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EARNINGS CALL TRANSCRIPT

Southern Copper (SCCO) Q4 2025 Earnings Transcript

By Motley Fool Transcribing (/author/20032/) – Feb 12, 2026 at 7:10AM EST

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Date

Tuesday, January 27, 2026 at 11 a.m. ET

Call participants

- Chief Executive Officer and Board Member — Oscar Gonzalez Rocha
- Chief Financial Officer — Raul Jacob



Image source: The Motley Fool.

- Board Member – Leonardo Contreras

Takeaways

- **Net Sales** -- \$13.4 billion, up 17%, marking a company record chiefly due to elevated by-product output and improved metal prices.
- **Adjusted EBITDA** -- \$7.8 billion, up 22% with a 58% margin; quarterly margin rose to 60% from 54% for the comparable period.
- **Net Income** -- \$4.3 billion, a 28% increase, yielding a 32% net margin versus 30% the prior year; fourth quarter net income reached \$1.04 billion, up 65%.
- **Copper Production** -- 242,172 tons in the quarter, up 1.4% sequentially; full-year output declined 1.8% to 956,270 tons, 1% under annual plan.
- **2026 Copper Production Guidance** -- 911,400 tons, expected to fall 4.7% due to lower ore grades in Peru.
- **Mined Zinc Production** -- Rose 36% year-on-year, fueled by an additional 52,500 tons from the Buenavista concentrator.
- **Silver Production** -- Mined silver grew 15% year-on-year to 24 million ounces; refined silver production up 10% sequentially in the quarter.
- **Molybdenum Production** -- Totaled 31,200 tons for the year, up 7%; quarterly molybdenum volume rose 10% against the comparable period.
- **Operating Cash Cost (Copper, Pre-By-Product)** -- \$2.29 per pound for the quarter, a 3% sequential increase; \$2.17 per pound for the year, up \$0.04.
- **Operating Cash Cost (Including By-Product Credits)** -- \$0.52 per pound for the quarter (up \$0.10 sequentially), \$0.58 per pound for the year, down \$0.31 year-on-year due to \$0.34 higher by-product credits.
- **By-Product Credits** -- \$920 million, or \$1.77 per pound, for the quarter, rising 3% sequentially; gains in zinc, silver, and sulfuric acid offsets a decline in molybdenum.

- **Fourth Quarter Sales** -- \$3.9 billion, up \$1.1 billion with copper sales volume up 3% and value up 39%; silver sales value up 106% driven by higher price and 11% volume growth.
- **Operating Costs** -- Rose \$282 million, or 19%, year-on-year for the quarter, led by increased worker participation, purchased copper, inventory consumption, contractors, and a \$60 million one-time asset retirement adjustment at Buenavista.
- **Cash Flow From Operating Activities** -- \$4.8 billion, up 8%, aided by net income and partially offset by higher accounted receivables.
- **Capital Investments** -- \$1.3 billion in 2025, up 29% and equal to 30% of net income; total decade capex plan exceeds \$20.5 billion.
- **Tia Maria Project** -- \$1.8 billion budget, 24% complete as of year-end, \$800 million committed, forecasted cash out in 2026 is \$508 million; start-up targeted for mid-2027 with first-year production guidance at 30,000 tons, ramping to full capacity of 120,000 tons per year thereafter.
- **Dividend Policy** -- Quarterly cash dividend announced at \$1/share and a stock dividend of 0.0085 shares/share, payable February 27, 2026.
- **Costs by Currency** -- 39% of costs in Mexican pesos, 10% in Peruvian sols, and 51% in U.S. dollars; company identifies currency appreciation as a more significant cost driver than local inflation.
- **Guidance for 2028-2030 Copper Output** -- Company expects 970,000 tons in 2028 with full Tia Maria operation, rising to 1,060,000 tons in 2029 and 2030.
- **ESG Accreditations** -- Buenavista, Toquepala, and Cuajone mines received The Copper Mark certification for meeting Global Industry Standard on Tailings Management.
- **Buenavista Concentrator Production Focus** -- Company confirmed continued priority on zinc and silver over copper at this unit, based on relative metal price analysis.

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Risks

- Company reported, "the presence of illegal miners within the project area has prevented the project from advancing," explicitly citing project delays.
- CFO Jacob stated, "we are having a reduction in copper production this year. So that will increase our -- yes, that alone should have an impact in the range of the 5% that you mentioned for our production cost," confirming expected upward cost pressure from lower copper output.

