2Q20 Nexa's Transcript Earnings Call and Q&A

	Participants
T	Mr. Tito Martins - CEO of Nexa Resources
M	Mr. Rodrigo Menck - CFO of Nexa Resources
R	Ms. Roberta Varella – Head of IR of Nexa Resources
P	Presenter

P - Good morning, and welcome to the Nexa Resources Second Quarter 2020 Conference Call. [Operator Instructions] The presenters on this call are Mr. Tito Martins, CEO of Nexa Resources; Mr. Rodrigo Menck, CFO of Nexa Resources; and Ms. Roberta Varella, Head of Investor Relations. Please note this event is being recorded.

I would now like to turn the conference over to Mr. Tito Martins. Please go ahead.

T – Thank you, and good morning and good afternoon, everyone. Thanks for joining us in another Nexa's earnings conference call.

Today we'll be talking about our results for the second quarter of 2020. I hope you and your loved ones remain safe and healthy.

Please let's move to Slide 3, where we will begin our presentation. As we stated before in our presentation related to the results of the first quarter, the health and safety of our people and local communities are our highest priority. COVID-19 as for most of mining companies, had a negative impact in our business in the second quarter. Our mining operations in Peru, in response to the Peruvian government requirement to combat the virus, remained suspended almost half of the quarter, while the Cajamarquilla smelter operated at reduced rates. By mid-May, we started to return our operations in Peru. Cerro Lindo mine and El Porvenir are ramping up production since then.

We are still facing from time to time some constraints related to workforce availability. The spread of the virus in LATAM remains a big concern. This problem probably will last for some more months. In the process of returning the mines, we decided to keep Atacocha underground production suspended. Its higher costs made it less competitive. The Cajamarquilla smelter is already running at full capacity.

In Brazil, the Juiz de Fora smelter, which was operating in May and June at reduced rates because of lower demand, is now almost back at full capacity. Our third smelter Três Marias has been operating normally during all this complex time. Despite the challenging scenario, we were able to mitigate the economic impacts of the pandemic, thanks to the business continuity measures implemented and the strong commitment of our team. Our mines in Brazil posted a record high throughput in the quarter. A series of measures were implemented in our operations and all of our corporate teams in Peru and in Brazil have been in home office since the beginning of the crisis. To mitigate the spread of the virus, we implemented benchmark protocols in all of our operations and projects. In order to keep social distance, we adapted accommodations, cafeterias, and transportation. We changed the workforce shift in our Peruvian mines and we are providing COVID antibody tests and health checks for all income personnel in our sites.

In the second quarter of 2020, incremental costs related to COVID-19 were approximately US$4 million. We believe that 50% to 60% of them will become recurring costs in our operations at least until the end of the pandemic. Although a high level of uncertainty remains, we expect to deliver our production guidance. Also, the investment guidance for the year remains as previously announced. Our short-term strategy continues to look at cash preservation and cost reduction. We also continue to manage our balance sheet and our liquidity remains strong.

I now will turn the call to Rodrigo Menck, our CFO, who will provide more detailed information about our financial strategy. Menck, please.

M – Thank you, Tito, and good morning, everyone. I am on slide 4 now.

We ended March with a solid cash position, but in response to the COVID-19 escalation and the mandatory suspension of our operations in Peru, we increased our liquidity position by adding almost US$350 million to our cash balance through new debt, being US$45 million through our Brazilian subsidiary and the drawdown of our revolving credit facility in the amount of US$300 million through Nexa Resources in Luxembourg.

Taking the advantage of the capital market momentum in June, we issued our new long seven-year bond of US$500 million and its net proceeds were fully used to repay short-term debt and our revolving credit facility. As a result, maturity is now over five years. Please note that the revolving credit facility remains committed until October 2024. As we previously anticipated, due to the impact of lower metal prices and lower production in our cash generation, we were already expecting leverage to increase and potentially breach the 4 times ceiling determined for the leverage ratio in financial covenants of certain loans. During the quarter, we were successful in paying certain debts and also in negotiating waivers with our counterparts. In a way, we will not be required to measure the leverage ratio until June 2021. Other financial covenants remain in place and are being complied with.

