

**Southern Copper Corp (1Q24 Earnings)**  
**April 26, 2024**

Corporate Speakers

- Raul Jacob; Southern Copper Corp; VP Finance, Treasurer, CFO

Participants

- Carlos de Alba; Morgan Stanley; Analyst
- Alejandro Demichelis; Jefferies; Analyst
- Jonathan Brandt; HSBC; Analyst
- Timna Tanners; Wolfe Research; Analyst
- Alfonso Salazar; Scotiabank; Analyst
- John Tumazos; John Tumazos Very Independent Research, LLC; Analyst
- Regina Carillo; GBM; Analyst

**PRESENTATION**

Operator^ Good morning and welcome to Southern Copper Corporation's First Quarter 2024 Results Conference Call. With us this morning we have Southern Copper Corporation Mr. Raul Jacob, Vice President of Finance, Treasurer and CFO, who will discuss the results of the company for the first quarter 2024 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 US 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 2024 results conference call.

At today's conference I'm joined by Mr. Oscar Gonzalez Rocha, CEO of Southern Copper and board member, as well as Mr. Leonardo Contreras, who is also a board member. 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 costs, financial results, expansion projects and ESG.

After this we will open the session for questions.

Now let us focus on the copper market. The London Metal Exchange copper price decreased 5.4% from an average of \$4.05 per pound in the first quarter of 2023 to \$3.83 in the past quarter. At the end of last year we were expecting a slight market surplus for 2024. However, after several producers announced reductions in copper production, concerns about a potential deficit displaced market optimism. At this time we estimate that the copper supply will drop by about 1%.

Previously we were expecting a growth of 3.2% in supply, which has been reversed by this new forecast of a drop of 1%, as I said. In addition to the significant downward revisions to global copper production projections for this year, we are currently seeing a strong market demand on the back of a resilient US economy and new demand for decarbonization technologies and artificial intelligence.

Demand is expected to grow by about 2.5% this year. We believe these new factors, as I said decarbonization technologies, the resilience of the US economy, will play a significant role in supporting long-term copper demand, sustaining attractive copper prices.

Now let's look at Southern Copper's production for the past quarter. Copper represented 78.6% of our sales in the first quarter of 2024. Copper production registered an increase of 7.6% in the first quarter in quarter-on-quarter terms to stand at 240,270 tons. Our quarterly production result reflects a 19% increase in production in Peru due to higher ore grades, mineral processing and recoveries, and a 0.5% increase in production in Mexico mines.

This includes 2,158 tons of copper from the new zinc concentrator at Buenavista mine. These positive results were partially offset by a decrease in SX-EW cathode production at Buenavista and Toquepala.

In the fourth quarter of 2023, we reported that our Buenavista operation had experienced difficulties with its water supply. After taking action this past quarter to cover water requirements for this facility, we believe we have ensured sufficient water supply to operate our Buenavista mine as forecasted in our annual plan.

For 2024, we are increasing our forecast of copper production to 948,800 tons of copper, an increase of 4.1% over the 2023 final print.

Last year, we drove our Pilares project to full capacity and initiated ramp-up at the Buenavista zinc concentrator.

For 2024, we expect these two projects to contribute with 43,800 tons of copper.

For molybdenum, it represented 10.5% of the company's sales value in the first quarter of this year and is currently our first by-product. Molybdenum prices averaged \$19.84 per pound in the quarter compared to \$32.04 in the first quarter of last year, which represents a decrease of 38%.

Molybdenum production increased by 9.5% in the first quarter of 2024 compared to the same period of last year. This was mainly driven by higher production at the Peruvian operations and the Buenavista mine due to higher ore grade. These results were partially offset by lower production at La Caridad mine.

In 2024, we expect to produce 26,100 tons of molybdenum, higher 2.4% than our plan.

For silver, it represented 4.3% of our sales value in the first quarter of 2024, with an average price of \$23.35 per ounce in the quarter, which reflected an increase of 3.6%. Silver is currently our second by-product. Mine silver production increased 8.4% in the first quarter of 2024 versus the first quarter of 2023 after production rose at all our mines, with the exception of Buenavista.

