



SOUTHERN COPPER CORPORATION
GRUPO MEXICO

First Quarter 2026 Earnings Results

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First Quarter 2025 Earnings Results

Raul Jacob

VP, Finance & CFO, Southern Copper Corporation

Welcome

Operator: Good morning. Welcome to Southern Copper Corporation's First Quarter 2026 Results Conference Call. 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 2026, 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 risk 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: Let me first begin by saying that on April 7th, Southern Copper lost one of the principals of its organization, Mr. Oscar Gonzalez Rocha, who served as Executive President, Chief Executive Officer, and member of the Board of Directors. Over a period spanning 50 years, he worked tirelessly to further the company's objective as it scaled the corporate ladder to CEO. From this position, Don Oscar, as we like to refer to him, managed the company with intelligence, unwavering loyalty, and commitment to meeting and exceeding targets. He was one of the most influential leaders in the mining industry. We will miss him deeply.

Agenda

At today's conference, I am accompanied by Mr. Leonardo Contreras, recently appointed by our Board as CEO of Southern Copper. Mr. Contreras has held significant leadership roles within the company. He is also a Board Member since 2021.

1Q26 Highlights

In our press release, we are reporting a record-breaking sales, EBITDA, and net earnings. Regarding net earnings, they were \$1,577 million, which represented a 67% rise compared to the first quarter of last year. This positive result was driven by higher sales, volumes of silver that increased by 12%, zinc that increased by 16%, and better prices for our main products. In addition, we want to highlight that the company's cash costs dropped from \$0.77 per pound to minus \$0.11 per copper pound. This is a 114% reduction driven by a growth in revenues for all our byproducts and cost efficiencies across operations.

As the world continues to navigate the economic and inflationary impacts arising from current global conflicts, the company has remained resilient and committed to its operational objectives of increasing production to 1.6 million tons while maintaining the cost efficiency discipline that

defines it. This year, we will remain focused on achieving our operational targets and advancing the development of our projects.

Copper Business

Now, let us focus on the copper market.

London Metal Exchange

Turning to the copper market, the London Metal Exchange copper price increased 38% from an average of \$4.24 per pound in the first quarter of 2025, up to \$5.83 in the past quarter. In the COMEX market, we saw a 27% increase with an average of \$5.80 per pound this past quarter.

Demand expectations

Based on current supply and demand dynamics, we estimate a copper market deficit of 315,000 tons for 2026. Copper inventories worldwide stood at 1.2 million tons as of April 21 of this year. We estimate that this inventory currently can cover approximately 16 days of global demand.

First quarter 2026 production

Now, let's look at Southern Copper's production for the past quarter. Copper represented 70% of our sales in the first quarter of this year. Copper production registered a decrease of 4% in the first quarter, and a quarter-on-quarter turned to stand at 230,544 tons. This outcome was primarily driven by lower production at our Peruvian operations that decreased by 10%, the production of the Peruvian operations. This reduction was resulting from lower ore grades and recoveries that are in line with the annual plan. We expect our ore grades and recoveries to be better by the end of this year. And these results were primarily offset by an increase in production at our La Caridad mine that increased its production by 6%. At this point, we expect to produce 915,000 tons of copper in 2026, which is 4,000 tons above our planned target for the year.

Silver Business

Silver represented 13% of the company's sales in the first quarter of 2026 and is currently our first byproduct. Silver prices averaged \$83.33 per ounce in the quarter compared to \$32.31 in the first quarter of last year. This represents an increase of 158%. Mine silver production increased 11% in the first quarter of 2026, driven primarily by higher production at La Caridad, Buenavista, and the IMMSA mines. These results were partially offset by a decrease in production at our Peruvian operations.

Refined silver production increased by 11% quarter-over-quarter, which was mainly driven by an increase in our La Caridad refinery that increased its volume by 18% this past quarter. In 2026, we now expect to slightly exceed our goal to produce 24 million ounces of silver by 300,000 ounces, or 1.3%.