Turning now to Slide 5. On Slide 5, we present Nexa's free cash flow generation. During the quarter, we generated US$343 million, mostly driven by new debt incurred during the period. Describing it further and starting from our US$40 million adjusted EBITDA, we had a US$19 million gain in working capital, mainly as a result of increased average supplier payment terms, coincidentally offset by US$19 million of sustaining capex and another US$30 million of interest paid and taxes. Still, Nexa has generated US$10 million of cash flow before expansion projects during a very tough quarter. Non-sustaining capex, which includes mainly our expansion project in Aripuanã, amounted to US$41 million. Finally, during the quarter, as explained on the previous slide, we raised new debt and repaid others, having a positive net impact from loans and financial investments of US$405 million, resulting in a final cash flow generation of US$343 million.

Moving to the next slide. Now on Slide 6, I will comment on our investments. In the second quarter, we invested US$69 million with a cumulative capex of US$149 million in the first semester of the year. As we have disclosed previously, we revised our capex guidance downwards to US$300 million in 2020 in response to COVID-19, aiming to preserve cash. Now, one quarter later, we confirmed our guidance for the year, but rebalanced its distribution. We have decreased the estimated Aripuanã investment to US$172 million as second quarter disbursements were lower than expected, partially impacted by COVID, and further reduced throughout the year as the current FX rate level impacts favorably the amount in dollar terms. On the other hand, sustaining investments were increased to US$73 million, fulfilling our commitment to keep our operations running safely. Complementarily, other operating investments amounted to US$24 million during the entire semester including exploration, mineral rights, and project development, being well reduced given the current situation, but it's still on track within our guidance.

Now, I would like to pass on to Roberta Varella, our Head of Investor Relations, who will comment our second quarter results.

R – Thank you, Menck. Good morning and good evening, everyone. Please let's move to Slide 8.

Beginning with the first chart on your left, zinc production of 62,000 tonnes decreased by 32% compared to second quarter of 2019. The solid performance of our mines in Brazil was offset by the mandatory suspension of our mines in Peru, resulting in an estimated decrease of 1.7 million tonnes in treated ore volume in the quarter. Copper production was also affected and decreased by 44% year-over-year, primarily driven by Cerro Lindo. In respect to our Smelting segment, total zinc metal sales of 120,000 tonnes decreased 23% versus the same period a year ago, given the reduced operating rate in both Cajamarquilla and Juiz de Fora smelters, as demand for our product was impacted by COVID-19. On the following graph, consolidated net revenue was US$337 million compared with US$613 million a year ago, reflecting the decline in volume and lower base metal price. The LME average prices for zinc, copper, and lead were down by 29%, 12%, and 11% respectively, compared to second quarter of 2019.

Turning to Slide 9, we will comment on our consolidated EBITDA. Adjusted EBITDA decreased 66% to US$40 million in the second quarter. This performance was mainly driven by lower sales volumes with an impact of US$36 million, a negative price effect of US$69 million related to lower LME prices, and changes in market prices in respect of quotation period adjustments, the decrease in by-product credits due to lower treated ore volume and LME prices, which were partially offset by lower operating costs and expenses, partially driven by lower production volumes, the reduction in exploration and project development expenses, and the decrease in corporate expenses. The US dollar appreciation against Brazilian real had a positive impact of US$14 million in the period.

Please, let's move to Slide 10 where we discuss our Mining segment guidance. On this slide, we discuss guidance and mining operation results. The strong performance of Vazante and Morro Agudo mines was offset by the mandatory suspension in Peru. As a result, zinc production in the second quarter of 2020 decreased 32% to 62,000 tonnes, while zinc equivalent production decreased 39%. Cerro Lindo and El Porvenir resumed operations on May 11, gradually increasing their throughput. Ramp-up continued into Q3. Atacocha San Gerardo open-pit mine restarted operation on June 8 while the higher cost underground mine remains suspended. The scenario still requires caution as the number of COVID cases in Latin America have continued to increase. And although the high level of uncertainty remains, we maintain our 2020 production guidance for all of our metals. We assume there will be no additional suspensions, but we estimate we will continue to face restrictions in our operations due to adopted measures to combat COVID-19.

Regarding cash cost, in first half of 2020, mining cash cost averaged US$0.45 per pound, below our annual estimate. This performance was mainly driven by the temporary decrease in Cerro Lindo and El Porvenir, as we did not incur some operating costs due to the postponement of certain mining activities, following lower production volumes. As we expect to increase production in both mines compared to the first half of the year, we believe we will perform according to our estimated guidance. In order to have an appropriate comparison, please note that the cash cost presented for both mining and smelting segments do not include the cost of idleness in our operations.

