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

Participants:
- Alfonso Salazar; Scotiabank; Analyst
- Jon Brandt; HSBC Holdings plc; Analyst
- Carlos de Alba; Morgan Stanley; Analyst
- Thiago Ojea; Goldman Sachs Group, Inc.; Analyst
- Rodrigo Garcilazo; GBM Grupo Bursatil Mexicano; Analyst

PRESENTATION

Operator: Good morning. Welcome to Southern Copper Corporation's Fourth Quarter 2019 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 fourth quarter 2019 as well as answer any questions that you might have.

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 statements, whether as a result of new information, future events or otherwise.

All results are expressed in full U.S. GAAP.

Now I'll pass the call on to Mr. Raul Jacob.

Raul Jacob: Thank you very much, Victor. Good morning to everyone. Welcome to Southern Copper's Fourth Quarter of 2019 and Full Year Earnings Conference Call.

Participating with me in today's conference are Mr. Oscar González Rocha, Southern Copper's CEO and Board member.

In today's call, we will begin with an update on our view of the copper market. We will then review Southern Copper's key results related to production, sales, operating costs, financial results and expansion projects. After that, we will open the session for questions.
Before we get into the details of this call, let me say that 2019 was a remarkable year for Southern Copper. We reached a new record on copper production and sales as a result of additional production coming from the new Toquepala concentrator and our Buenavista unit.

With the successful ramping up of our new Toquepala concentrator, we have completed the first stage of our growth projects, which allow us to obtain new annual production records for copper, molybdenum and silver. On top of this, we believe that our low cash cost will provide the required operational strength and liquidity to continue with our growth program in Mexico and Peru, aiming to achieve 1.5 million tons of copper by the year 2028.

In addition to these excellent operational news, we received in 2019 the financial market recognition of our leadership position as one of the industry's best low-cost copper producers, obtaining excellent terms for our Minera Mexico 30-year bond offering issued in September of last year.

Our company reaffirms its commitment to continue focusing on generating long-term value for our shareholders with our expansion projects and cost reduction efforts. We also express our commitment to all our stakeholders and to concentrate on working for the development of the local communities, regions and governments where we operate, which will result in shared prosperity and sustainability for our businesses and society.

Now let us focus on the copper market, the core of our business. During the fourth quarter of 2019, the London Metal Exchange copper price decreased from an average of $2.80 per pound in the fourth quarter of 2018 to $2.67. That is a minus 4.6% reduction in the last quarter of last year. As of today, we are seeing prices in the range of $2.55 to $2.60 per pound as a reflection of the worldwide concern regarding the effect of the COVID-19 disease, also known as coronavirus.

The world is now starting to feel the financial and economic impact from the outbreak, but, at this point, it is difficult to assess the full effect of this event on copper demand. However, we hope that the outbreak, if timely contained, will have a milder impact on the global economy, ending in a V-shaped recovery for copper demand.

For supply, we maintain our view of it growing at about 2% for this year, contingent of not being affected significantly by the disease. As a consequence, we expect a mild copper market surplus for 2020.

Let me focus now on Southern Copper's production for the past quarter and 2019. Copper represented 81.1% of our sales in the last quarter of 2019. Copper production increased 9.1% to 256,461 tons in the fourth quarter of 2019 compared to the same period of 2018. This was principally due to higher production at the Toquepala mine, which increased in the fourth quarter of last year, 44.1% its production mark. This was a result of the additional copper production of the successful start-up of the new concentrator.
In Mexico, copper production slightly increased by 1.5% in the fourth quarter when compared to the same period of 2018, mainly due to higher production at the IMMSA unit as a result of the restoration of the San Martin operations. The new Toquepala concentrator reached full capacity at the end of the second quarter of 2019. Additionally, as part of this expansion, we initiated production at the new molybdenum plant in April of last year. This expansion produced 101,738 tons of copper and 2,793 tons of molybdenum in 2019. Both of them with a very competitive cash cost.

For the full year 2019, we reached 993,822 tons of annual copper production, a 12.5% increase compared to 2018 production and, for our company, a new record. This new milestone was principally due to higher copper production at our Toquepala mine, which increased its production by 51.5% during the year. This was the result of the already mentioned ramping up of the new concentrator at Toquepala.

