

Nexa Resources S.A. Announces 2Q20 Results and Adjusted EBITDA of US\$ 40 Million

31.07.2020 | [Business Wire](#)

[Nexa Resources S.A.](#) (NYSE:NEXA) (TSX:NEXA) has published its 2Q20 Results.

CEO Message | Tito Martins

Governments around the world remain committed to combating COVID-19, while also beginning to lift restrictions to revive their economies. Economic activity is expected to gradually improve, following the containment actions adopted in the first semester. As a result, commodity prices have started to recover. The moment, however, still demands caution.

Brazil and Peru still have a higher number of cases and a number of our workforce have been affected. We have been working closely with the local authorities, and the protection of our employees and host communities remains our highest priority. International benchmark procedures to mitigate COVID-19 spread were established in all of our operations, including COVID antibody tests, health checks, intensive site cleaning and social distance protocols, among others. Non-essential site personnel and all corporate employees continue to work remotely.

Despite the impacts of the government mandated temporary suspension of our mining operations in Peru and the reduced capacity utilization rate of our smelters during the quarter, the commitment of our team and the business continuity measures put in place to navigate this unprecedented scenario allowed us to deliver good performance. Mining operations in Brazil posted a record throughput, while the Três Marias smelter continued to improve its global recovery rate.

Liquidity remains strong with our current cash balance at US\$913 million and we continue to proactively manage our balance sheet. In June, we issued a long 7-year bond of US\$500 million and its net proceeds were fully used to refinance certain existing financial indebtedness.

Our strategy remains focused on protecting our people, ensuring business continuity, preserving cash, reducing leverage, and delivering the Aripuanã project. Corporate cost-saving measures also remain in effect. The 2020 guidance remains unchanged.

Highlights:

- Consolidated net revenue reached US\$337 million in the second quarter compared with US\$613 million a year ago driven by lower volume and LME prices.
- After production was suspended on March 18, Cerro Lindo and El Porvenir restarted operations on May 11 and gradually increased their throughput during the quarter. Ramp up continues into 3Q20.
- Atacocha San Gerardo open pit mine resumed production on June 8, while the Atacocha higher-cost underground mine remains suspended.
- Zinc production of 62kt was 32% lower than in 2Q19 mainly explained by the temporary suspension of our Peruvian mines required by the Peruvian government to control the COVID-19 outbreak.
- Following the end of the quarantine period in Peru, as of May 11, Cajamarquilla smelter gradually improved its operating rate and is now at full capacity.
- In May and June, Juiz de Fora smelter operated at 60% of its nominal capacity due to the decrease in demand, affected by COVID-19. A gradual ramp-up to full production is expected in 3Q20.
- In 2Q20, metal sales were 120kt, down 23% year-over-year, as global demand was negatively affected by COVID-19.
- Adjusted EBITDA was US\$40 million in 2Q20 compared with US\$118 million in 2Q19 and US\$44 million in 1Q20.

- Mining cash cost in 2Q20 was US\$0.36/lb compared with US\$0.48/lb in 2Q19 and US\$0.52/lb in 1Q20 mainly driven by the temporary decrease in operating costs due to the production suspension in our Peruvian mines.
- In 2Q20, Nexa accrued US\$3.5 million of costs related to the decision to not resume the Atacocha underground operation. Additional costs may be incurred in the following months.
- In 2Q20, smelting cash cost was US\$0.70/lb, down 33% and 12% compared to 2Q19 and 1Q20, respectively, due to lower concentrate costs and energy prices.
- Incremental costs related to COVID-19 amounted to US\$4.1 million in 2Q20.
- Net loss totaled US\$59 million, a US\$0.44 loss per share, in 2Q20.
- Net debt to adjusted EBITDA for the last twelve months stood at 4.97x, reflecting the impact of the temporary suspension of our Peruvian operations and lower LME prices on our EBITDA.
- Nexa successfully obtained waivers in respect of certain semi-annually-tested financial covenants under certain of its indebtedness through June 2021 and eliminated financial covenants for other indebtedness by repaying the debt.
- On June 15, Nexa issued US\$500 million of 6.5% senior unsecured notes due in 2028. The net proceeds were used to repay certain existing indebtedness, including the US\$300 million revolving credit facility, which now is undrawn and remains committed until October 2024. Any future disbursement under the facility will be subject to Nexa's compliance with the relevant conditions, including the applicable financial covenants.
- Liquidity remains strong. Total cash amounted to US\$913 million at June 30, 2020.
- In June, Fitch Ratings affirmed the BBB- rating on Nexa and revised the outlook from stable to negative. The change reflects the expectation of lower volumes and depressed zinc prices including due to COVID-19.
- On July 22, Nexa entered into a new loan agreement for up to R\$750 million, or approximately up to US\$140 million, with the Brazilian Economic and Social Bank (BNDES). The proceeds will be used to finance the Aripuanã project. Over the course of the year, we expect to disburse an amount proportional to the completion curve of the project, depending on the satisfaction of all precedent conditions, with the remaining amount in 2021.