Moving to the next slide. On Slide 11, we will discuss the Mining segment performance. In second quarter of 2020, adjusted EBITDA was US$3 million compared to US$44 million a year ago. This decrease was primarily driven by lower volumes due to the temporary suspension in Peru with a negative impact of US$77 million, market-related factors with a negative variation impact of US$13 million from lower LME prices and higher treatment charges, and lower by-product credits, totaling US$19 million. These negative effects were partially offset by the decrease in operating costs and mineral exploration and project development expenses. Looking to the graph at the bottom right, we present the global cash cost curve for zinc. Despite the challenging scenario, we remain well positioned at the beginning of the third quartile of the cash cost curve.

Moving to the next slide. On Slide 12, we will discuss our Smelting segment operational results and guidance. Metal sales in the second quarter of 2020 were down 23% year-over-year, reflecting the reduced operating rate of our smelters, as already explained. Despite a total volume reduction, Três Marias smelter had another solid quarter. Zinc metal production of 45,000 tonnes increased by 11% compared to the same period of 2019. Cajamarquilla smelter also operated better than we estimated during the quarantine period and resumed full capacity in the beginning of June. Juiz de Fora smelter is also close to its full capacity in July. That said, we maintain our metal sales and cash cost guidance, assuming we operate at normal capex during the second half of the year.

Moving on to the Slide 13, we will discuss our smelting EBITDA for the quarter. Smelting EBITDA was US$39 million, 47% lower year-over-year. The decrease was primarily driven by the negative net price effect of US$59 million related to changes in market prices and US$5 million from lower by-product credits, US$19 million negative variation from the reduction in volume, partially offset by the US$11 million gain from higher TCs, and lower operating costs and corporate expenses. The BRL devaluation also had a positive impact of US$7 million. Looking to the graph at the bottom right, we present the global cash cost curve for zinc smelters and Nexa is positioned at the beginning of the second quartile of the curve.

I will now turn over the call to Tito who will continue our presentation. Tito, please.

T – Thanks, Roberta. Please turn to Slide 15.

Here, we will talk about the Aripuanã project. As disclosed, we have had a change in our management team and Mr. Marcio Godoy was appointed as Nexa's Senior Vice President for Project Development and the Aripuanã project is one of his responsibilities. We have also reorganized our project team and made some change in the scope of our contractors looking for mitigating risks of the project execution. In Aripuanã, we have joined efforts with the local authorities to combat the COVID-19. We kept up mobilizing works to the site, but at a reduced pace given the protocols implemented. Mobilization should increase along the next month, reaching our construction targets. The amount invested in the second quarter was less than expected and our estimated capex for the year is now something around US$172 million. Going forward, the new rebaseline for the project will be available sometime in the second half of this year. Aripuanã is our main priority and we keep on working to successfully execute the project plan.

Please move now to Slide 16. On this slide, we'll comment about our pipeline of projects. As you know, we reassessed our capital allocation strategy because of the COVID and most of our Greenfield projects were placed on hold. Magistral studies progressed in the quarter, but as we had anticipated, COVID-19 related measures could end up slowing down our 2020 targets. As a result, the FEL3 conclusion is now expected for 2021. Feasibility studies for Shalipayco and Pukaqaqa remain on hold. Regarding Hilarión, we intend to resume our exploration campaign in the second half.

Moving now to our next slide, Slide 17. Here, we will make some comments about market fundamentals. Despite the first impact of COVID-19 on LME prices, we are seeing now some signs of recovery. During the quarter, zinc price reversed the downward trend and gradually recovered. There are some positive signs from China with authorities reaffirming their plans to spend heavily. We may see consistent investment in areas where there is an intensive use of zinc like infrastructure. However, refined zinc stocks in the official warehouses maintained its upward trend, reflecting a still depressed demand. In light of zinc, price also reversed their downward trend, driven by signs of demand recovery and tightening supply in important production regions as Latin America.

Now, let's move to our final slide, Slide 18. As I stated in the beginning of our presentation, our commitment to protect and preserve the wellbeing of our people and our host communities remains our first priority. The business continuity measures and the commitment of our team to improve efficiency in our operations were fundamental and helped us to reduce the COVID-19 impact in our results. The short-term scenario, however, is still very challenging. We remain focused on ensuring the sustainability of our business and we expect to continue delivering our guidance. Aripuanã is progressing and we remain committed in building the mine of the future, supported by operational and financial discipline with a high qualified team.

Thank you all for your time, and let's move to the Q&A session.

Q&A Session:

P - Thank you. We will now begin the question-and-answer session. [Operator Instructions] Our first question comes from Jackie Przybylowski with BMO Capital Markets. Please go ahead.