Also, our Buenavista mine, which increased its production by 5.8%, had good operating results, particularly at the SX/EW plants that increased their production by 12.2%. These increases were partially offset by lower production at the Cuajone mine due to lower recoveries. For this year, 2020, we expect to produce 998,400 tons of copper. This is in line with last year's production.

Looking at molybdenum. Molybdenum production represented 6.5% of the company sales value in the fourth quarter of 2019, and it's currently our first by-product. Molybdenum prices averaged $9.49 per pound in the quarter, which compares with $11.99 in the fourth quarter of 2018. This is a 20.9% decrease. Molybdenum mine production increased by 39.3% in the fourth quarter of last year principally due to significantly higher production at our Toquepala mine.

Toquepala had an increase in molybdenum production of 167% as a result of 1,254 tons of new production coming from the new molybdenum plant that was part of the Toquepala expansion. It began operations, as I mentioned, in April of 2019. And also, we had a significant contribution of the Buenavista molybdenum plant, which increased its production by 26.1% as a result of higher grades in its operations.

In 2019, for the full year, we produced 26,885 tons of molybdenum, an increase of 22.3% in production compared to 2018, principally due to additional production from Toquepala and Buenavista. In 2020, this year, we expect to produce 26,700 tons of molybdenum, in line with the 2019 production.

For silver, it represented 4.9% of our sales value in the fourth quarter of last year, with an average price of $17.27 per ounce in the quarter, a 19% increase from the fourth quarter of 2018. Silver is currently our second by-product. Mined silver production increased by 31.7% in the fourth quarter mainly as a result of higher production at our IMMSA operations. The IMMSA unit increased silver production by 53.4%.

This was mainly the result of the restoration in production at the San Martin mine. San Martin contributed with approximately 600,000 ounces of silver in the fourth quarter of
2019. In addition, there was higher production at the Toquepala mine, which increased its production by 45.3% in the fourth quarter of last year. This is about 285,000 ounces of silver. And also the Buenavista operation increased its silver production by 28%; as a result of higher grades and recoveries.

For refined silver production, it decreased by 14% in the fourth quarter of last year due to lower production at the La Caridad metallurgical facilities. In 2019 as a whole, we produced 20.3 million ounces of silver, an increase of 17.1% in production from 2018.

For this year, 2020, we expect to produce 23.7 million ounces of silver, an increase of 10% when compared to 2019, mainly resulting from the important contribution of the San Martin mine, where we expect to get 2.1 million ounces of additional silver production, and the Santa Barbara mine, that will increase its production by 300,000 ounces of silver. San Martin and Santa Barbara are both IMMSA operations.

Zinc represented 3.7% of our sales value in the fourth quarter of 2019 with an average price of $1.08 per pound in the quarter, a price decrease of 9.2% from the fourth quarter of 2018. Zinc mine production increased by 15.8% to 20,364 tons in the fourth quarter of 2019 compared to the same period of 2018. This was mainly due to 2,633 tons of new production coming from the San Martin mine as well as an increased production from the Santa Barbara mine, which offset the lower production at the Santa Eulalia operation.

Refined zinc production slightly decreased by 0.7% in the fourth quarter compared to the same period of 2018.

For the full year 2019, we produced 73,922 tons of zinc, an increase of 4.4%, mainly as a result of the restoration of the San Martin mine production. For 2020, we expect to produce 80,600 tonnes of zinc, which is about 9% of increase in our production of this metal.

Going into our financial results. For the fourth quarter of 2019, sales were $1.9 billion or $160 million higher than sales for the fourth quarter of 2018. This is a 9.4% increase in sales. Copper sales volume increased by 11.3% and value by 11% in a scenario of lower prices. Regarding our main by-products, we had higher sales of silver by 21.6%, mainly due to better prices and lower sales of molybdenum by 8.7% due to lower prices that were partially compensated by higher volume. For zinc, we had lower sales of 10.2% mainly due to lower prices.

For the year 2019, net sales were $7.3 billion, a new company record and 2.7% higher than 2018 net sales. This was principally due to higher sales volume for copper, that increased by 11.3%, molybdenum that increased by 21.7% and silver by 5.7%. A decrease in metal prices, led by copper, offset the significant contribution of the additional sales volume.

Our total operating costs and expenses increased by $151.6 million or 14.2% when compared to the fourth quarter of 2018. The main cost increases have been in lower
capitalized leachable material, higher repair and operating materials, higher contractors and services, labor cost and translation difference effect, plus sales expenses. These cost increases were partially compensated by lower workers' participation.