Summary

Southern Copper (SCCO (/quote/nyse/scco/) +1.29%) set records in net sales, adjusted EBITDA, and net income, led by favorable by-product output and improved pricing across metals. The Tia Maria project progressed, booking \$800 million in commitments and affirming a launch timeline for mid-2027, while cost visibility focused on currency appreciation and production adjustments. Company guidance signals a 4.7% decrease in copper production for 2026, with a planned recovery tied to ongoing project commissioning and mine expansions. ESG recognition continues through certifications and local investment in Peru and Mexico. Company capital spending increased 29%, with the decade-long investment plan surpassing \$20.5 billion.

- Quarterly operating cash cost, including by-product credits, decreased substantially year over year due to increases in by-product revenues, particularly from zinc and silver.
- Net quarterly income margin rose to 34% reflecting overhead leverage and price realizations.
- The company expects continued flat unit costs but warns that output declines may exert upward pressure on unit cash costs.

- Dividend payments continue and reflect the board's ongoing assessment of operational cash flows and capital needs, with a \$1 per share payout confirmed for the next quarter.

Industry glossary

- **SX-EW (Solvent Extraction–Electrowinning):** A hydrometallurgical process used to produce copper cathodes from oxide ores and concentrates via leaching and electrochemical deposition.
- **The Copper Mark:** An independent assurance framework certifying responsible copper production and conformance with global environmental and safety standards.
- **By-Product Credits:** Revenue offsets from the sale of non-primary metals (e.g., silver, zinc, molybdenum) used to reduce the reported cost of producing the principal commodity (copper).

Full Conference Call Transcript

Raul Jacob: Thank you very much, Gigi. Good morning, everyone, and welcome to Southern Copper's Fourth Quarter and Full Year 2025 Results Conference Call. At today's conference, I'm accompanied by Mr. Oscar Gonzalez Rocha, CEO of Southern Copper and Board member; as well as Mr. Leonardo Contreras, who is also a Board member. In today's call, we will begin with an update on our view of the copper market and then review Southern Copper's key results related to production, sales, operating costs, financial results, expansion projects and ESG. After this, we will open the session for questions. Our performance in year 2025 delivered new company records for net sales, adjusted EBITDA and net income.

These milestones are a testament to the strength of our strategy, execution and commitment to sustainable growth. This strong performance was primarily driven by a rise in by-product production and improved metal prices for all our products. Mined zinc production rose 36% year-on-year, bolstered by an additional 52,500 tons from the Buenavista zinc concentrator. Mined silver production increased 15% in

this year -- in last year primarily driven by higher production at all our mines. Molybdenum production was 31,200 tons in 2025, which was 7% above the figure in 2024. The combination of higher production volumes and better copper and by-product prices enabled us to achieve record sales of \$13.4 billion.

This is 17% more than in 2024, a record high for EBITDA of \$7.8 billion, that's 22% on top of 2024 and net income of \$4.3 billion, which is 28% higher than 2024. We remain firmly committed to enhancing productivity and cost efficiency driven by strategy anchoring in discipline and focus on achieving a long-term goal to produce 1.6 million tons of copper at the lowest possible most competitive cost per pound. Looking into the metal markets and prices. For copper, the London metal copper price increased 21% from an average of \$4.16 per pound in the fourth quarter of 2024 to \$5.03 per pound this past quarter.

For the COMEX market, we saw a 22% increase, averaging during the past quarter \$5.15 per pound. Based on current supply and demand dynamics, we're currently estimating a copper market deficit of about 320,000 tons for 2026. Copper inventories worldwide, the sum of the London Metal Exchange, COMEX and Shanghai and bonded warehouses, where as of January '26, this past Monday, approximately 14 days of global demand. Let's look at Southern Copper's production for the past quarter. Copper represented 75% of our sales in the fourth quarter of 2025. Copper production registered an increase of 1.4% in the fourth quarter of last year on a quarter-over-quarter terms to stand at 242,172 tons.

Our quarterly result reflects higher production at our La Caridad, Toquepala, Cuajone and IMMSA mines, which was attributable to better ore grades and recoveries. These positive results were partially offset by a decrease in production at our Buenavista operations. For 2025, copper production decreased 1.8% to 956,270 tons. This figure is 1% lower than our 2025 plan of 965,000 tons. Our year-on-year result reflects lower production at our Buenavista and the Peruvian mines, partially offset by a rise in production at our IMMSA and La Caridad mines. For 2026, we expect to produce 911,400 tons of copper, which represents a decrease of 4.7% compared to 2025 annual trend.