Molybdenum Business

Molybdenum represented 11% of our sales in the first quarter of this year, with an average price of \$25.37 per pound this quarter. This represents an increase of 24% over the first quarter of last year's mark. After many years of leading our byproduct list, molybdenum was outpaced by silver, which rose on the back of higher production volumes and better prices. Molybdenum production dropped 2% in the first quarter vis-a-vis next year, and this was mainly driven by a decrease in production at the Buenavista mine and by lower ore grades. These results were

partially offset by an increase in production at the Toquepala and Cuajone operations. In 2026, we expect to produce 27,400 tons of molybdenum. This is 5% above our initial plan.

Zinc Business

For zinc, it represented 3% of our sales in the first quarter, with an average price of \$1.47 per pound in the quarter. This represents a 14% increase compared to the 2025 first quarter's figure.

Zinc production increased 2% quarter-on-quarter and totaled 40,164 tons. It was mainly due to higher production at San Martin, Charcas, and Santa Barbara operations, the IMMISA operations. Refined zinc production increased by 6% in the first quarter of this year. For 2026, we expect to produce 166,800 tons of zinc, which is 1% above our initial plan.

Financials

Financial results. For the first quarter of 2026, sales were \$4.3 billion. This is \$1.1 billion higher than sales for the first quarter of 2025, or 36% of increase. Copper sales increased by 23%, while volume decreased by 5% in a scenario of better prices.

Sales by product

Regarding our main byproducts, we registered growth in sales of silver by 201% due to an increase in volume of 12% and better prices. Molybdenum sales grew 48% due to better prices, partially offset by lower volume. Zinc sales increased by 30%, bolstered by a rise in volume of 16% and better prices.

Operating cost

Our total operating cost and expenses increased \$185 million, or 12% when compared to the first quarter of last year. The main cost increments were in copper purchased from third parties, labor, workers' participation, lower capitalized leachable material, energy, and fuel. These cost increments were partially offset by a decrease in the foreign exchange variance effect and in inventory consumption.

EBITDA and margin

The company adjusted EBITDA for the first quarter of this year was \$2,713 million, which represented an increase of 55% over the \$1,745 million registered in the first quarter of 2025. The adjusted EBITDA margin in the first quarter was 64%. That compares to 56% in the same period of 2025.

Operating cash cost

For cash cost, Southern Copper's operating cash cost, including the benefits of byproduct credits, was minus \$0.11 per pound in the first quarter of this 2026. This cash cost was \$0.62 lower than the cash cost of \$0.51 that we had in the fourth quarter of 2025. A negative cash cost means that our byproduct revenues of \$1.2 billion more than cover our production costs for copper.

Operating cash cost per pound of copper before byproduct credits was \$2.30 per pound in the first quarter of this year. This is \$0.01 higher than the value for the fourth quarter of 2025 that was \$2.29. This increase in the operating cash cost reflects higher costs per pound from production cost, which was partially offset by a decrease in administrative expenses, a better credit for treatment and refining charges, and growth in the premium for our refined or further process production.

Byproducts

Regarding byproducts, we had a total credit of \$1,189 million or \$2.41 per pound in the first quarter of 2026. These figures represent a 36% increase compared to the credit of \$920 million

or \$1.78 per pound that we had in the fourth quarter of 2025. Total credits have increased for molybdenum, silver, and sulfuric acid.

Net income

Our first quarter of 2026 net income was \$1,577 million, which represented a new company record and an improvement of 67% compared to the \$946 million registered in the first quarter of 2025. The net income margin in this past quarter was 37% versus 30% in the first quarter of 2025. Net income in the first quarter of this year increased by 21%.

Cash flow

Cash flow from operating activities in the past quarter was \$1,695 million, which represented an increase of 135% versus the \$721 million posted in the first quarter of 2025. This improvement was mainly attributable to strong cash generation at our operations, which was driven by higher sales and \$449 million decrease in operating assets and liability requirements.

Capital investments

Our current capital investment program for this decade exceeds \$20.5 billion and includes investment in projects in Peru and Mexico. 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.

Tia Maria

For the Peruvian projects, we have Tia Maria. As you know, this is a greenfield project in the Arequipa region in Peru, which will use state-of-the-art SX-EW technology with the highest international standards for environment and resource consumption. The project has the capacity to produce 120,000 tons of refined copper per year, and operations are expected to begin in the third quarter of 2027.

