clients in COMEX contracts already asking for renegotiation or early cancellation? Those are my questions.

Raul Jacob: Well, we are -- generally speaking, we are not commenting on this. Our commercial team is talking with our customers on this matter. I'm so sorry, Emerson, but I have no comments to your question.

Emerson Viera: No worries at all. Can I just follow up on another point then? We saw by late March some news regarding protests from local communities in Peru, Arequipa region. So, you guys have any update on the situation, how this is being addressed? And for Tia Maria specifically, do you guys already have local agreements? How do you see this relationship evolving in Tia Maria's region, please?

Raul Jacob: What we're seeing in the case of Tia Maria is that the population of the area is much more focusing on seeing the opportunities and the advantages that the project is bringing them than protesting against Tia Maria. I mentioned before that the number of protestors is relatively small vis-a-vis the 52,000 population of the Islay province. We believe that, and we hope that this environment prevails through the construction phase. So far, we are not seeing any significant -- we don't have any significant concerns regarding the protest in Tia Maria.

Operator: Thank you. At this time, I would now like to turn the conference back over to Raul Jacob for closing remarks.

Raul Jacob: Thank you very much, Gigi. With this, we conclude our conference of Southern Copper's First Quarter 2025 Results. We certainly appreciate your participation and hope to have you back with us when we report the second quarter of this year results. Thank you very much for being with us today and have a nice day.

Operator: This concludes today's conference call. Thank you for participating. You may now disconnect.

[END OF TRANSCRIPT]