

## Southern Copper Corp (2Q19 Earnings)

July 24, 2019

### Corporate Speakers:

- Raul Jacob; Southern Copper Corporation; VP of Finance, Treasurer & CFO

### Participants:

- Petr Grishchenko; Barclays Bank PLC; Research Division, Fixed Income Analyst
- Alexander Hacking; Citigroup Inc; Research Division, Director
- Gustavo Allevato; Santander Investment Securities Inc.; Research Division, Research Analyst
- Jens Spiess; Morgan Stanley; Research Division, Research Associate
- Hernán Kisluk; MetLife Investment Management Limited; Research Division, Analyst
- Alfonso Salazar; Scotiabank Global Banking and Markets; Research Division, Director of Metals and Mining

## PRESENTATION

Operator:: Good morning and welcome to the Southern Copper Corporation Second Quarter 2019 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 second quarter 2019 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 the full U.S. GAAP. Now I will pass the call on to Mr. Raul Jacob.

Raul JacobJacob:: Thank you very much, Gigi. Good morning to everyone. Welcome to Southern Copper's Second Quarter 2019 Earnings Conference Call.

Participating with me in today's conference are Mr. Oscar González Rocha, Southern Copper's CEO and Board member; Mr. Xavier Garcia de Quevedo, Board member of the company; and some other company executives.

In today's call, we will begin with an update on our view of the copper market. We then will review Southern Copper's key results related to production, sales, operating cost,

financial results and expansion projects. After that, we will open the session for questions.

Now let us focus on the copper market, the core of our business. During the second quarter, the London Metal Exchange copper price decreased from an average of \$3.12 per pound in the second quarter of last year to \$2.77 per pound this past quarter, that is an 11.2% reduction.

Even though we see a good physical market for copper, we believe the falling prices of the second half of 2018 reflected the sentiment of a possible slowdown of the world economy, concerns with Brexit and an escalation of trade protectionism between the U.S. and China. We expect a recovery in copper prices in the coming months.

At this point, we're adjusting our view of a refined copper demand for 2019. We're now expecting a growth of 2%. Our previous mark was 2.5% for the year 2019. This will be driven by higher consumption in the U.S. and Asia, with China demanding 3.5% more refined copper than in 2018.

On the supply side, production losses have reinforced our view of a deficit in the refined copper market as a result of labor strikes, heavy rains in Chile and Peru this year and technical problems.

As a reference, Wood Mackenzie considers that today the industry has had 481,000 tons of copper production losses. Consequently, we now expect a deficit of approximately 350,000 tons, that is 1.5% of the world's supply for this year. We expect this market deficit to put upward pressure on copper prices during the second half of 2019.

Let us now focus on Southern Copper's production for the past quarter. Copper represented 79.7% of our sales in the second quarter of 2019. Copper production increased 16.5% to 256,352 tons in the second quarter of this year compared to the same period of 2018.

It was principally due to higher production at the Toquepala mine which increased its production by 67.6% as a result of 27,061 tons of additional copper production from the successful ramping up of our new concentrator in this facility.

In Mexico, copper production increased by 8.8% when compared to the second quarter of last year. This was due to operating improvements at our new Buenavista plants where the SX-EW new plant increased its production by 30.5% and the new concentrator, that already has some years of operation but it is still a relatively new facility, 7% of increase.

The new Toquepala concentrator in Peru reached full capacity usage at the end of the second quarter. Additionally, as part of this expansion, we initiated production in the new molybdenum plant in April. We expect Toquepala to produce 258,000 tons of copper this year and 2,600 tons of molybdenum, with a very competitive cash cost.

For 2019, the new Toquepala concentrator is adding 100,000 tons to our annual copper production capacity, allowing us to reach 993,300 tons of annual copper production this year.

This state-of-the-art unit will allow us to reach a new production record with a new lower cash cost per pound of copper. Considering this year's average prices for our main by-products, for 2019 we expect our cash cost to set at \$0.81 per pound. An additional reduction of 7% from last year's cash cost of \$0.87. This will reinforce Southern Copper's leadership as low cost producer.

Looking at our main by-product, which is molybdenum, it represented 8.5% of the company sales value in the second quarter and it's currently, as I said, our most significant by-product. Molybdenum prices averaged \$12.13 per pound in the quarter which compares with \$11.55 in the second quarter of 2018. This is a 5% increase in molybdenum price.