As of March 31 of this year, the company has committed \$948 million across various projects and activities. Large-scale earthmoving works has moved already 7.5 million tons of material from the La Tapada deposit. Most purchase orders for major equipment have been issued. Regarding the SX-EW process, purchase orders have been placed for key equipment with state-of-the-art technology.

Regarding energy supply, foundation works at the main electrical substation, as well as work to build a 220-kilowatt transmission line are underway. In parallel, large-scale earthworks to grade the main dry and wet area components are in their final stage, setting the groundwork for civil construction in key areas for secondary and tertiary crusher, solvent extraction, and electrowinning.

At the end of the first quarter of 2026, progress at Tia Maria stood at 33%, and 4,200 new jobs have been generated, 815 of these positions were filled by local applicants. To the fullest extent

possible, we intend to fill the 5,000 jobs estimated to be required during Tia Maria construction phase, prioritizing workers from the Islay province in Arequipa, Peru.

Los Chancas

For the Los Chancas project in Apurimac, as of March of this year, we continue to implement environmental and social programs in the communities of Tapairihua and Tiaparo, which are located within the direct area of influence of the Los Chancas mining project.

Despite these efforts, the presence of illegal miners within the project area has prevented the project from progressing further. In this context, the company continues to work with the relevant authorities to regain control of the project area.

Michiquillay

For the Michiquillay project, located in the Cajamarca region in the northern part of Peru, development of the geotechnical, hydrological, and hydrogeological studies is ongoing. In addition, studies related to project's reserve estimation and mine plans have commenced.

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, Chalchihuites and the Empalme Smelter, which are expected to bolster our position as a fully integrated copper producer.

We are conducting talks with the current administration to continue rolling out Southern Copper's Mexican investments for \$10.2 billion.

El Arco

In the case of El Arco, in the Baja California region of Mexico, this is a world-class copper deposit located in the central part of the Baja California peninsula with more than 1,230 million tons in sulphide ore reserves with an average ore grade of 0.40%. The project includes an open-pit mine with a 120,000 tons per day of milling capacity concentrator and 28,000 tons of refined SX-EW copper for operations.

Detailed engineering is still underway for the concentrator, SX-EW plant, and water desal facilities, logistics, infrastructure, and power delivery. Under the Mexican constitution, the government is solely responsible for electric energy transmission. The Comision Federal de Electricidad, CFE, as a competent government entity must interconnect the Baja California peninsula with the rest of the country.

In this context, our project's initiation is dependent on action at the Mexican government level.

ESG Update

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

Sustainability

We're reporting that for the fifth consecutive year, S&P Global included SCC in its sustainability yearbook, which recognizes companies that rank within the top 15% for corporate sustainability performance. In 2025, Southern Copper ranked fourth among 256 companies in the mining and metals sector and stood in the top 2% of best performers.

ESG Recognition

Notably, SCC led the ranking for copper mining companies. Southern Copper has also been recognized by Morningstar Sustainalytics as an ESG industry leader. This, in its assessment of

environmental, social and governance risk management, Southern Copper ranked seventh among 215 companies in the metal sector with diversified operations.

Water management

In Peru, the National Water Authority recognizes our water management efforts as part of the framework for the water footprint reduction and shared value program. The authority awarded Southern Peru, the Peruvian branch of Southern Copper, with the Certificado Azul and the distinction of "Water Responsible and Community-Supportive Company" for efficient management of water at our Toquepala operations and for our contributions to strengthening agriculture in Ilabaya and Candarave in the Tacna region of Peru, including the restoration of 61 hectares of terraces and traditional crops benefiting 720 farmers.

Biodiversity

Tandem Global, an international organization specialized in conservation and habitat management certification, recognizes our Buenavista de Cobre Mine for its biodiversity conservation efforts in the Sierra La Elenita ecosystem in Cananea, at the state Sonora, Mexico. We also have talent development through our scholarship program.