Question – Hi, good morning. I guess my first question is just a specific one. I haven't seen any mention, excuse me, on the Jarosite conversion project mentioned in this release. Can you maybe talk a little bit about what the plan is? Is that project completely on hold or cancelled right now?

T – Hi, Jackie. Thank you for your question.

Question – Hi, Tito.

T – I hope you are OK. Life has not been easy for anybody. Jarosite, what's going on, as we announced over the year, we stopped the project to revise it, it has been suspended. With the COVID, we decided not to go back to this along the year. It is still in our plans, revision has been almost at the end. So, as soon as we can actually come back to a more normal situation, we should have news about the Jarosite. It is still very important project for us in terms of increasing the recovery and the production capacity in Cajamarquilla.

Question - Okay, thanks. And on Aripuanã, I know you're working on the rebaselining study now. Can you talk a little bit about what that might include? Is it going to be a new project timeline and some sort of inflation do you think to the capex budget that you have right now?

T - Yeah. What happened is, we had those difficulties at the end of last year, which impacted and it made us move the completion of the project to the third quarter of 21. We're still keeping this date up to now. We have revised some impacts that COVID may have along this first semester along the crisis, right. What happened is, we never stopped to move on with the project, with the development, but we are operating in reduced capacity. I mean, we've been operating around 80%. So, the difficulty we are facing today is actually to define if the schedule will be kept, I mean, to the third quartile of next year and how much, in financial terms, it will actually affect us. I tend to be optimistic. I think there will be some additional costs because time now is different from the original ones.

So, we are finishing this. We should have news in a couple of months, but still with the level of uncertainty, given how much the COVID actually can affect us moving forward. I mean, we know how much it has affected already, but we don't know how much it can impact in the future, if there will be more delays. We should be able to bring in all the people we need at on-site. Just to give an example, we have nowadays 1,500 people on-site, but we should have already more than 2,000. Difficulties related to the protocols that were implemented, to bring in people to Aripuanã, Aripuanã is really far away from everything. So, we need to test people before we send them there and then they have to wait two weeks before they are allowed to move to the site. And we have to keep testing them from time-to-time. So, those difficulties are the one we are facing now. And we are trying to negotiate with the authority as well, an opportunity to change the protocols a little bit and they'd be not having to keep the quarantine in the city for the group in the site. Things like that, when we sort them out, we should be able actually to come up with a much precise date and a precise number for the project, but in general, the project is moving well given the difficulties we are facing.

Question - Okay. But it's really just a question of the schedule. You're not actually changing the scope of the project at all. It's just the...

T - No. Not at all, not at all.

Question - Got it. Yeah, OK.

T - Everything is pretty much the same.

Question - Okay. That sounds great.

T - Okay. Thank you.

Question - Thanks very much, Tito.

P - Our next question comes from Jens Spiess with Morgan Stanley. Please go ahead.

Question - Yeah. Hello and thank you for taking my questions. I just wanted to ask if the percentage of the US$4 million due to COVID-related costs that you mentioned, I think, it was 60% that will be recurring. Is that already included in the cash cost guidance that you didn't change? And secondly at the Atacocha, the decision to keep it closed, the underground mine, is it due to the cost of the mine or is it related to operating issues? What's the rationale there?

M - Hello, Jens. It's Rodrigo Menck here. Thank you for your questions. First of all, the COVID-related expenses are already included in the cash cost guidance that is provided until the end of the year. So we are absorbing those costs, yes, but we are also constantly looking for other efficiencies that can be resulting in cost reduction. So, the costs are not in a magnitude that worries us. We understand, in the coming quarters, costs can be approximately the same as we saw in the second quarter, probably a bit higher in the third quarter, maybe converging toward the end of the year. But I believe that not only for our case, but also for other peers, it's yet too early to define how much of this cost has come to state. In any case, we are constantly revising and absorbing other efficiencies, so we can cope with it.

In case of the Atacocha question, addressing your point, we have Atacocha underground as a high cost mine. So, under the current situation and provided that we had already the operation suspended, we decided to maintain suspension so that we operate in that specific mine only with the open pits of San Gerardo, which has a much lower cost. There are no operation issues, as you mentioned as you mentioned, so that we are only suspending it as to cost. Have I addressed your questions?

Question - Yes. That's clear. Thank you.

M – Thank you.

P - Our next question comes from Orest Wowkodaw with Scotiabank. Please go ahead.

