4Q19 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 Fourth Quarter and Full Year 2019 Conference Call. [Operator Instructions] After today's presentation, there will be an opportunity to ask questions. [Operator Instructions] The presenter in this call is Ms. Roberta Varella, Head of Investor Relations. Also joining the call and available for questions are Mr. Tito Martins, CEO of Nexa Resources; and Mr. Rodrigo Menck, CFO of Nexa Resources. [Operator Instructions]

I would now like to turn the conference over to Ms. Roberta Varella. Please go ahead.

R - Thank you. Good morning, and good afternoon, everyone and thank you for participating in another Nexa's earnings conference call. Today, we'll be talking about our results for the fourth quarter and full year of 2019.

Please let's move to Slide 3, we will begin our presentation. Nexa is a large scale, low cost integrated zinc producer with a unique position in Latin America. We are strategically located in Brazil and Peru, which is the second largest zinc producer in the world and where we operate 3 ground mines. We also operate in Peru Cajamarquilla smelter, the largest in the Americas. In Brazil, we operate two mines and two smelters, and we are developing the Aripuanã project. Located in the Mato Grosso state, Aripuanã is a world-class underground polymetallic mine, which will produce zinc, lead and copper, among other metals.

And beyond Aripuanã, we have important strategic projects that are in different stages of maturities, like Magistral, Shalipayco, Pukaqaqa and Hilarión, which should support our strategic organic growth of increasing our capacity on copper and zinc and fully integrate our mine and smelter business. We remain confident in the long term prospects and market fundamentals of zinc and copper, but the scenario is still challenging.

In 2019, commodity prices faces downward pressure due to the volatile economic scenario. Zinc and copper prices decreased 13% and 8%, respectively, compared to 2018. As a result, Nexa's net revenue of $2.3 billion was 6% lower than 2018. Lower prices were partially offset by higher sales volumes. Production sales guidance for 2019 were achieved. However, we also faced some setbacks in our operations, primarily in our mining segment, which affected our performance.

Adjusted EBITDA, excluding non-recurring expenses was $402 million in 2019 compared with $605 million in 2018, which was positively affected by the recognition of a tax credit of $34 million. And we are attentive to this challenging new world and the needs to improve the efficiency of our operations and to transform ourselves. And based on that, in 2019, Nexa initiated our operational efficiency program called Nexa Way, which I will comment on the next slide.

We will maintain our efforts to build a differentiated, sustainable and cost efficient business model, generating value for all our stakeholders. In this context, we'd like also to reinforce our commitment of returning capital to the shareholders. Based on our statutory accounts, we are pleased to announce dividend distribution of $50 million to be paid in March.

Moving to next slide. As we mentioned in our third quarter results, the operational efficiency programs initiated the end of the first semester, not only aims to reduce our costs, but also aims to strongly improve our business model and to transform our culture. To develop and implement the initiatives of this program, we have the support of external consulting firms. Nexa Way involves all our employees. We are looking for opportunities to improve our operations and our corporate areas, such as commercial debt and finance.

During 2019, we implemented initiatives that cost us $41 million, and that we expect it will generate a minimum of $120 million in annual and recurring EBITDA by 2021. We trust the operational in total changes will not only improve our results, but it will also strengthen us as a company, supporting our next growth cycle in this new decade. We believe we are on the right path to building the mining of the future.

Moving to the next slide. On Slide 5, I will comment on Aripuanã project. Located in Mato Grosso, Brazil, Aripuanã is under development. We invested $124 million in 2019, and we estimate a capex of $220 million for 2020. By the end of fourth quarter, 28% of physical progress was achieved. This is behind our original schedule due to external factors, including weather conditions, upgrade of the public bridge and a delay in our detailed engineering studies. We are working on a new rebaseline schedule. We are also revising our original ramp-up of 12 months, and we expect to accelerate this period compared to the initial estimates.

We do not expect the three-year production guidance to be affected. A final report is expected during second quarter of 2020. The ramp up tunnels for the Arex and Link orebodies were concluded and mine development reached 1,500 meters. In addition, we continue advancing procurement and stockpiling ahead of the 2021 commissioning. We are also contributing to the social development of the local community, and approximately 500 people received professional qualifications in 2019. Of the total number of participants, 52% were women.