Local communities

Each year, more than 9,000 people benefit from our educational, sports, and cultural programs in the communities where we operate. In 2025, we awarded scholarships to seven gifted students to continue their professional education at universities in Mexico and the United States. This is in recognition of their achievements in disciplines such as music, cinema, and sports.

Dividends

Regarding 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 23rd of this year, Southern Copper Corporation announced a quarterly cash dividend of \$1 per share of common stock and a stock dividend of 0.01 shares of common stock per share. This is payable on May 29th to shareholders of record at the close of business on May 13th. Ladies and gentlemen, with these comments, we end our presentation today.

Thank you very much for joining us. Now, we would like to open the forum for questions.

Q&A

Operator: Please stand by while we compile the Q&A roster. Our first question comes from the line of Timna Tanners of Wells Fargo Securities. Your line is open, Timna.

Timna Tanners: Yes. Hi, good day everyone. I wanted to ask a bit more on detail regarding costs for the second quarter and any impact from higher diesel or tougher availability of sulfuric acid given the conflict in the Middle East.

Raul Jacob: Well, it's been different depending on the two countries where we have operations now. In the case of Peru, increasing diesel prices are affecting us at the diesel consumption, which is mainly used in our truck fleet at the mines and a little bit on the smelter. For gas, in Peru, it's regulated, the price is regulated, so we have not the impact of the conflict in gas prices in Peru. In Mexico, as you know, Pemex has a controlled price. It has increased a little

bit, but not as much as diesel prices have increased worldwide. For gas, in Mexico, we are having lower prices due to certain operations on the area where we acquire the gas for our Mexican operations in Sonora. So even though it has a net impact higher than what we had in prior months, it's not as bad as you may consider, Timna.

Timna Tanners: Okay. Great. Could you follow up on the sulfuric acid availability, please?

Raul Jacob: Oh, yes. We are long in sulfuric acid. We actually sell sulfuric acid to our customers in the U.S. and in the southern part of South America. So, in that regard, we're actually benefiting from the higher sulfuric acid prices.

Timna Tanners: Okay. Great. If I could, a second question. I noticed -- I think I caught across the different commodities that you were able to increase volume guidance for 2026. Can you expand on how that was possible and if there's further potential increases in volume as the year progresses?

Raul Jacob: Yes. Well, we already gave an idea on the production increments that we're expecting for our byproducts. As you know, a few years back, we did an important investment at the Buenavista operation where we now have a zinc-silver concentrator. This facility, it's currently in an area of the Buenavista mine where you have a significant deposit for zinc and silver, and that's somehow explaining the increase that you are seeing. Besides that, our IMMSA operations have increased -- it's increasing its production for this year in both silver and zinc. So, the combined effect of all of this is showing this better byproduct production that we're reporting.

Operator: Thank you. Our next question comes from the line of Alfonso Salazar of Scotiabank. Please go ahead, Alfonso.

Alfonso Salazar: Yes. Hello, Raul. A couple of questions on my end. The first one is regarding dividends. It has been for some quarters now that you have been paying a hybrid dividend. Just wondering if this is going to continue and what is the point of increasing the cash position of the company? Any comments on that regard would be helpful.

And the second question is on the changes in the production outlook of copper. If I remember correctly, it has been -- there was this view that production was going to be good in 2026 and 2027. Apparently, you are going to be performing better than expected this year. I don't know what the outlook is for 2027. But I'm just wondering what is changing or what drove this better outlook for copper production over the coming years?

Raul Jacob: Okay. On the dividend, Alfonso, thank you for your questions, by the way. On the dividend, as you know, it's up to the Board. The Board has been considering giving a cash dividend of about a dollar, as we reported now in the past quarter. And regarding the shares that are handing back to shareholders, well, the average cost of those shares was \$26. The market is receiving them, we believe, in a good standing. So, what is going to happen in the next Board meetings, I don't know. They are always discussing this, but that's what we're seeing now.

Regarding copper production, well, we set a plan, as you know, for 111,400 tons of copper for this year. This is a kind of goal that we have to achieve and improve on top of that, and that's what we're doing. That's why we're reporting 4,000 tons of additional production expected for this year. We had an incident at the Buenavista operation that affected one of the lines of production. This was fixed, and the Buenavista facility is operating now at full capacity. So, we're expecting to have at the concentrator level of Buenavista an improvement, and that plus some other efficiencies that we're finding as we go through 2026 are improving our forecast.