Adjusted EBITDA for the fourth quarter of 2019 was $786.7 million. This is a 42.4% margin, compared to $793.1 million or a 46.8% margin for the fourth quarter of 2018. The full year 2019 adjusted EBITDA was $3,526.9 million; that is less than 1% lower than the 2018 adjusted EBITDA of $3,556 million. The adjusted EBITDA margin last year was 48.4%, compared with 50.1% in 2018.

Operating cash cost per pound of copper before by-product credits was $1.59 per pound in the fourth quarter of 2019. That is $0.083 higher than the value for the third quarter of last year. This 5.6% increase in operating cash cost is a result of higher cost per pound from production costs, treatment and refining charges, and administrative expenses, that were partially compensated by higher premiums.

Southern Copper operating cash cost, including the benefit of by-product credits, was $0.978 per pound in the fourth quarter of 2019. This cash cost was $0.154 higher than the cash cost of $0.824 for the third quarter of 2019.

Regarding by-products, we've had a total credit of $334.6 million or $0.607 per pound in the fourth quarter of 2019. These figures represented a 10.4% decrease when compared with a credit of $366.3 million or $0.678 per pound in the third quarter of 2019. Total credits have increased for silver and decreased for molybdenum, zinc, gold and sulfuric acid, mainly as a result of lower prices.

Operating cash cost per pound of copper, net of by-product revenues, was $0.88 per pound in 2019 compared to $0.87 in 2018. This was due to an increase in production costs, SG&A expenses and lower credits per pound that was offset by the unit cost effect of higher copper production.

Net earnings. 2019 net income was $1,485.8 million, 3.7% lower than 2018 net income of $1,543 million. Net income margin in 2019 was 20.4% compared to 21.7% in 2018. Fourth quarter of 2019 net income was $305.7 million. That was 4.3% higher than the same mark of 2018, where net income was $293.2 million. Net income margin in the fourth quarter of 2019 was 16.5%, compared to 17.3% in the fourth quarter of 2018.

Capital expenditures. Southern Copper 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.

For the Peruvian operations, we currently have a portfolio of $2.8 billion of approved projects in Peru, of which we have already invested $1.6 billion. Considering the upcoming Michiquillay $2.5 billion and Los Chancas $2.8 billion projects, our total investment program in Peru will increase to $8.1 billion.
For the Toquepala expansion project in Tacna, as you know, this is a $1.3 billion project that includes a new state-of-the-art concentrator that has increased Toquepala's annual copper production to reach 258,000 tons in 2019. As of December of last year, we have invested $1,280.1 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 last year.

For Tia Maria, on July 8, 2019, we received the construction permit for this 120,000 tons annual SX/EW copper greenfield project with a capital budget of $1.4 billion. The government awarded the permit after completing an exhaustive review process of environmental and social matters, recognizing compliance with all established regulatory requirements and having addressed all observations raised.

The challenges to the construction permit were overcome when, on October 30 of last year, the mining council of the Peruvian Ministry of Energy and Mines ratified the construction permit for the Tia Maria project. In coordination with the Peruvian government, Southern Copper continues to work on common grounds for dialogue with the neighboring communities, to address any concerns they may have on the project and awaiting the proper economic and political conditions to move ahead with the project and to reinstate social and community work and other support in the region.

For the Mexican projects, in Buenavista, Sonora, we have the Buenavista zinc project. 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 copper per year. Currently, we have completed the basic engineering and obtained all environmental permits for the project.

The capital budget is $413 million, and we expect to initiate operations in the third quarter of 2022. When completed, this new facility will double the company's zinc production capacity and will provide 490 direct jobs and about 1,500 indirect jobs. The process of bidding for the site preparation has started, and the purchase orders for the major equipment have been placed.

Another project we have in Sonora is Pilares. This is located 6 kilometers from the La Caridad mine, and it consists of an open pit mine operation with an annual production capacity of 35,000 tons of copper in concentrate. A new 25-meter-wide, off-road facility for mining trucks will transport the ore from the pit to the primary crusher of the La Caridad copper concentrator.

This project will significantly improve the overall mineral ore grade of La Caridad. This will be done by combining the 0.78% ore grade expected from Pilares 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 first half of 2022. The connection road between the Pilares mine and La Caridad, is now under construction.
El Pilar, which is our third project in Mexico, and particularly at the Sonora region, is a low capital intensity copper greenfield project, which is strategically located approximately 45 kilometers from our Buenavista mine. Its copper oxide mineralization contains estimated proven and probable reserves of 325 million tons of ore with an average copper grade of 0.287%.