Refined silver production fell by 1.6% quarter over quarter, which was mainly driven by a drop at the IMMSA and La Caridad refinery. In 2024, we expect to produce 20.5 million ounces of silver, an increase of 11.4% compared to 2023.

Zinc represented 2.7% of our sales value in the first quarter of 2024, with an average price of \$1.11 per pound in the quarter. This is 22% lower than last year's first quarter's price for zinc.

Zinc mine production increased 75% quarter over quarter, and totaled 26,366 tons. This was mainly driven by the new Buenavista zinc concentrator production of 9,695 tons over the period and by an increase in production at the Santa Barbara, Charcas and San Martin mines of our IMMSA subsidiary.

Refined zinc production decreased by 15% in the first quarter of 2024 compared to the first quarter of 2023.

For this year, we expect to produce 120,300 tons of zinc, which represents an increase of 84% over the 2023 production level.

This growth will be driven by the Buenavista zinc concentrator. We expect this facility to produce 54,500 tons of zinc in 2024, and an average of 90,200 tons of zinc and 20,000 tons of copper per year over the next five years.

Financial results. For the first quarter of 2024, sales were \$2.6 billion, that is \$194 million lower than sales for the first quarter of 2023, or 7% less. The copper sales volume increased by 2.8%, but value decreased 4.8% driven by lower prices.

Regarding our main byproducts, despite an increase in our molybdenum sales volume of 8.4%, sales for molybdenum decreased by 9.3% due to lower prices. As I mentioned, prices dropped by 38% quarter on quarter.

In the case of silver, sales dropped by 3.1% due to a decrease in volume. This drop was partially offset by better prices. Zinc sales dropped by 24% over the period due to lower prices and slightly lower volume.

Operating costs. Our total operating costs and expenses decreased by \$30 million, or 2.1% when compared to the first quarter of 2023. The main cost reductions have been inventory, purchase copper, workers' participation, explosives and grinding media, and other factors. These cost reductions were partially offset by higher repair material, diesel and fuel costs, labor, and other costs.

The first quarter of 2024 adjusted EBITDA was \$1,417.7 million, which is 9.6% lower when compared to the \$1,568 million registered in the first quarter of 2023. This was due to lower prices for copper and molybdenum. The adjusted EBITDA margin in the first quarter of this year was 54.5% versus 56.1% in the first quarter of 2023.

Operating cash cost per pound of copper, before by-product credits, was \$2.11 per pound in the first quarter of 2024. This is \$0.12 below the \$2.23 registered for the fourth quarter of 2023. This 5.3% decrease in operating cash cost was attributable to lower cost per pound from production, a decrease in treatment and refining cost, and a drop in administrative expenses. All of this net of an uptick in the premiums.

Southern Copper operating cash cost, including the benefit of by-product credits, was \$1.07 per pound in the first quarter of this year. This cash cost was \$0.18 lower than the cash cost of \$1.25 for the fourth quarter of 2023.

Regarding by-products, we had a total credit of \$532 million or \$1.04 per pound in the first quarter of 2024. These figures represent a 5.9% increase when compared with the credit of \$491.5 million, which was an equivalent of \$0.984 per pound in the fourth quarter. We had better credits that increased by 6% in absolute dollars and on a per pound basis, it was \$1.04 versus \$0.984 in the fourth quarter of last year.

Total credits have increased for molybdenum and silver but decreased for zinc and sulfuric acid. Copper production volumes increased by 2.6% between the first quarter of this year and the fourth quarter of 2023.

Regarding by-products, production volumes increased for zinc, as I said, 56%, and decreased for molybdenum and silver.

Net income was \$736 million or 9.5% lower when compared to the \$813.2 million registered in the first quarter of 2023. The net income margin in the first quarter of this year was 28.3% versus 29.1% in the first quarter of 2023.

Cash flow from operating activities in the first quarter of 2024 was \$659.9 million, which represented an increase of 22% over the \$540.9 million posted in the fourth quarter of 2023. This improvement was attributable to strong cash generation at our operations, which was driven by higher sales and cost control efficiency. In the first quarter of this

year, cash flow from operating activities was 44% lower than the \$1,185 million reported in the first quarter of 2023. This decrease was attributable to \$311 million increase in working capital, which was driven primarily by our Mexican operations.