As I mentioned, for now, 4,000 tons of additional copper. My personal take is that we may improve on top of that. For the next few years, we have for next year, 2027, we're expecting production relatively flat from where we are now. For 2028, when we will have the full effect of Tia Maria, we're expecting 967,000 tons of copper. For 2029, 1,056,000 tons, 2030, about over a million tons. Then our expectation is to be by the midpoint of the next decade at 1.6 million tons of copper coming from our projects.

Alfonso Salazar: Okay. Thank you very much.

Raul Jacob: You're welcome.

Operator: Thank you. Our next question comes from a line of Matheus Moreira with Bradesco BBI. Your line is open, Matheus.

Matheus Moreira: Yes. Thank you very much. Thank you for having my questions. Two questions on my side. First, to follow up on the copper production. I mean you mentioned in the release that copper grades should improve toward the back end of the year and extending into 2027, but your guidance for 2027 implies relatively flattish production levels. I'm just wondering how these two things are going to play out.

Then a question on El Arco, I mean we understand the project is contingent on the Mexican government completing the energy transmission line at the site before the company can move forward. Do you have any visibility on the expected timeline for this, and when do you anticipate to conclude the detailed engineering studies for the project?

Raul Jacob: Okay. On the copper production, we're expecting a recovery of ore grades and recoveries for the Peruvian operations, but usually you have a difference in ore grades in the other operations of the company. So, our current forecast is what we just mentioned, and we are expecting to improve it as we move on through the year up to arriving to 2027. In the case of El Arco, at this point, we don't have an expected timing for what we mentioned in the press release regarding the connection for power. For engineering and studies, it's an ongoing effort. We expect to have some results of this by year-end, but not for the full deposit, but some part, particularly on the SX-EW operation that we are envisioning for the El Arco project at this point.

Matheus Moreira: Okay. That's very clear.

Operator: Thank you. Our next question comes from the line of David Feng of CICC. Your line is open, David.

David Feng: I just have a follow-up on the sulfuric acid balance, especially as you will launch a Tia Maria project next year, which is a pure SX-EW operation. Will Southern Copper remain

as a net seller of acid, or will it need to move towards some external acid purchases? Also, is there any potential upside regarding your in-house acid production? Would building a new smelter at Ilo more reasonable to you right now, given the higher acid prices we've seen?

Raul Jacob: Okay. The Tia Maria operation will require about 700,000 tons of sulfuric acid, and we will be able to provide that from our own sulfuric acid production. Obviously, the sales will be reduced, but you will have the benefit of the refined copper produced by Tia Maria. Can you repeat the second question, please.

David Feng: Oh, regarding the development of a new smelter, yes.

Raul Jacob: Thank you very much, David. Well for now, we have this as a possibility for both our Peruvian and Mexican operations. Obviously, the acid prices are good news for us because it improves the possibilities of a new smelter. But at the same time, we do have, at this point, lower treatment and refining charges that are one of the important revenues for this facilities. So, we're still considering it. Obviously, the company has a call for being an integrated producer, and we want to come back to that as soon as we can, but under the right circumstances for the company.

Operator: Thank you. Our next question comes from the line of Carlos de Alba of MS. Your line is open, Carlos.

Carlos de Alba: So, I have three questions, if I may. First one is, can you comment on the company's exposure, volume exposure for copper in COMEX and LME? How has that changed, evolved, or any color that you can share that would be great?

The second question is about cost guidance before byproducts for this year, for the second quarter, and for the full of 2026.

Then, finally, if I may I'm not -- I'm abusing a little bit, but what is -- on the projects, what happened to El Pilar? Is that no longer going to be built or -- yes, I just lost track of that one.

Then, on Tia Maria, did the company get back the operating permit that was temporarily suspended? There was some discussions there within the committee in the mining ministry. I just want to understand what is the latest there, and if you -- or you kept your construction permit, but what about the operating permit?