Question - Hi. Good morning and hope everybody is well there. I realized that most of the focus this year has been on COVID and managing through the pandemic, but I was wondering if there has been any thought or discussion about the Nexa domicile and whether there is any consideration being given to moving from Luxembourg to another location, likely North America, and whether that's a priority for the Board.

T - Orest, thanks for the question. Everybody's well here on this side for sure. We're still in home office.

No, honestly, we have not talked about that. We may come up one day with the conclusion that being incorporated in Luxembourg may not be the ideal situation. We have to see how things will -- we are potentially foreseeing a new world after this pandemic, right. So, everything is possible, but no, it's not in our plans at all to change anything right now.

Question - Okay. Thanks, Tito. In my view it would certainly help...

T - Is there a reason for that? Can I raise the question? Your question's trigger, is there a reason for that? I mean, any specific issues related to the fact that we are based in Lux?

Question - Well, I personally think it impacts your trading liquidity because of your domicile, you're not in any of the North American indices. So...

T – Okay.

Question - So moving in my view, moving the domicile would help trading liquidity.

T – Okay. Makes sense. Okay. Thank you.

Question – Thanks, Tito.

P - Our next question comes from Oscar Cabrera with CIBC. Please go ahead.

Question - Thank you operator, and good morning and evening everyone and I hope everyone and their families are doing well. So, I may just start with your Smelting segment. The treatment charges have been coming down. And just wondering if you can remind us of the structure of your contracts. Is most of your sales from the smelting side on an annual contract? Do you have exposure to the spot market?

T - Oscar, how are you? Thanks for the question. The standard contract is still as it was before. I mean, we have agreements that they go over more than a year usually. The part that is related to the spot market is very small. That's why usually our TCs are thrice, considering in average three years TCs, benchmark TCs. So, that's why we, in 2020, are having a TC a little bit lower than the benchmark TC, which is US$300. We did not face any problems during the crisis. I mean, the supply of concentrate was regular. I would say that what happened is, the decision to shut down, for example to reduce capacity in Juiz de Fora smelter for two months was based in a concern we had about the demand. We actually -- if this lockdown had lasted longer, COVID would have some problem with the supply of concentrate either to Cajamarquilla or to Brazil, but no we are -- our contract's very stable and we are comfortable with that, and we should not change it at all because it gives us more stability in terms of forecasting costs and impact on each of the smelters. I hope I have answered your question.

Question - Yeah. No, that's great, Tito. It's a good reminder that your Smelting business is very strong and counter-cyclical to what we've seen at least in the beginning of the year. The other question I had for you is, you guys have done a really good job in keeping your costs down during the pandemic. The decision to keep high-cost operation is sound. I was just wondering because in that reduction in costs that we saw in the second quarter, there's a mention of deferred maintenance and what I believe is, like, maybe just putting your subcontracting activities on hold, but as you move forward, like are you lagging in development of stopes in the mines? Can you just put context around these savings and how do you plan to move forward?

M - Hi, Oscar. Its Rodrigo. Hope you're fine. Thank you for your question. It's a good question. You see those expenses going down in the second quarter specifically because everything was pretty much shut throughout most of the quarter. When you look toward the year, part of the capital reallocation that we informed in our capex guidance going from expansion to the sustaining capex is pretty much because we have been monitoring this all the time and the majority of the activities that we are increasing our sustaining capex with, it's precisely mine development, as you mentioned. In the last call, if you remember well, we mentioned that we would keep all the essentials in place so that we have our operations fit and safe, right, and also the business. So, because of the disbursements throughout the second quarter and the estimation throughout the second half of the year as to Aripuanã and also the Vazante project have been kind of delayed due to lower personnel working on the project. We have also revised the expenses on mine development and maintenance so that we keep the business safe and also in shape, not delaying anything that could cost us in the future. So you nailed it. It's precisely that.

Question - Okay. Yeah. Well, thank you very much and stay safe and be well.

M - Thank you, Oscar.

T - Can I add one thing? I would add one thing here. It's important to note one thing. The performance of our mines in Brazil which were not affected by the crisis, has been very close to what we were planning to improve. So the guidance shows clearly that the performances match perfectly the costs that we are incurring right now in the mines in Brazil, even in smelters as well.

Question - As a matter of fact, just looking at that, Tito, and the first half is lower than your guidance, but anyway, thank you very much and be well.

T - Thank you.

P – [Operator Instructions] Our next question comes from Timna Tanners with Bank of America Merrill Lynch. Please go ahead.