Capital investments. Our current capital investment program for this decade exceeds \$15 billion and includes investments in the Tía María, Los Chancas, and Michiquillay projects in Peru, and the Buenavista Zinc, Pilares, El Pilar, and El Arco projects in Mexico. This capital forecast includes several infrastructure investments, including key investments to bolster the competitiveness of the El Arco project. In the first quarter of this year, we spent \$214 million on capital investments, down 10% compared to the first quarter of last year, and 16% versus the figure in the fourth quarter of 2023.

Capital expenditure represented 29% of net income this quarter.

Since there is a description of our main capital projects in SCC's press release, I'm going to focus on updating new developments for each of them.

For the Buenavista Zinc concentrator, the capital budget for the project is \$439 million, of which \$383 million has been invested as of March 31st of this year. Concentrator operation began in the first quarter of 2024. We expect, as we mentioned already, to produce 54,500 tons of Zinc and 11,900 tons of Copper this year.

And for the next five years, we expect to have an average production of 90,200 tons of Zinc and 20,000 tons of Copper per year coming from this new Buenavista Zinc concentrator.

For the Peruvian projects, in the case of Los Chancas in Apurimac, the company continues to engage in coordinated efforts with the Peruvian authorities to eradicate illegal mining activity. Once this process is completed, we will resume the environmental impact assessment and initiate hydrogeological as well as geotechnical studies. We will also conduct a diamond drilling campaign for 40,000 meters to gather additional information on the characteristics of the Los Chancas deposit.

For the Michiquillay project located in the Cajamarca region in Peru, as of March 31st of this year, we have drilled 80,000 meters on a total program of 110,000 meters and obtained 27,902 core samples for chemical analysis. Diamond drilling is underway which will provide data for cross-section interpretation, geological modeling, and resource evaluation. We expect to begin hydrogeological and geotechnical studies soon and we'll also assess the results of metallurgical testing at the deposit.

The company continues to work with the Michiquillay and La Encañada communities based on the guidelines of corresponding social agreements.

For Environmental, Social, and Corporate Governance, or ESG, well, we're very consistently reporting on ESG assessments conducted by rating agencies on our operations. For the third consecutive year, we were included in the S&P Global

Sustainability Yearbook. This means that thanks to our performance in these agencies' corporate sustainability assessment and evaluation, we're ranked among the top 15% of the best rated companies in sustainability in mining and metals.

Regarding ESG risk ratings report evaluation by Sustainalytics, SCC reduced its risk level by improving its score within the medium risk category from 27.5 in 2023 to 23.4 in 2024.

For Climate Action, in the first quarter of 2024, we received clean energy certificates from one of our electricity suppliers in Peru. With this, all the electrical energy we consumed in Peru in 2023 came from renewable sources. Measurements indicate that consumption of renewable electrical energy at SCC increased from 23% to 36% in 2023, which means that we have already hit our 2027 target to ensure that 25% of our electrical supply is derived from renewable sources.

Over the same period, greenhouse gas emissions dropped by 7.5% in 2023 compared to 2022. For Climate Governance, recently, a briefing from Chapter Zero, Home of the Climate Governance Initiative, was held for the directors and management of Southern Copper Corporation to inform them about the risks and opportunities associated with climate change. This initiative, developed in collaboration with the World Economic Forum, aims to support non-executive directors and chairs in integrating climate action into their business strategy.

For the second consecutive year, we received the Exceptional Company Award in Mexico, presented by the Business Coordinating Council, the Communication Council, and the Institute for the Promotion of Quality.

On this occasion, the success of our educational center model was recognized after outstanding results were reported for mathematics and Spanish and English languages, which are above the national and regional average for the cohort of 2,000 students from the four basic-level schools sponsored by the company in Mexico, under a voluntary initiative to benefit our employees.

In Peru, we inaugurated the High Performance School, or COAR, in Tacna. COAR is the acronym in Spanish. This was in Tacna, the Peruvian region where our Toquepala mine operates. This campus houses 300 outstanding students for the state educational system. Many of these students come from the most vulnerable areas of the region. The COAR facilities will allow them to continue their studies in state-of-the-art classrooms, laboratories, libraries, residences, and sports areas, thanks to an investment of \$26 million through the Work for Taxes modality.