El Pilar will operate as a conventional open pit mine and copper cathodes will be produced using the highly cost-efficient and environmentally friendly SX/EW technology. The budget for El Pilar is $310 million, and we expect it to start production during 2023. The construction of the pilot plant is finished, and the production tests have already begun.

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

Accordingly, as announced to the market on February 20, the Board of Directors authorized a cash dividend of $0.40 per share of common stock payable on March 24 of this year to shareholders of record at the close of business on March 10.

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

**QUESTIONS AND ANSWERS**

Operator:  (Operator Instructions)

And our first question will come from the line of Alfonso Salazar from Scotiabank.

Alfonso Salazar:  I have a couple of questions, the first one is regarding the cost. We saw an increase in the cash cost in the quarter.

Raul Jacob:  Alfonso, I can't copy you well. Could you get closer to the microphone, please?

Alfonso Salazar:  Can you hear me better now?

Raul Jacob:  Better. So much better. Yes.

Alfonso Salazar:  Yes. Okay. So the first question is regarding cost. We saw an increase in the cash cost in the fourth quarter. So just want to know what is behind that, and if you can provide some guidance for the future years regarding cash cost.
The second question is, if you can give an update on the growth opportunities. We saw that you delayed the 1.5 million-ton copper production target by 2 years. So if you can explain what is behind that delay.

And the third question is the local situation for the San Martin mine because it's not clear what's going on with the Supreme Court ruling? So if you can clarify what's going on there.

Raul Jacob:  Certainly. Thank you very much, Alfonso. Okay. On the cash cost, we had an unusual fourth quarter in terms of cost and cash cost specifically that we believe it's just an event. It's just something that we had some extra costs for certain repairs that usually are spread through the year, and we had to address them during the fourth quarter. That created an increase in our cash cost for the quarter.

Our current expectation for the next year is to have a cash cost even lower than what we have in full for 2019. Currently, our view is to have a cash cost for next year of $0.81 per pound that will be formed as follows. The cost before any credits will be $1.52. That's pretty much in line with what we had in 2019, but we will have much more credits than what we had last year, of about $0.71 per pound. That will, when you do the substraction, leaves you with $0.81 per pound of copper.

We are still working on how can we support and maintain this cash cost for the following years. We have a reduction in ore grades for molybdenum in 2021. Even though we will be producing much more zinc in 2021, we're expecting to have a higher cash cost in the range of $0.90 for that year.

And, well, as you heard, we are postponing slightly the start-up of the projects that we are undertaking right now, and that will certainly influence the cash cost for the long term. For now, for 2020, as I say, it's expected $0.81, about $0.90 for 2021. And then, depending on when the new projects will get in, we'll be having a better view on cash cost.

Question number two, update of growth opportunities. Well, basically, why the delay on the projects, particularly to reach the 1.5 million ton goal that we have right now? We have done, through 2019, a major overview of our projects and established, given the advancement that we have in some of them and the news that we're getting from the tests and studies that we're doing, we updated the view. As a result, basically, we are moving a little bit our goal for 1.5 million tons, from 2026, which was our first goal or the past goal, to 2028.

In terms of the legal situation in the San Martin mine, we're currently very confident that the company will prevail. The news that we have are relatively positive, and we are expecting it to be in operation at full capacity as it is getting now. So we have nothing important to report in this regard.

Operator:  And our next question will come from the line of Jon Brandt from HSBC.
Jon Brandt: Firstly, I just wanted to follow up on the growth projects. Could you maybe expand a little bit on that answer? Was this the result of sort of one project, two projects? Was it the geology? Was it the expectation that maybe it's a little harder to get equipment, financing? If you could just sort of expand on what actually led to the delay.

And then the second question, I just wanted to ask you about the impact of the coronavirus and what you're seeing with demand these days. And maybe, conversely, if there's any risk to your supply chain from raw materials or equipment or something like that, how much of your costs actually come from China that's a risk to your own supply chain?

Raul Jacob: Okay. On the growth projects, well, basically, more like a finance or some other kind of reason it's just how are we progressing on the projects. We have made a review on how are we expecting them to evolve in the next few years. Generally speaking, let me say that we have not adjusted any budgets for the projects at this point. It's more like a timing thing; as I said not finance-driven or anything like that. It's just more like normal events that usually make projects slow down a little bit.