Molybdenum mine production increased by 24.7% in the second quarter of this year compared with the same period of the last one, due to higher production at all our mines, particularly in Toquepala, where production of molybdenum increased by 94.5% as a result of the new molybdenum plant that started production in April of this year.

In 2019, we expect to produce 24,800 tons of molybdenum, this is 13% more than last year, with a contribution of the new molybdenum plant of Toquepala of 2,600 tons.

For zinc, it represented 4.2% of our sales value in the second quarter, with an average price of \$1.25 per pound in the quarter. This is a price decrease of 11.3% from the second quarter of 2018. Zinc mine production decreased by 1.3%, to 17,749 tons in the second quarter compared with the second quarter of last year mainly due to lower production at the Charcas mine.

This was basically the result of lower ore grade and offset the 1,133 tons of production coming from the San Martin mine. As you know, we are in the rehabilitation process for the San Martin mine and we are expecting it to be at full capacity by this quarter.

For 2019, we expect to produce 85,900 tons of zinc, that is a 21% increase compared to last year, with a significant contribution of 10,600 tons from the San Martin mine.

Silver represented 3.8% of our sales value in the second quarter of 2019, with an average price of \$14.85 per ounce in the quarter, a 10% decrease from the second quarter of last year.

Mined silver production increased by 5.3% in the past quarter, mainly as a result of higher production at our Toquepala operations, which increased their production by 85.9% as a result of additional copper production coming from the new concentrator of Toquepala.

This offset the lower production at La Caridad, IMMSA and Cuajone facilities where we had a decrease in production for different reasons.

For 2019, we expect to produce 20.1 million ounces of silver, an increase of 16% or 2.8 million ounces of additional silver when compared to last year, mainly resulting from the important contribution of the San Martin mine and the Toquepala expansion.

On July 9, at our Marine Terminal in Guaymas, Sonora, there was an incident that caused the discharge of approximately 3 cubic meters of sulfuric acid into the sea in the industrial port area.

The Guaymas bay has an estimated water volume of 340 million cubic meters. The spill upon entering in contact with the sea's alkaline conditions; well, the discharge was quickly diluted and the sulfuric acid was naturally and immediately neutralized.

As a result, the discharge was considered harmless, and it was found that neither the flora nor the fauna of the port area were affected. This is according to a report from the Ministry of Navy.

On July 10, the Mexican government -- the Mexican environment protection agency, PROFEPA, made a first inspection of the area concluding that the company executed all the correct procedures in order to contain the discharge. No reference was made to the existence of negative impact on the environment resulting from the incident.

On last Friday, July 19, PROFEPA revisited the facility to carry out a second inspection, declaring a partial temporary shutdown related only to the storage process and transportation of sulfuric acid at the terminal, arguing the absence of an authorization of environmental impact.

It is important to note that this facility has been in operation since 1979, previous to the 1988 Mexican General Law of Ecological Balance and the Protection of the Environment.

Therefore, these licenses are not a requirement for companies that have been operating before the mentioned law. In addition, PROFEPA's awarded in 2009 a certification of Clean Industry and Environmental Quality for such facility, which was subsequently renewed 4 times for periods of 2 years each.

We don't know the reasons or causes for these partial and temporary closure, but we will continue contributing with the environmental authorities with all the necessary elements in order to provide certainty with respect to the operation, in strict adherence to environmental regulations.

We expect environmental authorities to revoke the partial temporary shutdown once they clarify their concern. At this point, we don't expect any impact on our operations, as this terminal has no scheduled shipments until late August.

Looking at our financial results. For the second quarter of 2019 sales were \$1,818 million. That is \$19.2 million lower than sales of the second quarter of last year, or 1% less.

Copper sales volume increased by 11.7% but prices decreased by 11.2%. In total, our value decreased by 2.7% for copper.

Regarding our main by-products, we had higher sales of molybdenum, which increased by 47.8% due to higher volume and better prices for this metal. For zinc, we had lower sales due to lower volume and prices. And for silver, we had both lower prices as well as volume and sales decreased by 17.4%.

Looking at our operating costs. Our total operating cost and expenses increased by \$54.8 million or 5.2% when compared to the same second quarter of 2018. However, our copper production increased by 16.5%. So that's a 5.2% increase in operating costs and expenses and a production increase of 16.5% in copper.