Question – Hey, good morning, everyone, and hope you are all doing well. Wanted to ask two questions. One is pretty high level. Just listening to some of the other commentaries from miners that have operations in Peru and Brazil, I feel like they've talked about the worst being behind and kind of more the repercussions of the better outlook. And I feel like your outlook still talks about risks and uncertainties. So, I'm just wondering is that more on the cost side, is that more potential disruptions or maybe why there might be a difference there, if you would?

T - Hi, Timna. Tito speaking. Thank you for your question. I would say the risks that we may face have more to do with our ability to keep performing as we have done so far. I mean, the lockdown in Peru, for example, was a major disruption for all mining companies operating there. We managed to come back. We are still ramping that production. We have not reached yet the 100% production of sites. And the main reason for that has to do with our capacity to bring up -- to bring in all the necessary number of workers. Why is that? Because the quarantine protocol officials and our protocols and -- by the way, our protocols are more restricted than the protocols that were set by the government. They require us to do antibody test before they move to the site, test when they are at the site after some days. So, we have identified many people that are not allowed to move to the site.

If you look at some official data available, the contamination in Peru, for example, is around 20%, for those who are tested, which is a huge number, right. In Brazil, the case is a little bit different. Risks are there, but less than what we saw in Peru along the last two to three months. So I would say, as long as we can operate, ensure that the costs would not be a problem, but only we have to pay attention to the disruptions related to professionals and workers availability.

Question – Okay. Thanks for that. And then, if you wouldn't mind, and I'm sure I missed something and I apologize for that, but on Page 10, you have the cash costs and they are increasing for the second half, just to get to the guidance. Just can you give us a little bit more color on the puts and takes with the -- it looks like it's net of by-products, but I'm not sure because it seems like commodity values are going up. So, would that not be more positive? And the resumption of operations, I would have thought would be positive, but then the Peruvian costs are higher. So, I'm just trying to understand the puts and takes to get us to the guidance, if you would please.

T - Menck? I'm going to answer that on behalf of Menck. Seems that he was cut. Basically what happened is, the lower cost we saw mostly in the mining companies, mining sites in Peru has to do with the fact that we were not operating fully. So, some of the services and the maintenance services were not performed 100%. So, it impacts the cash costs. When we move back to full operation, we should have costs moving up and should be close to the guidance.

Our expectations are that, you actually can generate the proper scale. Actual cost will be to end up the year with costs, I would say, a little bit below the guidance or close to the guidance, even if we have additional costs related to COVID. So far, the costs we have registered related to COVID are around US$4 million in the quarter, we had US$4 million. We had something lower than that before. And in mine we have something around US$2.6 million. Most of that, they appear just once. We're not expecting to see too many recurring costs except those relate directly to taxes and things like that, but things are, of course, a disclaimer here, are under control as long as the situation remains as it is today. So, I would advise to look at the guidance we have provided that we should be there at the end of the year, everywhere.

Question - Okay. Great. Thanks, guys. Stay well.

T – Okay. Very good.

P - [Operator Instructions] Showing no further questions, this concludes our question-and-answer session. We will now hand over to Tito for his final remarks. Mr. Martins, please go ahead.

T - Thank you very much. I would like to thank all of you for being here today. I hope you found this call useful. We want to improve the communication we're having with all you guys. And please, if you have any suggestions and feedback to us, our Investor Relations team would be glad to hear. We will see what we can do actually to be closer to you and to be more transparent, as much as possible actually. Just to end up, our priority has been actually the safety and the health of our people and those who are close to our operations. It's really important for us. And of course, we want to keep our production in good shape, meaning being able to produce as much as possible, as planned, and at the same time, developing our Aripuanã project, which is our main priority and being able to come later after Aripuanã completion with the other Greenfield projects in our pipeline.

Finally, I think that given the situation we are living today and considering what we've been through already, I tend to be more optimistic about the year. Moving back, as I said, our operations to normal life, not a new normal life, let's look this way, and assume that no big disruption will cause us to actually, to close again the sites in Peru, we should have a more smooth second half. And hope to see you in the next earnings call in the next quarter. Thank you very much and have a good day. Stay healthy.

P - [Operator Closing Remarks]

Participants of the Q&A:

Jacqueline Przybylowski – *BMO Capital Markets*

Jens Spiess – *Morgan Stanley*

Orest Wowkodaw – *Scotiabank*

Oscar Cabrera – *CIBC*

Timna Tanners – *Bank of America Merrill Lynch*

(Call Duration: 44 Minutes)