This slight drop was primarily attributable to lower ore grades at our Peruvian operations. For molybdenum, it represented 8% of the company's sales value in the fourth quarter of 2025 and is currently our first by-product. Molybdenum prices averaged \$22.75 per pound in the quarter compared to \$21.61 in the fourth quarter of 2024. This represents an increase of 5%. Molybdenum production increased 10% in the fourth quarter of last year compared to the fourth quarter of 2024. This was mainly driven by an increase in production at Toquepala and Cuajone mines due to higher ore grades at both operations. These results were partially offset by a decrease in production at the Buenavista and La Caridad mines.

Molybdenum production increased 7.4% year-on-year in 2025 after production grew at Toquepala and Caridad and was partially offset by lower production at Buenavista and Cuajone. In 2026, we expect to produce 26,000 tons of molybdenum. For silver, it represented 9% of our sales in the fourth quarter of last year with an average price of \$54.48 per ounce in the quarter, which is reflected in an increase of 74%. Silver is currently our second by-product. Mined silver production increased 15% in the fourth quarter of 2025 versus the same period of the prior year. This was boosted by production growth at all our mines. Refined silver production increased 10% quarter-over-quarter driven mainly by increased production at all our refineries.

In 2025, we produced 24 million ounces of silver, which represents an increase of 15% over the 2024 production level. This was due to higher production at all our mines. In 2026, we expect to produce 24 million ounces of silver, a slight decrease of 2% compared to 2025. For zinc, it represented 4% of our sales in the fourth quarter of 2025 with an average price of \$1.44 per pound in the quarter. This represents a 4.3% increase compared to the fourth quarter of 2024. Zinc is currently our third by-product. Zinc mined production increased 7% quarter-on-quarter and total 46,223 tons.

Growth was mainly driven by higher production at the Buenavista zinc concentrator and by an increase in production at San Martin mine. Refined zinc production increased 2% in the fourth quarter vis-a-vis the fourth quarter of 2024. Zinc

production for the full year 2025 increased 36% due to additional production of 52,500 tons from Buenavista zinc and an upswing in production at our Santa Barbara mine. This was partially offset by lower production at our Charcas and San Martin operations. For 2025, we expect to produce 165,500 tonnes of zinc. Financial results. For the fourth quarter of 2025 sales were \$3.9 billion. This is \$1.1 billion higher than sales in the fourth quarter of 2024.

Copper sales increased 39% and volume was up 3%, supported by better prices. In the case of LME it was 21% higher and in the case of COMEX 22% higher. Regarding our main by-products, we reported higher sales for molybdenum of 6% due to an increase of volume of 10% and better prices. Zinc increased its value -- the value of sales in 23% due to higher volume for 21% and better prices. Silver increased its value in -- 106% due to an increase in volume of 11% and better prices. 2025 net sales hit a record high of \$13.4 billion, topping the 2024 net sales by 17%.

This expansion was mainly driven by higher sales volume for molybdenum, zinc and silver. Growth in sales volumes remain -- for copper, growth in sales volume remained stable in [2025]. Operating cost. Our total operating cost and expenses increased \$282 million, that is a 19% when compared to the fourth quarter of 2024. The main cost increments were in workers' participation, purchased copper, inventory consumption and operation contractors and services. We have also, in the quarter, a onetime adjustment of \$60 million for asset retirement obligations at the Mexican operations, mainly at the Buenavista one. These cost increments were partially compensated by labor -- lower labor costs at the Peruvian operations.

The fourth quarter 2025 adjusted EBITDA was \$2.3 billion which represented an increase of 53% with regard to the \$1.5 billion registered in the fourth quarter of 2024. The adjusted EBITDA margin in the fourth quarter was 60% versus 54% in the fourth quarter of 2024. For the year 2025, adjusted EBITDA hit a record high of \$7.8 billion, reflecting a robust 22% increase over the figure in 2024. The adjusted EBITDA margin in 2025 was 58% versus 56% in 2024. Cash cost. Operating cash cost per pound of copper before by-product credits was \$2.29 per pound in the fourth

quarter of 2025. This is \$0.06 higher than the value for the third quarter of \$2.23 per pound.

This 3% increase in the operating cash cost was driven by higher cost per pound from the production cost, administrative expenses and lower premiums, which were partially offset by lower treatment and refining costs. Southern Copper operating cash cost including the benefit of by-product credits was \$0.52 per pound in the fourth quarter of last year. This cash cost was \$0.10 higher than the cash cost of \$0.42 for the third quarter of 2025. Regarding by-products, we have a total credit of \$920 million or \$1.77 per pound in the fourth quarter of 2025. These figures represent a 3% increase when compared to a credit of \$895 million or \$1.81 per pound in the third quarter of 2025.