Dividend announcement. Regarding dividends, as you know, it is the company's 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, Southern Copper Corporation announced last Friday that its board of directors has approved a quarterly stock dividend of 0.0104

shares of common stock per share, payable on May 23, 2024 to shareholders of record at the close of business on May 8 of this year.

In lieu of fractional shares, cash will be distributed to each shareholder who will otherwise have been entitled to receive a fractional share based on a share price of \$115.13, which is the average of the high and low share price on April 18, 2024.

Shareholders will not be required to take any action to receive the stock dividend. After the payment date, shareholders' book entry accounts will be credited with additional shares that represent the stock dividend. When shares are held in a brokerage account in the name of a broker, the additional shares will be distributed to the broker on the shareholder's behalf.

The stock dividend is administered by ComputerShare, the company's transfer agent.

Ladies and gentlemen, with these comments, we end our presentation today. Thank you very much for joining us, and we would like now to open the forum for questions.

## QUESTIONS AND ANSWERS

Operator^ (Operator Instructions)

Our first question comes from the line of Carlos de Alba from MS.

Carlos de Alba^ Good morning, Raul. Thank you very much. So, if I may ask, I have three questions. One is, what drove the decision, the board's decision, to change the dividend from cash to all shares? All the time I've been covering the stock, the company, I think only one time that I can remember the company pay dividends in shares, and at that time it was partial cash and partial shares. So, yes, any color would be very interesting to understand this deviation from the norm.

My second question has to do with the appetite for Southern Copper to potentially pursue M&A and buy a company in the sector as opposed to develop the projects, which, well, certainly the portfolio is attractive. They're probably many years away, potentially, with the exception of Tia Maria, to be developed.

And lastly, the cost performance was really good in the quarter. Congratulations on that. I wanted to understand how you see the trend in cost before byproducts, before the benefit of byproducts in the coming quarters, and if you can share the new guidance or how you see the average cost for the year before byproducts again.

Thank you very much, Raul.

Raul Jacob^ Thank you. Thank you very much for your questions, Carlos. I'm going to address them now.

Well, the change in the dividend, it's because we do have a resource, which are the shares that the company has been buying as part of the buyback program. And given the cash position of the company and the view on the price and how to respond to a sensible, say, dividend yield given the cash, the price of the shares, it was considered to pay this dividend that if you do the arithmetic using as a reference the price that we indicated of \$115.34, I believe, for the price that we use as a reference, it's about \$1.20 per share.

The cash generation of the company at the point of the board meeting was not able without putting in compromise some expenditures for the future, and that's why the board decided to use this resource and let the shareholders decide if they want to keep the shares or monetize them by selling them in the market.

Regarding your second concern on the appetite for potential M&A, basically, well, we do see, we do follow what is happening worldwide with M&A opportunities. As you know, we are significantly focused in our organic growth. We're following our projects. We're happy to report on the Pilares well-being in the last year. This year is part of our operations, and we're doing also some good work for the Zinc concentrator ramping up.

Those are the projects that have been finished lately. The Zinc concentrator is on its way up to being a new operation as well.

Generally speaking, what we're doing is we're following what is happening in the market. If we see a good opportunity for us as management, it will be appropriate to do some recommendations to our board. We're seeing different circumstances, but so far nothing has been taking our interest specifically.

Regarding the cost before byproducts, keep in mind that producing the byproducts has a cost. The new Zinc concentrator cost divided by the pounds of copper that we produce, it's charging us a little bit of our cash cost before credits. Obviously, the credits are much, much higher than the cost of this facility on a per-pound basis as well.

I believe that we are seeing prices, the cash cost in the range of what it is now. I think that we are not seeing inflation for instance affecting our cash cost now. A little bit may come from higher fuel prices if they keep where they are now, but that's basically it.

So, my view would be that we should maintain our cash costs before credits at this level.

After credits, if you add the new production from the Buenavista concentrator, obviously we will have much higher credits and we reported something of that even though we had not as good prices as we had in the other quarters. That's basically it.