Moving to the next slide. On Slide 6, we will discuss segment results. Beginning with the mining segment, the first graph on the upper left shows zinc production of 83,000 tons in fourth quarter 2019 compared with 103,000 tons in fourth quarter 2018. This decrease was mainly driven by the temporary reduction in Vazante processing capacity, resulting from the repair of the trunnion used in the concentration plant and by lower production in Cerro Lindo.

In 2019, zinc production was 361,000 tons, down 3% from 2018, due to lower average zinc grades. Mining net revenues totaled $234 million in fourth quarter 2019, down 18% versus the previous year. This performance was explained by the decrease in production, lower LME zinc and copper prices and higher benchmark TCs. In 2019, net revenue amounted to $1 billion, a decrease of 14% compared to $1.2 billion in 2018, also affected by the same factors.

In respect to our smelting segment, in fourth quarter, metal sales increased by 2% to 162,000 tons, positively affected by the improvement of smelter recovery rates. In 2019, sales volume totaled 621,000 tons, an increase of 1% following production growth. Net revenue for the smelting segment was $460 million in fourth quarter 2019, 2% lower compared to a year ago, mainly due to the decrease in zinc metal prices, partially offset by the year-over-year increase in sales volume. In 2019, smelting net revenue totaled $1.9 billion compared with $2 billion in 2018, also due to lower LME price.

Please let's move to Slide 7, where we discuss the mining segment EBITDA. In 2019, adjusted EBITDA totaled $173 million, down 60% year-over-year. This decrease was primarily driven by market related factors, such as lower LME prices and higher treatment charges with a negative valuation impact of $126 million and $65 million, respectively, higher G&A expenses due to increased allocation of corporate expenses to the mining segment, including $23 million related to operational efficiency initiatives, and higher operating costs of $80 million related to development expenses, energy, maintenance and third-party service. Looking to the graph at the bottom right, we present the global cash cost curve for zinc. We remain well-positioned at the end of second quartile, beginning of the third quartile.

Moving to the next slide. On this slide, we will comment on our mining segment guidance. In efforts to improve our disclosure, in January 2020, we provide three-year production guidance by metal and mining. For 2020, zinc production in the mid-range of the guidance should be similar to 2019. The estimated decrease in production Cerro Lindo should be offset by improved performance at Vazante and Cerro Pasco.

For 2021, zinc production is estimated to increase 4% over 2020 and a further 7% into 2022 over 2021 after Aripuanã ramp up. In addition to the three-year production guidance, this is the first-time we also provide cash cost guidance. For 2020, we estimate mining average cash cost of $0.52 per pound of zinc sold, as we forecast higher treatment charges and lower LME prices compared to 2019.

Let's move on to the next slide. On Slide 9, we'll discuss the smelting segment EBITDA. In 2019, adjusted EBITDA for this segment totaled $180 million, up 3% against 2018. Higher treatment charges and by-product credits offset lower metal prices and increasing costs, including the temporary increase of $18 million related to Nexa Way. Smelting average cash cost was around $1 per pound in 2019, down 18% from 2018.

Differently from our mining segment, market related factors had a positive contribution to our smelter cash cost. This is a good example of the importance of the mining smelting integration, reinforcing our strategic advantage of having smelters in our portfolio. We believe we are well positioned to mitigate risks and capture the opportunities of the commodity cycle. Looking to the graph at the bottom right, we present the global cash cost curve for zinc smelters, and Nexa is positioned at the first quartile of the curve.

Let's go to Slide 10, please. On this slide, we will comment on our smelting segment guidance. We estimated sales volume increase over the next few years, supported by productivity gains driven by the increase in silicate mix feed to the Três Marias smelter, the improvement in secondary mix feed to the Juiz de Fora smelter and the continuous improvement in our Cajamarquilla operation. Smelter average cash cost is estimated at $0.90 per pound, a decrease of 11% compared to 2019, primarily driven by the expectation of lower concentrated prices and our efforts to improve operational efficiency gains.

Let's now move to Slide 11, where we discuss capex and other operating expense. In 2019, operational investments amounted to $113 million. For 2020, we estimate that total investment of $94 million, including mineral exploration, project development, technology and communities expenses. In mineral exploration, we continue our efforts to replace and increasing our reserves and resources, supporting our business growth. Mining activities in both substantial basis and safety is one of our highest priorities.

We believe the use of technology will help us to mitigate those risks, improving our efficiency and making our business safer. We also contribute to the local community in the countries where we operate. We invested in education, training and we try to employ and contract local service, supporting their social and economic development. In terms of capex, for 2020, we expect to invest $410 million, similar to 2019 amount. We know that most of our expansion related investments will be in Aripuanã with estimated capex of $220 million.