The main cost increment has been in depreciation and operating cost of the new Toquepala concentrator and the San Martin mine. These cost increments were partially compensated by lower inventory consumption and lower purchased copper from third parties.

The adjusted EBITDA for the second quarter was \$942.8 million, this is a 51.9% margin compared with \$955.2 million or a 52% margin for the second quarter of 2018.

Our operating cash cost per pound of copper before by-product credits was \$1.45 per pound in the second quarter of 2019. That is \$0.081 lower than the cost for the first quarter of this year.

This 5.3% decrease in operating cash cost is the result of lower cost per pound from production costs that decreased by 5%. Our treatment and refining charges that reduced its cost by 16.8% and administrative expenses that were also reduced on a per pound basis. These were partially offset by lower premium.

Southern Copper's operating cash cost, including the benefit of by-product credits; was \$0.805 per pound in the second quarter of this year. This cash cost was \$0.099 lower than the cash cost of \$0.904 per pound in the first quarter of this year. This is an 11% reduction.

Regarding by-products. We had a total credit of \$352.5 million, a 15.3% increase in absolute dollars when compared with the \$305.7 million of credits in the first quarter of 2019.

On a per pound basis, we had credits of \$0.64 in the second quarter of this year, which compares with 0.622 cents per pound of credits in the first quarter. Total credits increased for molybdenum, zinc and sulfuric acid, and decreased for silver and gold.

Net income attributable to SCC shareholders in the second quarter of this year was \$402.4 million, that is 22.1% of sales or diluted earnings per share of \$0.52 per share. This figure compares with net income attributable to SCC shareholders for the first quarter of this year of \$388.2 million or diluted earnings per share of \$0.50.

Capital expenditures. Southern Copper's investment philosophy is not based on the outlook of copper prices but on the quality of the assets that we operate and develop. Throughout the year, our strong financial discipline has consistently allowed us to invest on a continuous basis in our superior asset portfolio.

Capital investments in the 6 months of 2019, the first half, were \$353.5 million. These investments are in line with our growth program aimed to produce 1.5 million tons of copper by 2025.

Looking at our Peruvian projects. We have currently a portfolio of \$2.8 billion for approved projects in Peru, of which \$1.8 billion has already been invested. Considering the Michiquillay \$2.5 billion project and Los Chancas, a \$2.8 billion project, our total investment program in Peru increases to \$8.1 billion.

For the Toquepala expansion project, this is a \$1.3 billion project, including, as we mentioned, a new state-of-the-art concentrator that has increased Toquepala annual production to reach 258,000 tons in this year, a 52% production increase from this operation when compared to last year.

As of June 30 of 2019, we have invested \$1,291.6 million in this expansion. The construction of the project was completed and production initiated in the fourth quarter of 2018. Full production was reached in the second quarter of 2019.

For Tia Maria. As you all know, on July 8, the company received the construction license for the Tia Maria project. This permit was obtained after completing a strict review process, complying with all established regulatory requirements and addressing all observations raised.

We strongly believe the Tia Maria project, where we will invest \$1.4 billion, will further improve the company's asset base and profitability, with an increase of 120,000 tons of additional annual copper production capacity at a very competitive cash cost.

We think this project will also benefit Peru, at the national, regional and local level, through business and employment opportunities, royalties and taxes. On top of this, with sales estimated at \$750 million, Tia Maria will improve Peru's economy with a 0.4% increase in its GDP.

We guarantee to the population of Islay that the Tia Maria project will not adversely affect other local economic activities because we will use desalinated seawater for our operations and for the transport of our supplies and copper production, we will build a 32-kilometer industrial railway and an access road at a safe distance from the Tambo valley.

We reiterate our commitment to delay the construction of the project until it has established, in coordination with the government, a common ground for dialogue with the neighboring population, to address any concerns and provide assurances to achieve more social support for the project.

Meanwhile, we will continue to work for the welfare of the local population. Our social programs in education, health care and productive development will continue to improve the quality of life and the agriculture and livestock activities in the Tambo Valley, as well as fishing and tourism in Islay.

During the construction and operation phase, hiring local labor will be a priority. For this purpose, we have successfully launched in June of this year the free technical training program “Forging the Future”, which will benefit 700 persons in this province in the years 2019, this year, and next year.