Carlos de Alba^ Thank you, Raul. If I may just add on the first question on the dividends, maybe I just wanted to understand a bit more because the company has a very strong balance sheet. It finished the year 2023 with \$1.8 billion in cash and marketable securities. It generated cash in the first quarter, another \$100 million or so.



So what changes are you planning on? Maybe do you see Tia Maria being approved soon or any other project starting relatively in the near future? Or maybe an opportunity to acquire an asset that will require cash before you decide to use the shares?

Because you could have also potentially cancelled the shares and increase the EBITDA per share and therefore make the stock look cheaper.

Raul Jacob^ Well, if you see our cash from operating activities in the first quarter was \$660 million in round numbers. That is a reference that we look at in order to see how much capacity of paying a cash dividend coming from our operations.

As I mentioned, we had a change in operating assets and liability of about \$311 million. This, we believe, is going to be a one-time issue. Generally speaking, it was a mix of maintaining a conservative position regarding cash.

If we see some positive developments in Tia Maria, as we're seeing as we're moving forward now, we'll certainly require more cash. This is one of the reasons. The other ones are related to having a conservative position regarding our cash position. It's more like being prudent at this point instead of paying a dividend that may create some problems for the future.

Carlos de Alba^ Thank you, Raul.

Raul Jacob^ You're welcome.

Operator^ Thank you. One moment for our next question.

Our next question comes from the line of Alejandro Demichelis from Jefferies.

Alejandro Demichelis^ Yes. Good morning, gentlemen. Thank you very much for taking my question.

I have to follow up on the dividend question, Raul. So if I understood correctly, you said that you're using the shares you have in Treasury. So should we think that the dividend in stock will only be limited to those shares that you have in Treasury? Or can we assume that you could actually expand the share count that you have? That's the first question.

And then the second question is, you mentioned some progress in Tia Maria. Can you give us a little bit more of a flavor of how you're seeing that process going?

Raul Jacob^ Yes, let me start by the last question. We are seeing. First thing is that the recent change in executive branch authorities related to mining and energy, as well as finance, as well as environmental affairs, has been very positive for the project. The new ministers are working with the company to improve the conditions for the project to start.

That is a very positive result in our view. We also acknowledge that we have been doing social work in the Tambo Valley and the Islay province. I think we're seeing a better social environment, generally speaking, for the project.

This is basically the result of many years of consistent work. When we had the last stop at the Tia Maria project a few years ago, we didn't stop making progress on the social front. That is something that we're seeing is making the project advance, positive news for now.

Regarding the dividends, we have these shares in Treasury. This dividend will consume about 8 million shares of the ones that we have in Treasury. That's basically it for now. We're not considering what you're saying on using all the shares in Treasury or something like that. We're not considering that and we're not also considering any shares issuance for the future.

So, for now, it is what it is. As was mentioned before in the first question that we had from Carlos de Alba, we paid a few years ago, in the fourth quarter of 2011, a dividend was paid using the shares that we had at that time.

By doing this, we transferred to the shareholders the decision of monetizing those shares or keeping them considering the very good outlook that the company has for the future.

Alejandro Demichelis^ That's clear.

Just to follow up on Tia Maria, can you give us some timeline? Do you have any timeline on how the process is going to work?

Raul Jacob^ No timeline. We're making progress. We'll report to the market, to the investors community as we move on on a quarterly basis.

But we don't want to set a timeline at this point.

Alejandro Demichelis^ That's great. Thank you, Raul.

Raul Jacob^ You're welcome.

Operator^ One moment for our next question. Our next question comes from Jon Brandt from HSBC.

Jonathan Brandt^ Good morning, Raul. Thanks for taking my questions. I'm just wondering, we've seen Codelco talk about maybe taking on some partners to increase --

Raul Jacob^ Jon, please, could you get a little bit closer? I can't hear you well.

Jonathan Brandt^ Is that better?

Raul Jacob^ Much batter.

Jonathan Brandt^ Okay, we have seen Codelco talk about maybe partnering with some other miners to help increase their production. You have a really great pipeline of Greenfield projects, is that something that you would consider, would you partner with another miner? Would that help you pull forward some of the production or is there something else you could do to increase the speed of your Greenfield projects?

I guess that's the first question.