Now looking into the coronavirus. Well, we already mentioned that we believe, or that we hope that it will be contained, that the damage that it may create at the Chinese as well as the world economy will be limited. So far, on the commercial side of our operations, we haven't had any impact related to the outbreak. Our shipments, even the ones for China are moving forward as scheduled.

And we are, in that regard, tranquil. Regarding the supply chain impact, we haven't had any so far. As you know, our operations are in Mexico and Peru, and we have not experienced any trouble in any of these countries and nothing related to or parts from China. In some cases, our suppliers are bringing in the parts that we require and some other materials from different sources.

Obviously, that may take a little bit longer, but nothing specifically has affected us. Our inventories are sufficient to cover our operations at this point, and we have nothing to report regarding delays or anything like that, neither on the commercial side, as I said, nor at the supply chain for the corporation.

Operator: And our next question will come from the line of Carlos De Alba from Morgan Stanley.

Carlos De Alba: I would like to ask you to further going to the cost trends before by-products, if possible, for 2021 and beyond. And then if you could maybe give us an update on the production outlook for the next few years as well as CapEx budgets. And then, finally, I would appreciate some color on Tia Maria. Because, clearly, the company has done all the efforts on each part, and you have received both environmental and construction permit.
However, maybe frustratingly, we saw the federal administration a few weeks ago said that they don't see the conditions for the project to begin before the current mandate, and that is, I think, mid next year. So could you tell us exactly how do you see the situation around Tia Maria? And what is the company doing right now? And when do we think construction could begin?

Raul Jacob: Certainly. Thank you for your questions, Carlos. Okay. Before by-product credits, we're expecting our cash cost to be in the range of $1.50, a little bit more than that. For 2020, it's $1.52. 2021, it's $1.54. 2022, we are assuming $1.69, and the reason for that is a reduction in our production coming from our copper operations. I'll give you the production profile in a minute.

Carlos De Alba: So Raul, did you say $1.59 or $1.69?

Raul Jacob: $1.69 for 2022. For 2023, it's $1.56. And then coming back for 2024 to $1.52. So, we have a variance in copper production in 2022, a reduction actually in copper production that, at this point, that's the plan or that's the forecast, I should say. We're working on different ways to solve this, but I'll give you now the forecast that we have for production.

For 2020, we're expecting to produce 998,400 tons of copper; 2021, 986,500 tons; 2022, 950,100 tons; and then in 2023, where we have the beginning of operations of El Pilar and Buenavista zinc we are expecting to have 1,066,900 tons of copper. So as you can see, Carlos, we had a bounce-back or a much higher cash cost before any credits in 2022 as a result of a reduction in production related to ore grades, particularly at the Cuajone and Caridad operations.

We're working to control that by increasing the by-products contribution. For that year, for 2022, we're increasing our zinc production to about 191,000 tons and trying to maintain the molybdenum production as well as the silver one. In silver, we're increasing our production to 24.4 million ounces on that year. So a combination of higher by-products production, plus some review on our mining plans for the copper operations should allow us to improve this forecast, but that's what we have at this point.

On CapEx, as a result of the review that I indicated a few minutes ago, we are adjusting our capital budgets. We're decreasing them for the next 5 years. We're not changing the budget for the projects. It's just a rescheduling matter.

Overall, for the years 2020 to 2024, we're decreasing our capital budget by $2.3 billion. Let me give you the details. For 2020, vis-à-vis the forecast that we had when we reported the third quarter, we had a total budget for 2020 expected to be at $1,449 million; now we're forecasting $1,146.7 million for 2020. That is a reduction of $302.9 million. For 2021, we forecasted before $1,631.3 million. This number is decreasing to $1,386.3 million, another reduction of $245 million.
For 2022, we had a forecast of $2.9 billion, we are decreasing it to $2 billion. For 2023, we're going from $3.4 billion to $2.8 billion. And for 2024, it's $3.1 billion versus $2.7 billion now. So all in, we're decreasing our CapEx budgets for the next 5 years by $2.3 billion. As I said, and I want to stress this, we're not changing the budgets. It's just a rescheduling of the different projects that we have over time.