Let's move on to the next page. On Slide 12, we present Nexa's free cash flow generation. Starting from our $349 million adjusted EBITDA, which includes the impact of the temporary expenses of $41 million. We had a negative change in working capital of $72 million year-over-year, driven by an increase in inventory and in recoverable taxes. We spent $270 million in sustaining capex and interest paid. As a result, cash flow before expansion projects was negative in $28 million.

Now sustaining capex, which includes our expansion projects that we contribute to additional cash generation in the future, amounted to $215 million. During 2019, we also had the acquisition of the Aripuana minority stake and the payment of dividends related to the fiscal year 2018. As a result, Nexa recorded a negative cash flow of $334 million.

Moving to Slide 13. As demonstrated in the upper left graph, our liquidity remains strong, and we continue to report a healthy balance sheet with extended debt profile. At the end of 2019, our currently available liquidity was $1.1 billion, which includes our undrawn revolving credit facility of $300 million. The debt breakdown characteristics by source and currency is shown on the lower-left side of the page.

As of December 31, the average maturity of our total debt was 5.2 years. On the right side, we see net debt increased as a result of our current cycle of investments and the cash payment of the Aripuanã minority stake acquisition. Our leverage, measured by the ratio net debt to adjusted EBITDA, was 2.3 times as a result of lower EBITDA and increased net debt. If we exclude the non-recurring expenses from the analysis, net debt stood at 1.96 times.

Please let's move to Slide 14. On Slide 14, we will comment on market scenario. Despite some moments of recovery, average zinc price in 2019 decreased by 13% compared to 2018 and end the year at $1.16 per pound. Short-term prices are still affected by the uncertainties related to the global economy performance and its impact on sector's growth. Refined zinc stocks worldwide maintained their downward trend. Ending December, we exchanged stocks available for consumption of only a couple of days.

On the bottom left, we show a comparison of production between the market estimates in 2017 and 2019. As illustrated, supply projections are usually more optimistic than reality, despite regular operating disruptions. New zinc supplies do not start-up as initially forecasted. However, short term prices are still affected by the uncertainties regarding global GDP growth and US and China trade war, and more recently, the potential negative impact of the coronavirus outbreak. In a scenario where demand is relatively stable and macro scenarios is less volatile, zinc prices should reflect market fundamentals, improving from current levels.

Moving to our final slide. As earlier discussed, we initiated Nexa Way program to range our operational efficiency and transform our culture, strengthening us as a company, supporting our future growth. During 2020, we will continue to advance with the program, and as a result, our performance should better reflect the estimated gains. Aripuanã is one of our main priorities, and for the year, we expect to invest $220 million to continue developing the project.

Our balance sheet has been prepared to support our investment cycle, even in a diverse macro scenario. We expect to continue to deliver on guidance and the continuous improvement of zinc recovery rate on our smelters to support our volume growth. And to maintain the market regularly update in order to better evaluate our potential value creation, we plan on filing the preliminary economic assessment report on Hilarión project within first quarter.

Engineering studies for our Magistral copper project, will continue to progress, and a new technical report will be reevaluated after the conclusion of FEL3. Our Shalipayco and Pukaqaqa projects are at pre-feasibility stage, and we are working some milestones to advance to the next engineering study phase. Late February we also expect to publish our updated mineral reserve and resources report. Thank you all for your time, and let's move on to the Q&A session.

P - We will now begin the question-and-answer session. [Operator Instructions] Our first question comes from Carlos de Alba with Morgan Stanley. Please go ahead.

Question – Yeah. Good morning. Thank you very much. So the first question is on the $120 million benefit from the several initiatives that you guys are implementing to improve EBITDA. Can you talk a little bit more about how do you see this progression to that level? I think you guided $220 million incremental annualized EBITDA by 2021. But if you could give us some comments around the ramp up to get to that level, as well as the cost that you believe you will incur in 2020, which was mentioned in the press release, but you have a number or even a range, that will be very useful?

As well as just to confirm, given that the success fee was paid up front. So I just wanted to confirm that, if you get to the level of $120 million, which I think is the target or above, would incremental success fees related to these initiatives will have to be paid to the consultants? A long winded question, but that's one topic. And the second topic, I would like to explore is, if you have any further comments beyond those presented in the release around the Magistral project. What were the changes, if you can mention, what were the changes in the engineering studies that you faced? Thank you.