And then just on Tia Maria, I think I noticed in your slide, you were talking about a 2026 start up, when does that assume that you start construction activities, is it a two-year construction activity before you would see first production? I think if you could sort of talk about that, that would be great. Thank you.

Raul Jacob^ Well, yes, it will be a two-year construction process at this point, this is our estimated timeline for construction.

We don't know when this is going to be the case to report, but whenever it happens, we'll certainly let you all know.

And to your first question, considering a partnership with another miner, no, for now we are not considering that. The company is developing these projects as full-owned operations, as is the case with our current operations in general.

Jonathan Brandt^ So One follow-up, just to clarify your answers on the stock dividend. Should we expect next quarter you to go back to a cash dividend? Is that how we should interpret your answers?

Raul Jacob^ As I say when I report on the dividend announcement, each board meeting, the board discusses the company cash position, the outlook on the market, any payments that we have to do for projects or debt, etcetera, and on that basis, a dividend is declared. How the board is going to evaluate this in the next board meeting, I can't advance anything on that.

Jonathan Brandt^ Okay, great. Thank you.

Raul Jacob^ You're welcome.

Operator^ Thank you. One moment for our next question.

Our next question comes from the line of Timna Tanners from Wolf Research.

Timna Tanners^ Yeah, happy Friday. Thanks. So I wanted to probe a little bit more the Buenavista situation. Last quarter you told us you had not yet been granted the permit and we're still moving water via truck. I know you said you've covered your needs, but

can you give us an update on the supply situation there and any progress toward the permit?

Raul Jacob^ Certainly, Timna. Glad to hear from you.

Well, yes, we are, as you mentioned, we're carrying a portion of the water that is required by Buenavista with the truck fleet. We're operating that so far this year and we are, as we are indicating in the press release, we're covering our water needs for now and with some excess capacity. So, we are comfortable with what we have as water supply.

That's basically it. On the permit status, we do have the permit to operate the wells. We are using the wells to get the water, but we don't have a permit for building a pipeline that will bring the water from the wells to the facilities. That's why we're using the water trucks at this point.

No news on when are we going to get the permit.

Timna Tanners^ Got it. You anticipated my next question.

Okay, and then as we go through with your new guidance for copper, silver, moly, and zinc, just looking at the copper side, your guidance implies kind of a little drop off from first quarter run rate in copper. It implies a big step up in run rate for silver. Just try to understand a little bit more of the nuances of what drives the little slow down in moly, slowdown in copper, and uptick in silver. I think we understand zinc pretty well, but just try and understand the other items.

Raul Jacob^ Well, actually, on the copper side, we are much more optimistic than -- let me put it differently. We're relatively conservative in our production goal for the year. Hopefully, we'll be better than what we're at this point estimating, but that's where we are now. That's our current plans.

Hopefully, we will improve a little bit our final mark for copper. In the case of molybdenum, we have been producing more molybdenum than this past quarter and more than the first quarter of last year. The problem here are the prices for molybdenum, which are much lower than what we had last year.

As I mentioned, we had a 38% drop in price for this quarter vis-a-vis the first one of last year.

Timna Tanners^ Okay. Then, on silver, did you have a comment on why that was trending much better than the first quarter run rate?

Raul Jacob^ Oh, sure. We're getting more silver from our current operating facilities. The new concentrator has also some silver content in the production that we're getting. That plus better production at our operations is the driver for higher silver production.

Timna Tanners^ Okay. Thank you very much.

Raul Jacob^ You're welcome, Timna.

Operator^ Thank you. One moment for our next question.

Our next question comes on the line of Alfonso Salazar from Scotiabank.

Alfonso Salazar^ Hi, Raul. Let me please rephrase a couple of questions for my colleagues. The first one is, because this stock dividend is a one-off, for the next quarter, the board of directors will not be considering the possibility of paying a stock dividend again. Is this correct?

Raul Jacob^ It's up to them. It's up to them. I can't comment on what they are going to decide on the next board meeting.

Alfonso Salazar^ Okay, but in principle, it will be a one-off.

Raul Jacob^ In principle, it will be a what?

Alfonso Salazar^ A one-off, depending on the stock dividend.