Total credits have increased for zinc, silver and sulfuric acid and decreased for molybdenum. 2025 operating cash cost per pound of copper before by-product credit was \$2.17 per pound. And this was higher than the \$2.13 per pound that we reported in 2024. This is a \$0.04 increase. Net of by-product credit 2025 cash cost was \$0.58 per pound. This \$0.31 reduction in the cash cost compared to the \$0.89 per pound reported in the fourth quarter for the full year -- excuse me, for the full year 2024, and this was mainly attributable to a \$0.34 increase in byproduct revenue credits.

Net income in the fourth quarter was \$1,038 million, which represents a 65% increase with regard to the \$794 million registered in the fourth quarter of 2024. The net income margin in the past quarter was 34% versus 29% in the fourth quarter of 2024. 2025 net income hit a record high of \$4.3 billion, which is 28% above the figure in 2024. These improvements were driven by an increase in net sales and by our strict cost control measures. The net income margin in 2025 was 32% versus 30% in 2024. Cash flow from operating activities in 2025 was \$4.8 billion, which represented an increase of 8% over the \$4.4 billion posted in 2024.

This result, which was mainly fueled by higher net income, was partially offset by an increase in net operating assets, particularly accounts receivables. For capital

investments, our current capital investment program for this decade exceeds \$20.5 billion and includes investments in projects in Peru and Mexico. In 2025, we spent \$1.3 billion on capital investments, which reflected a 29% increase year-on-year and represented 30% of net income in 2025. Given that there is a description of our main capital project in Southern Copper's press release, I'm going to focus on updating new developments for each of them. Regarding the Peruvian projects and focusing on the Tia Maria project currently under construction at the Arequipa region in Peru.

This project represents a landmark investment for Peru and the Arequipa region. The current estimated capital budget is \$1.8 billion. As of the end of 2025, the project was 24% complete. At current copper prices, Tia Maria will generate \$20.2 billion in exports and \$4.6 billion in taxes and royalties over its first 20 years of operation. The project has already created 3,589 jobs, with strong focus on local hire. When operations begin in 2027, Tia Maria will provide 764 direct jobs and nearly 6,000 indirect jobs, demonstrating our commitment to sustainable growth and long-term regional development. As of December, 31st of last year, the company had committed about \$800 million to different project activities.

Large-scale earthmoving works have mobilized 1.7 million tons of material from the La Tapada deposit. Purchase orders to acquire metallic structures for secondary and tertiary crushing has been issued for the dry area. At the SX-EW process level, state-of-the-art technology has been selected for our main equipment. Access roads and platforms as well as temporary contractor camp has been completed. Regarding energy supply, all earthworks for the electrical main substation has been completed. Foundation works are currently underway, and the transmission line is being built. Next efforts will focus on developing the main and secondary components of the project's dry and wet areas and setting up a temporary camp.

For Los Chancas in Apurimac, as of December of last year, we continue to implement environmental and social programs in the communities of Tapayrihua 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 advancing. In this context, the

company continues to take actions with the relevant authorities to regain control of the project area. For the Michiquillay project in Cajamarca, also in Peru, this is a world-class greenfield mining project that we expect to produce 225,000 tons of copper per year, with an estimated investment of about \$2.5 billion.

The comprehensive review of the geological information to estimate the project's mineral resources has been duly audited in accordance with the SEC's mining disclosure standards and the Regulation S-K 1300. Subsequently, the company intends to use this information to estimate mineral reserves and develop the corresponding mine plan. Regarding environmental, social and corporate governance, or ESG practices, the company in recognition of our efforts in the ambits of prevention and minimizing risk, our Buenavista mine in Sonora, in Mexico as well as our Toquepala and Cuajone mines in Peru, received the accreditation from The Copper Mark for compliance with the Global Industry Standard on Tailings Management set forth by the International Council on Mining and Metals.

These accreditation guarantees that best international practices are followed to provide authorities, the community neighboring our operations and other stakeholders with assurances that operations are safe. For the SX-EW plant at the La Caridad Unit in Sonora, Mexico, this unit has been awarded with the Casco de Plata, the silver helmet, in the category of metallurgical plant with up to 500 workers. This is in recognition of its status as one of the country's safest operations. This recognition, which was bestowed by the Mexican Mining Chamber known as Camimex, it was handed during the opening ceremony of the 36 International Mining Convention in Mexico. And this attests to the company's commitment to risk prevention and employee safety.