T – Hi. Thank you for your questions, Carlos. This is Tito speaking. About the $120 million, I would say that you will see along spread it out along the year. We're expecting to have it being added to our cash generation along the time. Why is that? Because there are a group of almost 300 initiatives that we are carrying on right now that we'll generate those results. Those initiatives are related to the operations and to different procedures to operate different perspective, different corporate procedures that will be made.

So I'm not expecting any, let's say, difference along the year in terms if there is a one specific month that the cash generation will be higher or not. It will be embedded in the numbers along the year. In terms of the fees, as we said, in the earnings release and also last year, when we had the third quarter, those fees applies a success fee on the results, as a result of the increase in cash generation. There will be some along the year. I cannot provide a number now because it will depend on when the benefits will be enjoyed. But I would guess that is also will be along the year, and the impact will be diluted by the additional cash generation.

In terms of the other question, I'm going to pass to Rodrigo, who want to answer you.

M - Hi, Carlos. Rodrigo here. About Magistral, the only thing is that we had an estimation to disclose the technical report now in the beginning of the year. But as we will proceed with the FEL3, which is feasibility study to the end of the year, we thought it would be much more complete to disclose the full report once we finalize the feasibility study, so that's the only difference. The project remains being studied as scheduled and as mentioned in the previous releases.

Question - All right. Thank you very much, Tito and Rodrigo.

T - Thank you.

M - Thank you.

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

Question - Hi. Good morning. Could you please clarify what's happening with the Aripuanã development? I find the language in the release a little bit confusing because you've disclosed that there is a delay in development, but at the same time, you don't think there's any impact to the three-year production guidance. Can you maybe give us a bit of color on what's going on? And why it's not -- if there's a delay, why you don't think it's going to impact the production? Thank you.

T - Hello, Orest. Thanks for the question. Basically, the following is happening, when we provided guidance, we were very conservative. If you compare the guidance with the technical report, we were already being conservative. That's why we think that there will be no impact. On the other hand, there will be the delay, but we are also working in advancing the ramp-up. Originally, the ramp-up was scheduled to be in 12 months. We believe that we can do it in between six and nine months, that's why. What's going on over there? There was -- every three to four years, one of the bridge that gives us access to the site goes through an upgrade, some construction...

M - Refurbishment.

T - Refurbishment. So what happened this year is when they do that, they have a parallel bridge that is built just to -- during the period of the construction to service. What happened is, it rained a lot there, which caused the destruction of this spare bridge. And with that, those innovations, they took longer than expect, actually more than a month than expected. Besides that, we had also a problem with some of the engineering package. They were a little bit delayed, which caused us actually to reassess and see how long they actually we will have the project impacted. We should have this probably next in the second quarter. But once more, I want to restate that we are not expecting an impact in the production in '21 because of this.

M - The project is all evolving well. It is a concern. But evolving well, and we already have 28% of physical evolution.

T – Yeah. We already have a 1,500 people at the site right now. So things are going very well in terms of execution.

Question - Okay. Thank you for that. And then as a follow-up, Tito, just on the consulting investment that you're making, I'm a little surprised by the magnitude of the investment that you're making. And I think you mentioned last quarter, it's a success based fee. So I'm having trouble understanding why the fees are so large now, before you actually realize the savings?

T - It's a technical thing. Let me try to explain. What happen is, you generate initiatives that will result in gains. When those initiatives are validated and they validate based on technical procedures, technical approach, you pay the fee, the consultants doesn't take the risk. So we are now in the process of implementing those initiatives and then we will see the gains. We've seen some already, that's why I'm saying that. And I'm seeing the same approach done in other companies. So we are following up those -- we are carrying on those initiatives and expecting to have the additional cash, the additional generation happening along to 2020.

Question - Thanks, Tito.

T - Thank you.

P - [Operator Instructions] Our next question comes from Alex Hacking with Citi. Please go ahead.

Question - Yeah. Good morning. I just wanted to follow-up on the $120 million. I'm not sure, if you can answer this question, but how much of that should we expect to see coming through COGS and SG&A? And how much of that is going to be showing up in revenue through improved recoveries and things like that?

T - Yeah. Actually, I can't answer that right now. Of course, there will be impact in some of them, in the SG&A and the other accounts, but I cannot be precise right now.

M - Once we appropriate it throughout the year, Alex, we will be providing this in our earnings release.