On Tia Maria, we believe that we're moving forward with the project in terms of our work with the local population is being very successful. We feel very confident on the fact that our license was ratified by the Mining Council. This is a very important step for the project because the Mining Council went through all the details of the permit and ratified all the acts that we have done regarding it.

So that's very important for us. On the community or local population work, we have been advancing, and we believe that the project is ready to go. So we're waiting for the government to join us in this effort.

Operator: And our next question will come from the line of Thiago Ojea from Goldman Sachs.

Thiago Ojea: How -- if you can just explain -- and I'm sorry, it's still not clear for me, why are you rescheduling the projects? It's a matter of capital allocation? You're concerned with your CapEx budget, that's why you're reducing? Or you think it's postponed, which you, I don't know, the market demand is still not 100% clear? And the second question regarding ASARCO, if you can give a status on the strike there, it would help us.

Raul Jacob: Okay. On the ASARCO, you should ask that on the Grupo Mexico's call. I'm sorry about that, Thiago, but it is not part of Southern Copper.


Raul Jacob: No problem. Don't worry. On the projects, it's just as I said, it's a matter of looking at the current advance on the projects. It's not related to any other driver. Obviously, the concerns that we have from the global economy on both demand and supply of copper are one of the reasons why we're thinking about what are we going to do if things get worse. But in this case, the driver has been the completion level of these projects.

As we mentioned, when we did the bond issue last year, we were going to focus on the Mexican projects at the Sonora state in Mexico. And we're doing that. We're doing very good progress with these 3 projects. They have a total cost of about $1 billion in total, and they will be contributing to our production in the next 2 to 3 years. So we're focused on that. On the other projects that are greenfield and, by nature, much more difficult to move forward with them, we are looking at how things are evolving.
And as a result of that, we did a rescheduling of their progress. If we see opportunities to accelerate them, be sure that we will take them. We're not constrained by our financial capabilities or for some other reasons like supply chain or stuff like that for this project. It's more like the view or the company view on how things are evolving and how and when are we arriving to having these greenfield projects, which are, as I say, a little bit more difficult by nature than the brownfield expansion arriving to production.

Thiago Ojea: If I can follow up quickly. How do you see the current debt level at the company at the net debt? Do you feel that now with a lower CapEx requirement for the next few years, maybe dividends could be higher? Or could you have buybacks?

Raul Jacob: I think that that's up to the Board of Southern Copper to decide when we have the Board meetings. As you know, the Board has a discussion on the dividends to set. It's been -- if you see the track records, the Board usually make a decision to give to our shareholders any cash that is perceived as extra cash. So I don't see us holding cash for the future, if that's one concern.

And currently, on debt level, well, we feel comfortable where we are. As I mentioned, we raised $1 billion through a bond from our Minera Mexico unit in 2019, this third quarter of 2019. And we feel that we're having a reasonable debt level at this point, including the upcoming payment of $400 million that we have to do in 2020, in April.

Operator: And our next question comes from the line of Rodrigo Garcilazo from GBM.

Rodrigo Garcilazo: I have a couple of questions. Just to clarify the point you just mentioned, does the slowdown in the pace of the project development could arrive into a higher dividend going forward considering the big cash flow you are now generating? That's the first one.

And the second is, in Peru, does the new congress composition after the elections in January provide a better environment forward to develop big mining projects in Peru? Or the situation does not change at all after this new congress composition?

Raul Jacob: Okay. Thank you very much for your questions, Rodrigo. On the -- well, it's hard to predict how the company is going to decide on dividends, the Board, in this case, if we don't have a clear view on the copper market. So it depends on how things are evolving in the next few months. We'll see how the Board is responding to the cash position that the company has or will have at that time.

Regarding the new congress, we're very pleased with the election results. We think that the new congress will be a source of progress for Peru, and we believe that it will be positive for the general environment.

Now having said that, it's a congress that has a relatively low life because it will end in July of 2021 when new elections and a new person and new congress take over the current presidency as well as congress members.
Operator: I'm not showing any further questions at this time.

I'd like to turn the call back over to Raul Jacob for further closing remarks.

Raul Jacob: Thank you very much, Victor. And well, with this, we conclude our conference call for the SCC Fourth Quarter and Full Year 2019 Results. We certainly appreciate your participation and hope to have you back with us when we report the first quarter of 2020.

Thank you very much. Have a nice day.

Operator: Ladies and gentlemen, this concludes today's conference call. Thank you for participating.

You may now disconnect.