In the case of the Peruvian branch, Southern Peru was recognized by the Peruvian government as a mining company with the largest number of projects awarded under Public Works for Taxes in 2025. The company is currently rolling out 4 investments for a total of \$28 million that would benefit more than 5,000 people. Over time, Southern Copper has worked on 40 projects through this mechanism and has invested more than \$400 million in infrastructure to bridge social gaps. In 2025,

also about 5,000 residents benefit from the health campaigns conducted in the communities near our mining operations and projects in the Peruvian regions of Moquegua, Arequipa, Apurímac and Cajamarca.

Teams of specialists in internal medicine, ophthalmology, pediatrics, gastroenterology, among other disciplines, visited communities to provide comprehensive medical care. This is on the nearby communities of our operations. 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 January 22, 2026, Southern Copper Corporation announced a quarterly cash dividend of \$1 per share of common stock and a stock dividend of 0.0085 shares of common stock per share. This is payable on February 27 of this year to shareholders of record at the close of business on February 10.

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

Operator: *[Operator Instructions]* Our first question comes from the line of Timna Tanners from Wells Fargo.

Timna Tanners: Wanted to start off with any updated thoughts on your cost guidance and how you're seeing that shape up in particular, given the currency inflation, your local currencies versus the dollar? Anything you can do to combat that.

Raul Jacob: Well, we -- I think we have passed the most -- the worst part of the inflation that we had after COVID mainly. Our costs are currently being more affected by currency appreciation for the peso and the Peruvian sol than specific inflation from Mexico or Peru.

Timna Tanners: Okay. Do you have any guidance on where we might see the cost before by-products shape up in the next quarter or the year ahead?

Raul Jacob: Sorry, could you repeat it, please, Timna?

Timna Tanners: Sure. Any guidance on how we could expect to see cost shaping up into the next quarter and the year?

Raul Jacob: No. It's -- for operating costs, we believe it's going to be relatively flat on a per pound basis, since we will be producing a little bit less than last year, it may have some impact on that. And -- but then we have a very strong production of by-products, which is something that was considered as part of the -- as part of our mining operations for last year and this year. So that is going to help us on the credit for sure.

Timna Tanners: Okay. Helpful. I'll ask one more and hand it off. This past year, you started out with a lower guidance for silver production and at the end of the year, we're able to exceed your expectations. And of course, silver has been quite hot. Any ability in light of these strong prices to maybe eke out some more tons of -- or ounces, I should say, of silver in 2026 than your initial expectations?

Raul Jacob: Well, we already gave a guidance on the silver production for this year. Obviously, we would like to improve on that. But at this point, that's basically what we are expecting is -- it's in silver, about 24 million ounces. One thing that we have done in 2025, and we're still maintaining is that our new zinc concentrator of Buenavista that has right to -- the mine of -- the zinc area of the mine, we have found a pocket of very good ore grades for both zinc and silver and that has made us to focus this concentrator that can switch between copper and zinc to focus only on zinc.

So that's one of the reasons why we have a much stronger silver production in last year regarding silver specifically and zinc. We're still working in that area. So that's why we were holding to a very good silver expectation on production and hopefully it could improve. Let me say, Timna, that if we were to have the prices that we're having for silver this year with the expectation of production that we have, silver may become our main by-product.

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

Emerson Vieira: I have a couple of questions. First one on by-products, just trying to understand here better the reason why molybdenum production in 2026 should decline. I understand that you guys have been prioritizing zinc production at Buenavista zinc concentrator, but that production should also decline in 2026. So just trying to understand here the reason for the declining moly production for next year. That's the first question. And then I have a follow-up with the remaining ones.

Raul Jacob: Okay. On the molybdenum production, you mean the production because it was a little bit cut when you speak, Emerson? You meant the molybdenum production?

Emerson Vieira: Yes. I mean, yes, for 2025 [indiscernible].

Raul Jacob: We're getting into some areas of the operations where we have -- we have a lower ore grades for both copper and molybdenum. Usually molybdenum should -- could improve a little bit or -- usually in this kind of circumstances, we have a little bit more molybdenum but at this point, this is what we are forecasting. So hopefully, we will be improving on what I mentioned as our forecast for the year.

Emerson Vieira: All right. And then second one on Cuajone's concentrator. Can you guys provide us with the latest update here? When you expect an investment decision to be made for instance?

Raul Jacob: Well, we haven't -- we have to prepare all the information on a possible Cuajone expansion, and that has to be submitted to our Board. We haven't done it yet. We are still working on this project. We see it very positively, but we need to finish our work and present it to the board for a decision.

Emerson Vieira: All right. And then the last one on Tia Maria. I mean the committed CapEx of \$800 million. It's roughly the entire amount you guys should disburse this year. So just trying to understand here about the timing of this.