Question - Yeah. Thanks. It would be helpful just so that we can track it, given the amount of fees that have been paid, it seems like we should be kind of all the thing like the benefits. And just one follow-up. Could you just remind us the cost guidance for Aripuanã? And how we should think about the cadence of that, like when would -- I guess, what is the steady state cost guidance and what year would you expect to reach that? Thanks.

R – Hi Alex. This is Roberta. Remember that for cash cost guidance, we only provide for the 2020, so we didn't provide Aripuanã and update, but if you consider what we provide in our report back in 2018, it was like $0.14 per pound.

Question - Okay. Perfect.

R - This is the numbers that we had, OK?

Question – Okay. So overall, it's going to reduce your average cost, right?

R - Yes. That's the idea in terms of what we have when we are analyzing the projects. We have projects in the first and second quartile of the cash cost curve. That's one of the assumptions that we have for future projects.

Question – Okay. Thank you.

P - Our next question comes from Diego Torres with MCC. Please go ahead.

Question - Thank you for the call. Just a question regarding the dividend policy. What is -- what is the dividend policy going forward? And also, in terms of the presentation, this is back to text one number that I couldn't match. On the beginning, you mentioned to that the cash dividend payment of $50 million that is on Page 3 I guess. And at the end, there's -- when you mentioned about the EBITDA -- sorry, the cash flow in 2019, it said dividends of $113 million. So I would like to, I don't understand the difference between the two numbers? Thank you.

M - Okay, Diego. Thank you for the question. First of all, let me answer the easier one. When you say dividends and the cash flow for 2019 that we declared and paid approximately $70 million of dividends from Nexa Resources S.A., in Luxembourg, right? But we have internal payment -- dividend payments between Nexa Peru and the other going -- the cash upwards to Nexa Cajamarquilla and then to Nexa Luxembourg. In Nexa Peru, we are a listed company. We have 16% in the market. So we pay the proportional dividend to the minority shareholders on $200 million. So it was approximately the difference that you see there, right?

The second thing is, we disclosed approximately $50 million of dividends in the press release, you have the accurate number per share. I don't have it in front of me right now, but it's approximately $0.37, its $0.37 per share. So when you get to the total amount of shares, you're going to get to approximately $50 million. Is that clear?

Question - Okay. Thank you. Yes. And regarding the dividend policy going forward?

M - Sorry, I was missing that one. Our policy remains the same. We have a dividend policy that state there will pay a minimum dividend of 2% on the average market capitalization in the past 12 months. The policy remains the same.

Question - Okay. Thank you.

M - Thank you.

P - Our next question comes from Lucas Yang with JPMorgan. Please go ahead.

Question - Hi. Good morning. A very brief one. Can you give us an up to date on the Cajamarquilla conversion project? Is this going to happen this year? If not, when? If it happened at all? Thank you.

T - Thank you for the question. Yes, it will happen. We are not sure when it's going to be along the year. But we are reassessing as we've said in our press release, we are reassessing the whole project, also talking with the contractors and equipment suppliers in order to rearrange the schedule. We should be news about that by the second quarter. Our intention is to move on with the project along the year, but of course, it will depend on this discussions with the contractors. But the idea is to move on with this along to 2020.

Question - Right. And the recovery rates, they should remain the same from 94% to eventually 97% or would that change it as well?

T - Yeah. We are -- it's interesting. Good question. We were recovering something around 91%, 92%. And last year, the performance was much better than before, it was 94%. And the 3% still applies. So which means that we after the project, we should be able to go up to 97%.

Question - Okay. Thank you.

T - Thank you.

P - Our next question is a follow-up from Carlos de Alba with Morgan Stanley. Please go ahead.

Question - Great. Thank you. So just could you comment about the trends that you have seen in the premiums that you realize in your different markets? Particularly Brazil, is probably a little bit more of a unique situation. Could you comment or talk about how those are moving? That will be very useful. Your realized prices came above what we expected, so perhaps that is the reason. And then finally, on the intercompany loan with Luxembourg. Can you maybe, Rodrigo, remind us what the plans are for that during 2020?

T - So Carlos, I'm not sure if I understood the second question.

M - The second question.

Question - The second question is the intercompany loan that you have with Luxembourg Holding Company. If you -- what are the plans for that loan in 2020?

T - Okay. Let's talk about the premiums first. We actually have not seen a big change in the premiums along the year. I mean, the premiums we are having in Latin America are pretty much the same we had in the year before. Actually, if you compare our premiums with other continents, they've been -- they have not changed much even when the market condition is not favorable. I cannot explain why your model did not price the same. There was nothing new on our side.