Raul Jacob: Let me comment on the -- well, we don't make much of a comment on our sales exposure to both LME or COMEX for commercial reasons. Now that we have a relatively slight and smaller, much more smaller arbitrage between the two markets, we have no point and concerns on that.

Regarding cash costs before byproducts, it's about \$2.30, as I reported. We believe that it's going to be lower as we move on with Tia Maria. Tia Maria will have a cash cost estimated at \$1.16 per pound, so we are adding much lower cost per pound production when Tia Maria kicks in, which we are expecting to be the case in the second half of next year.

And finally, well, we already reported that Tia Maria is a little bit -- well, it's actually at about 33% at the close of March. Now that we're closing April, it's better than that, obviously. We will report it in the second quarter with the second quarter results. But what happened was a permit that an entity of the Peruvian state request to the Ministry of Energy and Mines to be precise

about. And for that, this entity, which is the mining council, asked the ministry to issue a new resolution. That didn't affect us in terms of our critical line or critical route for the project, but obviously created some noise at the media. In the case of El Pilar, the project is on track. We're working in some studies regarding the way that the project is going forward. We need to be sure on certain premises to move on with it. But at this point, the project is on track for being a new initiative of the company.

Carlos de Alba: Maybe just one clarification, Raul. So the cost before byproducts of around \$2.30 will remain relatively stable until Tia Maria ramps up.

Raul Jacob: Could you say it again please, Carlos?

Carlos de Alba: Yes. I'm just wondering, what is the guidance for cash costs before byproducts for the second quarter and for 2026? Is for that to remain around \$2.30, \$2.30 per pound?

Raul Jacob: Well it's contingent to what we will see on the oil market somehow. For the other cost elements, obviously as you have a higher cost for fuels, you usually have an increase in transportation and some other costs. So, I think that we will improve our costs when we have Tia Maria kicking in. We don't know how long the oil prices will be as they are. As you know, Carlos, cost per pound is not only the denominator, but several factors that may affect the total cost. At this point, we had one month, which was March, with higher fuel costs. That will certainly affect our total cost in the short term. But we don't think that this is going to be a long-term change for the company.

Operator: Thank you. Our next question comes from the line of Tathiane Candini of J.P. Morgan. Your line is open, Tathiane.

Tathiane Candini: Yes. Good morning, everyone. Good afternoon, actually, right now. I have two follow-up questions. The first one is also regarding the permits on the Tia Maria. So, it's very clear what actually happened and very positive that these licenses are all back in place at this point. But my question is, like, how comfortable do you are that this is not going to happen in the future, that the government is going to -- it's already okay with the project being built, that you are not going to face, like, any restrictions at the time that actually this project is a little bit more ready?

And my second question is also on the project, but a little bit on CapEx, right? So since, of course the announcement of the project, we had some increases, especially because something changed, like we had some changes during the time. But now, with, like, all the conflict that we see, like, across the entire industry and across all the industries, to be honest, higher costs, raw materials being a little bit more expensive, do you feel there is a space for higher CapEx on Tia Maria?

Raul Jacob: On the first -- this was, like, the issue with the permit was kind of a bureaucratic situation where we, for instance, we never had anything to provide additional information or anything like that to the authorities. It was fixed by the authorities themselves. We feel that the project Tia Maria is moving forward in a very nice way. We are not concerned on having any interruption. The social environment is also very positive, even though we're in elections

time in Peru. So, we believe that the company will finish the project with no delays, given for external circumstances.

Now, on the CapEx, we already updated the CapEx for Tia Maria. The additional CapEx that we need is \$1.8 billion. We haven't changed that view so far. If there is anything that may affect it, the market knows that. Now, keep in mind that we already have almost \$900 million in purchase orders and contracts signed, et cetera, et cetera, that are under this budget. So, at this point, we feel fairly confident that the CapEx will remain in the range of where we are now.

Operator: Thank you. I would now like to turn the conference back to Raul Jacob for closing remarks. Sir?

Raul Jacob: Thank you very much. With this, we conclude our conference call for Southern Copper's first quarter of 2026 results. We certainly appreciate your participation and hope to have you back with us when we report this quarter, the second quarter. 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.

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