After training, the participants will be eligible to apply for one of the estimated 9,000 jobs required during the Tia Maria construction phase. We strongly believe that the initiation of construction activities for Tia Maria will generate significant economic opportunities for the Islay province and the Arequipa region.

When in operation, we expect Tia Maria will generate a significant contribution through mining royalties and taxes from day 1 and will directly employ 600 workers and indirectly provide jobs for another 4,200.

The good news of the Tia Maria and Toquepala projects give us the confidence to continue the efforts of our \$6.7 billion greenfield Peruvian investment programs, which includes Tia Maria, as I said, with the investment of \$1.4 billion, Los Chancas with \$2.8 billion and Michiquillay projects with \$2.5 billion.

For the Mexican projects. In Buenavista, we have a zinc concentrator in the Sonora State of Mexico. This project is located within the Buenavista facility and includes the development of a new concentrator to produce approximately 80,000 tons of zinc and 20,000 tons of copper per year.

Currently, we have completed the basic engineering. Environmental studies are in process. The project's budget is \$413 million, and we expect to initiate operations in the fourth quarter of 2021. When completed, this new facility will double the company's zinc production capacity and will provide 490 direct jobs and 1,470 indirect jobs.

The Pilares Project, also in Sonora, is located 6 kilometers from La Caridad. This project consists of an open-pit mine operation with an annual production capacity of 35,000 tons of copper in concentrates. The ore will be transported from the pit to the primary crusher of the La Caridad copper concentrator via a new 25-meter wide off-road facility for mining trucks.

Environmental permits have been obtained and additional land is being acquired. The project will significantly improve the overall mineral ore grade combining the 0.78% expected from Pilares, the ore grade of Pilares is 0.78% as I just said, with the 0.34% ore grade from La Caridad. The budget for Pilares is \$159 million, and we expect it to start production during the second half of 2020.

Regarding dividends. As you know, it is the company policy to review at each Board meeting the company's cash resources position, expected cash flow generation from operations, capital investment plans and other financial needs in order to determine the appropriate quarterly dividend.

Accordingly, as announced to the market on July 18, the Board of the Directors authorized a cash dividend of \$0.40 per share of common stock payable on August 22 to shareholders of record at the close of business on August 8, 2019.

Well. With this in mind, ladies and gentlemen, thank you very much for joining us, and we will like now to open up the forum for questions.

## QUESTIONS AND ANSWERS

Operator: (Operator Instructions) And our first question is from Petr Grishchenko from Barclays.

Petr Grishchenko: First, I wanted to just follow up a little bit on Tia Maria developments. While the company received construction permits, there's some articles, including Bloomberg's that said that Peruvian President said the company should not begin construction because of lack of social approval. So I'm just curious, what's you're reading of the situation? If you actually expect to begin construction this year? Or what's the timeline?

Raul Jacob: Okay. Well, as I mentioned during the presentation of the call, we have committed with the government and the local population to have a dialogue process. This will take a while.

Currently, the government is initiating this process directly with the local population. We don't have, at this point, an specific date to end this dialogue process. Actually, I think that it may take as long as it is necessary for all the population in the area to be satisfied with the way that the company will address the project. And I'm sure that they will see that the benefits of this investment will certainly surpass any cost that it may have for the local population.

Petr Grishchenko: Got it. That's helpful. And second question, I wanted to touch a little bit more on the spill at the Guaymas terminal. I just wanted to clarify something, the scheduled shipment in late August, was that copper shipment? Or was that sulfuric acid?

Raul Jacob: No. All of this refers to a sulfuric acid facility that we have at the Guaymas port. It does not affect our copper production or any other metal production at the company.

Petr Grishchenko: Okay. So there are no metal shipments from that terminal?

Raul Jacob: Not from that facility that pertains to sulfuric acid.

Operator: Our next question is from Alex Hacking from Citi.

Alexander Hacking: Yes. Raul, my first question is just around project sequencing. If you look at the 3 big opportunities that you have, Michiquillay, Los Chancas, El Arco as you -- as we sit today, which of those projects do you feel is most likely to begin construction first?

Raul Jacob: At this point, I would say that Tia Maria is the one that has the -- it's most likely to initiate construction in a time that we can determine now. We have to -- as I said, we have to follow a dialogue process with the government and the local population.