Question - Nothing special, yeah.

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

M - And about the intercompany loan, we have been reducing this exposure, which is internal exposure. Actually, the only practical effect the intercompany loan has on the figures you see there is that on a consolidated basis, any currency devaluation impact, the net income there, right? In any case, we have reduced this to below $200 million. And throughout the year, we'll evaluate the best way to treat it and keep reducing it. As you know, the Brazilian balance sheet is the one being used now for the investment on Aripuanã. So there are some peculiarities in terms of when is the best time to keep reducing it. But don't worry, the intention is to reduce the dollar exposure in the Brazilian balance sheet.

Question - Great. Thanks again.

T - Thank you.

M - You're welcome.

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

Question - Thank you, and good afternoon, guys. I apologize, I came in late in to the call, so if you already answered this question, I can just go back to the transcripts. You have had what appears to be a very successful exploration program for the second half of 2019. I'm just wondering, if you feel confident you can meet your target of, if I remember correct, increasing your reserves from seven to 12 years? That would be the first question. And a follow-up to that is, based on what you've seen so far in completing your feasibility studies, do you still have the same priorities in terms of development projects after you finish Aripuanã? Thank you.

T - Well, Oscar, thank you for the question. Exploration, yes, we have a very aggressive program. If you look at the numbers, we released from the guidance, it's a little bit lower than the number from last year. We still intend to reach the 12 years, but we are slowing down a little bit, given the price volatility -- zinc price volatility. So we wanted to be more careful about the expenses along 2020. It was even before the coronavirus issue, but the plans are actually to reach the target, the previous targets.

In terms of the projects, yes, we intend to move on with them. After Aripuanã, we should have a decision to make about Magistral. As was said before, we will have Magistral feasiblity study or FEL3 ready on the second half of this year. So we have in between the second half and the first half of next year to decide about the execution of the project. And if everything goes as expected in terms of comfort and maturity of the project, expected return and so, we should approve it and move on with that probably starting in the second half of '21.

After that, we have in the pipeline Pukaqaqa, which is right now is going under metallurgical review. We decided to be more cautious about the budget and actually it's helping to move faster Magistral. And after that, we have Hilarión and Shalipayco as you know. So the pipeline is still there. We are confident that we can go for those projects.

Question - Okay. Thank you, Tito. Just taking the -- if you were to start Magistral in second half of 2021, do we then lower expectations for mineral exploration. I think you're spending about $60 million in round numbers in 2020. Would that expenditure decline or would just keep it at the same level to get your research to 12 years?

T - It doesn't affect Magistral at all.

Question - No. But I mean, just in general?

T - No. In general, the slight reduction we have in exploration will slow down the increase in life of mine of some of our operations, but doesn't mean that we are not pursuing to reach the 12 years resource availability, OK?

Question - Thank you.

T - Thank you.

P - This concludes our question-and-answer session. Now we will hand over to Tito for his final remarks. Mr. Martins, please go ahead.

T - Thank you. I would like to thank you all for being with us in the call. I would like to also to reinforce our commitment with our plans, as said before. We are moving on with Aripuanã. Aripuanã's execution is going very well. Unfortunately, we have this setback, but we are confident that with the reduction in the ramp-up time. We can actually move ahead with the production in '21. The company had some issues last year, but we believe we are back on track, expecting to have a very good year, despite the problems we have seen around the world with the coronavirus and issues about trading and so. We are confident we can accomplish what we intend to.

And we have to remember one thing, price -- zinc price are lower than what we were expecting, but we are not seeing any change in the fundamentals. Just to give an example, at the very beginning of the year, zinc price were around 2,400, when everybody was saying that they should be lower than that. And they just came down because of the coronavirus crisis. So we are still confident in the zinc market. And we are enjoying one thing that a few people realize the fact that we have -- we prevailing is smelting over mining, but this is being the level they are today, they actually benefits us as a net result. Well once more thank you very much. And anything you need we will be available to provide the proper information. Have a good day.

P - [Operator Closing Remarks]

Participants of the Q&A:

Last Name	Name	Company
Alba	Carlos	Morgan Stanley
Wowkodaw	Orest	Scotia Capital, Inc
Hacking	Alex	Citi
Torres	Diego	MCC
Yang	Lucas	JPMorgan
Cabrera	Oscar	CIBC