Raul Jacob: I am so sorry, Emerson, there's some noise when you speak. If you could you repeat this?

Emerson Vieira: Okay. I will repeat. On Tia Maria, you guys mentioned that there is already \$800 million of committed CapEx, and that's roughly the amount you guys plan to spend this year at Tia Maria. So just trying to understand here the timing if this CapEx is more skewed towards second half of this year. And then in order to deliver the 30,000 tons in 2027, when should the construction be completed in your estimates?

Raul Jacob: Okay. As I say, we are -- we have commitments of about \$800 million of those. In terms of cash flow, we should be spending a little bit north of \$500 million -- \$508 million is our current forecast for cash out during 2026 related to Tia Maria. Construction should be finished by the end of the first half of 2027, and we are expecting to produce about 30,000 tons in the second half of 2027 and then in 2028 and on at full speed of 120,000 tons per year.

Emerson Vieira: All right. So just to confirm my understanding here. You mentioned that you expect to disburse \$500 million in Tia Maria in 2026. That's it?

Raul Jacob: Yes. That's what I said, \$508 million is our current forecast.

Emerson Vieira: All right. And how does that compare to the roughly \$900 million that was disclosed in the preliminary guidance? I mean what's the reason for this CapEx in about half?

Raul Jacob: I'm so sorry, Emerson, could you repeat it, please?

Emerson Vieira: Yes. I mean you mentioned that you guys plan to disburse \$500 million for Tia Maria in 2026, right? But looking at the company's presentation, the prior guidance, you mentioned that it was expected to disburse almost \$900 million actually instead of the \$500 million. So just trying to understand what is the reason? Why the lower disbursement?

Raul Jacob: We did -- when we put the specific purchase orders, which are the commitment of \$800 million, we obtain better payment terms than what we were expecting initially, and that's why we have this positive reduction in our cash out for next year. In Tia Maria, obviously, the budget hasn't changed significantly. So we will be spending that money in [2027]. Usually, you kept a portion of your budget for final payments once the vendors has -- or once you have confirm that the equipment that you have acquired are producing what was offered at the time of the sale.

Emerson Vieira: Right. And this doesn't imply any postponement of the projects start up, right? I mean it's just the cash outflow that is being delayed, where construction will follow at another pace, a faster pace, I would say, right?

Raul Jacob: We're in line with our -- the pace of the investment. We believe it's going to be finished, as I say, basically a midpoint of 2027, we should be charging material to the system of Tia Maria and start producing in the second half about, as I say, about 30,000 tons of refined copper for that year and then 120,000 tons, which is the full capacity of the project.

Operator: *[Operator Instructions]* Our next question comes from the line of Alfonso Salazar from Scotia Bank.

Alfonso Salazar: I have 2 questions. The first one is going back to the cash cost question. If -- correct me if I'm wrong, but if production falls some 5% in 2026, then before by-products, we should expect an increase in cash cost by right now similar to that number, right? And the second is, can you remind us how much of your cost in the Mexican mines are in Mexican pesos and same for Brazil -- sorry, for the Peruvian mines, how much is solutions? Just to have a sense of how much it could impact the depreciation of the weakening of the U.S. dollar. And the second question is regarding your long-term production guidance.

If we look -- first of all, it says that it will be updated in January, the last that you have already in the website. Just want to make sure that you have any of that or we can continue to work with this one.

Raul Jacob: No, we are doing -- let me answer your questions as you did them. In terms of -- yes, we are having a reduction in copper production this year. So that will increase our -- yes, that alone should have an impact in the range of the 5% that you mentioned for our production cost. We are doing -- we're taking certain initiatives for us to control cost and, if possible, reduce maintenance expenditures and contractor services at both the Peruvian and Mexican operations, that should help. In terms of cost control, as you know, we are quite keen on maintaining costs under control.

The cash -- the cost in Mexican pesos is 39% of our cost and the cost in Peruvian sols is 10% of our cost. So we have about 51% of our cost in U.S. dollars denominated. Okay. The next one is...

Alfonso Salazar: Yes, regarding the guidance.

Raul Jacob: Yes. The guidance is basically -- we are updating it. For this year, I already mentioned it's 911,400 tonnes. For 2027, a little bit north of 900,000 tons. We are being affected by lower ore grade simultaneously at Toquepala and Cuajone. In the case of Toquepala, it's a temporary thing. That's why we are expecting this to correct over time. In the case of Cuajone, we are considering an expansion of the Cuajone operation, so we can bring back the lower production that we're having given the current installed capacity of Cuajone. For -- I'm going to give you the forecast for the next 5 years.