But currently, we're expecting Tia Maria to initiate production at some point in 2022. And after that, we should have Los Chancas and Michiquillay later on in time.

Alexander Hacking: Okay. So just to confirm, Los Chancas and Michiquillay are ahead of El Arco right now?

Raul Jacob: Yes. Hold on a second. At this point, we have El Arco scheduled for 2024, while Michiquillay and Los Chancas are for 2025.

Alexander Hacking: Okay. So on that basis then, El Arco would actually be ahead of the other 2. And then in terms of capital allocation. I guess with Tia Maria on hold, Toquepala finished, the company's going to generate quite a bit of free cash flow.

My question is, what is your target for your debt level or net debt level as you kind of approach this new wave of projects? Maybe Tia Maria and then the other 3 projects that we discussed. Like what's your target net debt level? And therefore, what -- or conversely, how you're thinking about your dividend policy.

Raul Jacob: Sure. Well, okay. On our target, it's set at total debt divided by EBITDA shouldn't be more than 2. That's our metric that we want to maintain. Currently, we're there. So it's under 2 our current view for this year.

We are not considering at this point any specific debt issues. We will see how these projects evolve. At this point we have enough funds to go on with the projects with our own cash generation. Obviously, more for capital structure reasons, we may consider some action in the future.

And regarding dividends, as I always mention, this is a decision that is made at the Board level in each board meeting. The Board reviews the company cash position, the expectations on the market, on cash flow generation given the projects or operations that we have and on that base, a dividend is established. If you see our track record, we have been paying \$0.40 per share in the last quarters. We believe that this price reduction that we have seen, and I mentioned it at the presentation of the call, it shouldn't be that long in time. So we're expecting to either maintain this dividend level or the board will make a decision for the future, depending on market conditions.

Alexander Hacking: Okay. And then just to follow up though. Los Chancas, El Arco, Michiquillay, that's potentially \$7 billion, \$8 billion of CapEx, right?

That could -- in theoretically it will all be happening around the same time based on the guidance that you gave earlier. Do you feel the need to de-lever ahead of that? Or are you comfortable sitting at the current 2x level? And then financing of projects with cash flow going forward?

Raul Jacob: That is something that we'll -- I mean, there is not only the position but also the interest rates that we will see in the future.

I think that just for technical reasons, it's a good idea to have some debt in our balance sheet. But we are also very comfortable with the idea of having an under-utilized balance sheet that allow us to be ready for any opportunities in the market.

Operator: Our next question is from Gustavo Allevato from Santander.

Gustavo Allevato: So I have two questions. Firstly regarding Tia Maria with the construction license, how much can we expect the company to spend in 2019?

And the second question, just to clarify, regarding the net debt target you mentioned below 2x total debt or net debt-to-EBITDA?

Raul Jacob: Okay. On the second one, it's total debt-to-EBITDA less than 2x. On the first one, it's -- on Tia Maria, we have a budget for this year of \$300 million. At this point, we don't think that we will spend that much money. We're considering an adjustment in this budget, and we'll mention that on the next call.

Operator: Our next question is from Carlos De Alba from Morgan Stanley.

Jens Spiess: Yes. This is actually Jens Spiess. Carlos had to jump off the line. So one question, besides this training program you just mentioned, could you maybe provide

more details on what specifically you plan to do differently in Tia Maria versus what you have been doing for the past 2 years in order to reach social acceptance?

And maybe what your expectations are in terms of timing, start production something in order to start in 2022? And also if you could provide an updated CapEx guidance and also cash cost before by-products. And also if you could please repeat the production guidance by metal, because there was some noise on the line. I didn't get that.

Raul Jacob: Okay. We have been doing several activities in the Tambo Valley. And we're adding to that Mollendo and Matarani which are nearby towns, where about 25,000 people live.

And we think that having the construction permit already will lead us access some other additional funds for social work which are very important. We believe that this is something that will certainly help the project to move forward.

The change that I see at this point is that not only we will have much stronger commitment towards the social work that we have been performing in this area. As I said, we're adding Mollendo and Matarani to our programs.

And -- but also, the process will have a much more important participation of the government authorities. This -- we're seeing this -- well, we saw this before receiving the permit certainly. But we're seeing it now as a much more stronger process coming from government agencies and ministers.