Raul Jacob^ They approved a stock dividend this quarter. We don't have, at this point, any idea of what they are going to propose on the next one.

Alfonso Salazar^ Fair enough. Thank you.

Can you remind us how many stocks you have at the Treasury after this payment?

Raul Jacob^ Before the payments, we had 111 million shares. 111 million.

Alfonso Salazar^ Okay.

Raul Jacob^ And the share payout is about 8 million. After this, we will have 103 million, the exact number will be 103,442,000 shares of Treasury shares after this dividend payment.

Alfonso Salazar^ Excellent. The other question that I have is, can you remind us your corporate production profile for the coming years and let us know what is your projection for Tia Maria or other projects?

Raul Jacob^ Okay. We are expecting, for this year, as I say, it's going to be 948,800 tons. Next year, 2025, 920,000. 2026, 940,000. 2027, 1,005,000. And 2028, 1,020,000.

Alfonso Salazar^ Got it. And from that, I assume that there is some production coming from Tia Maria by 2027.

Raul Jacob^ Yes. Tia Maria is included in the forecast for 2027.

Alfonso Salazar^ Excellent. Thank you very much, Raul.

Raul Jacob^ You're welcome.

Operator^ Thank you. One moment for our next question.

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

John Tumazos^ Thank you. Raul, is it possible that maybe we're a little spoiled with these long delays in the very big projects moving forward, which permitted large dividends, bigger than 50 percent payout? And now that Tia Maria may advance and the other projects in Peru are advancing, the dividend payout needs to be less than 50 percent rather than over 50 percent in cash.

You know, it's better not to gain weight and it's better not to accumulate debt because both of them are hard to reduce once you accumulate.

Raul Jacob^ Well, I agree on the weight comment on that, John.

But I think that the company, what we have seen and we have shown is that we're conservative and prudent in the use of our cash. We don't want to, for instance, take debt to pay a dividend. I think that that is not in our DNA. But in certain circumstances, for instance, when we anticipate that our future EBITDA will be higher because we're moving forward with a new project or getting some operations on a better shape, then it is reasonable to have some additional debt.

As we have been paying all the maturities in our bonds in the last five years, I think that as we're doing this, we may consider going to the bond market or to the capital market at a certain point in time.

Right now, we're not having any concrete plans for that. This is something that we evaluate on a consistent basis. As you may imagine, interest rates are not what they used to be. And the company took advantage of that.

If you look at our debt profile, the average interest rate that we're paying is significantly lower than what a company such as ours may get in the next few years or if we go out to the market now.

So being prudent is one of the reasons why the company has been considering this dividend in this quarter. And we believe that this prudent view will hold for the next few years. And that's what we as management are thinking about the use of debt and dividend payments.

John Tumazos^ Thank you.

Operator^ Thank you. One moment for our next question.

Our next question comes from the line of Regina Carillo from GBM.

Regina Carillo^ Hi. Good morning. Thanks for taking my question. I saw in the presentation that you mentioned investments in the ILO.

Raul Jacob^ Regina, Regina, Regina, please get a little bit closer to the microphone.

Regina Carillo^ Is this better?

Raul Jacob^ Much better. Thank you.

Regina Carillo^ Perfect. I saw in the presentation that you mentioned investments in the ILO and the Empalme smelters. And I just wanted to get an update on what you're seeing there.

Raul Jacob^ Yes. We do have some plans for growing in the refining business as well as the mining business. And for that, we have plans for building a new smelter in Mexico, which at this point is considered to be in Empalme, in Mexico, in the Sonora State. And for the Peruvian facilities, we do have also plans for a new smelter and refinery in the ILO area nearby our current facilities for smelting and refining.

We're seeing that direct sales to the industrial complexes in both Mexico and Peru will absorb this new material whenever we move on with this project. At this point, as you know, we are considering them for later on this decade. And we will be updating on any progress on these investments as we move on over time and the projects mature later on in time as well.

Regina Carillo^ Perfect. Thank you.

Raul Jacob^ You're welcome.

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

Raul Jacob^ Thank you very much, Gigi. And with this, we conclude our conference call for Southern Copper's first quarter of 2024 results. We certainly appreciate your participation and hope to have you back with us when we report the second quarter 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.