So 911,400 for this year, a little bit north of 900,000 about -- I believe, about the same that we're doing for 2026. In 2028, we will have the full year of Tia Maria that will bring in 970,000 tons of forecast. In 2029, 1,060 million tons and 2031 same number, 1,060 million.

Alfonso Salazar: Around 160? Okay. That's helpful. Just one quick question. In your previous guidance, we can see that Buenavista and Caridad, the production in those 2 mines were in a downtrend. Is that going to continue after 2030? Or what are you expecting in these 2 mines?

Raul Jacob: No. We will be taking different actions to put back on track our production on both sites. In some cases, it's finding new reserves, which is very likely the Caridad circumstance. And in the case of Buenavista, we may consider also an expansion of the capacity of the operation. But these are things that are still under review. So no -- nothing that I could -- we could report on that at this point.

Operator: *[Operator Instructions]* Our next question comes from the line of David Feng from China International Capital Corporation Limited.

Tingshuai Feng: Congratulations on the strong results. My first question is from a capital management perspective. With a much stronger cash inflow based on current copper price, is it possible to boost your growth plan with the extra cash? Or is it more likely for you to increase the portion of cash dividend over stock dividend? I'll come back with my second question.

Raul Jacob: I think that in the case of dividends, it's up to the Board. The Board has been increasing the cash portion of the dividend as prices and results are coming in. And I guess that they may increase the cash portion of it if we have more better results, but that is up to them. So I can't comment on that much. Your next question, please?

Tingshuai Feng: Okay. My second question is with the much higher copper price, for projects like Los Chancas, we know on one hand, the higher price will allow you to leverage more resources to solve issues related to the project. But on the other hand, the higher prices also provide stronger incentives for illegal miners to continue or even enhance their operations. So overall, does the higher copper price make the project development like for Los Chancas easier or more challenging?

Raul Jacob: Obviously, you want to have better prices than worse prices to go with projects, but we have made this -- all of our projects has been evaluated with the prices significantly lower than the ones that we're seeing nowadays. I think that in general, we're happy of having very good returns with prices that I'd say it's more like an average long-term view for us. In the cases -- the specific case of Los Chancas, we have had some progress. We had some initiatives taken by the government that

will be -- illegal mining. But so far, we haven't -- we don't have much to report at this point.

We believe that the government -- the Peruvian government will take action and allow the company to move on with this important project.

Operator: *[Operator Instructions]* Our next question comes from the line of Matheus Moreira from Bradesco BBI.

Matheus Moreira: My first question is on copper markets. I just wanted to get your overall view here on copper markets. We've been seeing, of course, very supportive price environment for copper, right, with prices holding of near historical highs. However, demand in China appears to be deteriorating at a relatively fast pace, right? So just wanted to see how do you view these dynamics going forward? Do you expect the current price momentum to be sustained? So that's my first question, and then I'll come back for the second one.

Raul Jacob: Okay. On the copper market, we are expecting a deficit of about -- we're expecting a deficit in the market. And that 320,000 tons is our current -- the view of our commercial team. In terms of price, it's hard to know. We are seeing that the copper demand is being hold by electric vehicles, artificial intelligence, power centers. And at the same time, we see that -- well, in several places, particularly in China, the real estate market is not doing well. So that -- those are the factors. We were not forecasting copper prices. That is not our business.

Our businesses to focus on controlling costs and producing as much copper as we can on a competitive base and with high returns for our shareholders. That's our business.

Matheus Moreira: Okay. Perfect. That's clear. And then my second question on the Buenavista concentrator. I mean I understand you continue to prioritize on the zinc production over copper given the stronger zinc grades in the areas you're currently mining. Should we expect the strategy to remain in place for 2026, especially considering these copper prices at these levels? And maybe the question here, is

there a copper price level that would incentivize you to shift back your production towards copper?

Raul Jacob: Okay. Just for knowledge of everybody on the call, we do have 2 concentrators in Buenavista. One is the concentrator that is -- that are producing a pure copper. Those are copper concentrator. And the other one is -- there is one zinc concentrator that can switch between zinc and copper. In this case, we did an analysis at a certain point at the beginning of the year, and with the prices that we have had and the prices are still holding in terms -- in relative terms between zinc, silver and copper.

And we found that it was on the best interest of the company and our shareholders to focus on zinc production with more silver content coming with the zinc. Just to be clear, we do have 2 concentrators that produce -- that are copper concentrators and one zinc concentrator. I believe that I skip that when I explain this matter. So we're doing this on an ongoing basis. If there is a significant change in the relative prices between zinc, silver and copper, we will review our strategy.