At this point, it's a little bit premature to put a line or an estimate on when can we initiate the construction. We have a commitment to the government for not initiating it until this process for dialogue has arrived or reached a proper level.

Okay, in production. Let me give you our current view. For this year, we're expecting total copper production of 993,300 tons of copper. For next year, it's 990,000 tons of copper.

And we will remain at almost 1 million ton or passing a little bit of -- 1 million tons for the years as I say next year, 2020, 2021. In 2022, we're expecting to have 1.070 million tons. 2023, 1.2 million tons. And 2024, the same level, 1.2 million tons.

For molybdenum, our current view is 24,800 tons for this year. We should remain at that level and having changes in production due to recoveries and ore grades.

For zinc, we're expecting 85,900 tons of zinc this year. Next year, with the San Martin mine running at full speed, we expect to have 109,000 tons of zinc production. In 2021, 126,000 tons of production.

In 2022, we should receive the benefit of the Buenavista concentrator adding a little bit north of 100,000 tons of zinc capacity that will make us to produce about 230,000 tons of zinc for that year. And in 2023, 247,000 tons of zinc.

For silver, we're expecting 20.1 million ounces this year. That figure should be the same for 2020 and increase to 25 million ounces for the years 2021 and on.

Cash cost, obviously, will be improving as we move on through these years. So we are expecting cash cost this year to be at about \$0.81. And either remain at that level or decrease for the next few years.

Jens Spiess: Okay. And before by-products, how much would that be? So what's embedded by-product or something that you have in that number?

Raul Jacob: About \$1.45, which is what we -- we're expecting for this year \$1.47 before credits. And it should remain at about that level until 2022, when we will have an increase in our -- over the 1 million-ton production capacity that we have now. So 2022, 2023, we should have a reduction on a per pound basis to about \$1.40.

Obviously, as you may imagine, probably cash cost is the most difficult metric to predict because you not only have the metal prices as part of it, but also all the costs that affect the operations. But given the current cost level and considering the growth program that we have, we should be getting towards from where we are now, \$1.47 for this year, down to \$1.40 in the next few years, before credits.

Operator: Our next question is from Hernán Kisluk from MetLife.

Hernán Kisluk: It's a short one regarding the bond maturity that you have on April next year for \$400 million, if you already have any plans to refinance that or to pay that down? What's the idea there?

Raul Jacob: At this point, we are considering, if you look at our cash position, obviously we can pay it from our own funds. We're considering different options for this maturity, but no decision has been made so far.

Operator: Our next question is from Alfonso Salazar from Scotia Bank.

Alfonso Salazar: Okay. So my question -- the first question I have is regarding Tia Maria. You were saying what you're doing to get the social license. The question I have, do you have a plan B?

Because you have been trying this for some time and certainly, it hasn't been an easy task to get the social approval. So what is the plan B? Have you thought about the possibility for -- to monetize somehow these assets in case that you don't get the approval? Or you're going to continue until you get it?

The second question I have is if you have a strategy to improve public opinion in both Mexico and Peru after the sulfuric acid spill. There has been some comments -- some negative comments. So if you have any strategy there to improve the public opinion?

Raul Jacob: Thank you for your questions, Alfonso. On Tia Maria, we have no plan B. We want to keep following what we are doing now, which is having a very good, very successful social programs in this area.

We believe that we're doing -- at this point, we have a much better project environment than what we had in past years. This is somehow reflected in receiving the construction permit. We don't want to speculate on what if.

We are currently focused and concerned and committed to moving forward with this project in both the social aspects that it has as well as the operational ones when we initiate the construction in the future.

On your second comment or question on public opinion. Obviously, we are working to inform -- we're certainly informing in Peru and Mexico as well, on different levels of both government and public opinion on the quality of the operations and the way that we do our business. And we believe that this is certainly helping us in both countries on moving forward with our projects as we are now doing.

Operator: Thank you. At this time, I am showing no further questions. I would like to turn the call back over to Raul Jacob for closing remarks.

Raul Jacob: Thank you very much, Gigi. Well, with this we conclude our conference call for Southern Copper's second quarter 2019 results. We certainly appreciate your participation and hope to have you back with us when we report the third quarter of 2019. Thank you very much and have a nice day.

Operator: Ladies and gentlemen, thank you for your participation in today's conference. This concludes the program. You may now disconnect.