But for now and particularly on the areas that we are at the zinc production areas of the mine of Buenavista, it still makes sense to be producing silver and zinc rather than copper. But if there's a change, we'll do it in a way that we produce the best value for our shareholders and the corporation.

Operator: *[Operator Instructions]* Our next question comes from the line of Alex Hacking from Citi.

Alexander Hacking: Raul, I just have one question. Could you maybe discuss the cadence of your copper production next year? Should we expect 1Q to be the strongest and 4Q to be the weakest with grades in Peru kind of falling through the year or it's going to be more even than that?

Raul Jacob: It's going to be more even, Alex. We will be reporting on that. But that's basically -- we're getting into low ore grade patch for Toquepala. Cuajone is more or less stable at the level that it is now. And the reason for that is that Cuajone has a

new structural ore grade, which is lower, that's why we're considering an expansion on this operation.

Operator: *[Operator Instructions]* Our next question comes from the line of Myles Allsop from UBS.

Myles Allsop: Great set of numbers. Just maybe on Tia Maria to start with. How -- what is the lead time for an SX-EW operation and what do you see as the key risks in terms of achieving the time line of first production mid-2027?

Raul Jacob: Well, the -- we do have about 5 SX-EW operations in the company currently that are -- that we're working with them. Obviously, where we have selected the newest and best technology that is available for SX-EW operations right now. Basically, we are expecting to have the whole plant assembly in operation at the second half of 2027. That's a little bit more than a year from now. We think that -- well, at this point, we don't want to have any delays on getting the production that we're looking for 2027. Our expectation is to have everything assembled and ready to initiate the tests by May or June of 2027.

And with that occurring, we will be putting charge in the equipments and start producing refined copper, which is the final product of SX-EW operation.

Myles Allsop: And does -- how is the sort of mood on the ground? I mean there's a few small process, I think, in December. I think there's some more planned for March ahead of the elections. I mean, what's the sense on the ground in terms of going full steam ahead with the project?

Raul Jacob: You mean on the Peruvian elections?

Myles Allsop: Actually around Tia Maria and obviously stepping up production aggressively given what happened last time and the disruption you suffered?

Raul Jacob: Well, no, we believe that the work that we're doing with the local groups, the population in the area, it's -- well, we mentioned that we have -- our initial

expectation was to have about 3,500 workers in Tia Maria. Now we do have more than that. 3,589 jobs have been created. We believe that the right number now is more in the range of having 5,000 workers when the project is at full speed in terms of construction. This has been very well received by the local population.

I think we made our -- the points that this project is not going to be a problem for them, but a big opportunity for the people at the province of Arequipa. And what we're seeing is that they understand this and are focusing on getting either job opportunity or a business opportunity related to the company or the programs that the company has. As I mentioned, the company has been investing using the tax for works mechanism in Peru very heavily. \$400 million has been invested using this mechanism plus all the other programs that the company has. So I believe that we're bringing in good news to the population and the locals are understanding that correctly.

Myles Allsop: That's encouraging. Maybe just a couple of other small questions. In terms of percentage of COMEX sales, has that changed meaningfully since last year? Or is it broadly unchanged?

Raul Jacob: We don't make comments on that, I'm so sorry.

Myles Allsop: Okay. And maybe last question then just on Mexico and the ability to get licenses to move projects forward, has the atmosphere improved? Is it looking more probable we'll see investments in the mining industry in Mexico being announced during 2026?

Raul Jacob: We're seeing a better -- generally speaking, a better environment in our relationship with the Mexican government. And I think that this is going to be also reflected in the speed that we can move on with projects. But so far, there's nothing specific to report.

Myles Allsop: And have any open pits been approved over the last 12 months or last few years?

Raul Jacob: I'm so sorry, I couldn't get what you said.

Myles Allsop: So any open pit projects being approved in Mexico over the last few years?

Raul Jacob: Well, there are some projects that have been moving on. And we have our own El Arco and some other projects that we will keep working on them. But so far, on this matter and on our projects, we have not much to report at this point.

Operator: Thank you. At this time, I'm showing no further questions. I would now like to turn the conference back over to Mr. Raul Jacob for closing remarks.

Raul Jacob: Thank you very much, Gigi. With this, we conclude our conference call for Southern Copper's fourth quarter of 2025 and full year results. We certainly appreciate your participation and hope to have you back with us when we report the first quarter of this year 2026 results. Thank you very much for being with us today, and have a nice day.

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

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