Corporate Highlights

- On June 04, 2020, Nexa's shareholders at its extraordinary general meeting approved the cancellation of the 881,902 common shares held in treasury, repurchased under the Nexa repurchase program concluded in November 2019.
- Also on the same date, Mr. Gianfranco Castagnola was elected as the newest member of Nexa's Board of Directors.
- On July 30, 2020, the Board of Directors elected Mr. Jaime Ardila as the new Chairman of the Board, replacing Mr. Luís Ermírio de Moraes, who remains on our Board. Mr. Ardila is now also a member of the Compensation, Nominating and Governance Committee and Mr. Gianfranco Castagnola has joined the Finance Committee.

Operational efficiency initiatives program | Nexa Way

- The Nexa Way program generated an estimated positive impact to EBITDA of US\$22 million in 2Q20 and US\$43 million in 1H20.
- The program continues to progress and based on the initiatives implemented, we continue to target an improvement of at least US\$120 million in annualized EBITDA throughout 2020 and 2021. Our ability to achieve this target through 2021 depends on future metal prices, production and demand recovery, among others.

Guidance:

- We maintain our revised 2020 guidance for metals production and sales, previously announced in 1Q20.
- 2021-2022 guidance remains suspended.
- CAPEX guidance of US\$300 million for the year remains unchanged but we have revised our capital allocation between expansion and non-expansion investments.
- Investments in mineral exploration (US\$26 million) and project development (US\$17 million) for 2020 are also maintained at US\$43 million. We have incurred US\$16.5 million of this amount. Greenfield exploration and project development have been temporarily suspended. Subject to the continued impact of COVID-19, we are re-evaluating resuming certain activities, already considered in our 2020 guidance.
- We will continue to review our 2020 estimates due to the high uncertainty around the duration and severity of the COVID-19 disease and its effects on the global economy.

- Refer to our [Nexa | Guidance 2020](#); section for further details.

Projects:

- As a result of COVID-19 related measures, Magistral engineering studies (FEL3) are behind our original plan in 2Q20 and, consequently, the final report is now expected to be completed in 2021.
- The Vazante mine-deepening brownfield project continues as planned and the investment amounted US\$4 million in the quarter.

Aripuanã

- Construction activities continued to advance but at a reduced pace. In response to COVID-19 related-measures and local government protocols, we are operating with approximately 80% of our planned workforce.
- Estimated CAPEX for the year is now US\$172 million (versus our previous US\$202 million) due to additional FX gains and lower than expected activity level in 2Q20.
- Nexa continues to work on a new rebaseline for the project and we expect to conclude during 2H20.
- Refer to our [Aripuanã project](#); section for further details.

For full details, please visit our Investor Relations webpage at:

<http://ir.nexaresources.com>

E-mail: ir@nexaresources.com

About Nexa Resources

Nexa is a large-scale, low-cost integrated zinc producer with over 60 years of experience developing and operating mining and smelting assets in Latin America. Nexa currently owns and operates five long-life underground mines - three located in the Central Andes of Peru and two located in the state of Minas Gerais in Brazil - and is developing the Aripuanã Project as its sixth underground mine in Mato Grosso, Brazil. Nexa was among the top five producers of mined zinc globally in 2019 and also one of the top five metallic zinc producers worldwide in 2019, according to Wood Mackenzie.

View source version on businesswire.com: <https://www.businesswire.com/news/home/20200730006087/en/>

Contact

Nexa Resources - Investor Relations
Roberta Varella
ir@nexaresources.com

Dieser Artikel stammt von Rohstoff-Welt.de

Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/357798--Nexa-Resources-S.A.-Announces-2Q20-Results-and-Adjusted-EBITDA-of-US-40-Million.html>

Für den Inhalt des Beitrages ist allein der Autor verantwortlich bzw. die aufgeführte Quelle. Bild- oder Filmrechte liegen beim Autor/Quelle bzw. bei der vom ihm benannten Quelle. Bei Übersetzungen können Fehler nicht ausgeschlossen werden. Der vertretene Standpunkt eines Autors spiegelt generell nicht die Meinung des Webseiten-Betreibers wieder. Mittels der Veröffentlichung will dieser lediglich ein pluralistisches Meinungsbild darstellen. Direkte oder indirekte Aussagen in einem Beitrag stellen keinerlei Aufforderung zum Kauf-/Verkauf von Wertpapieren dar. Wir wehren uns gegen jede Form von Hass, Diskriminierung und Verletzung der Menschenwürde. Beachten Sie bitte auch unsere [AGB/Disclaimer!](#)

Die Reproduktion, Modifikation oder Verwendung der Inhalte ganz oder teilweise ohne schriftliche Genehmigung ist untersagt!
Alle Angaben ohne Gewähr! Copyright © by Rohstoff-Welt.de -1999-2026. Es gelten unsere [AGB](#) und [Datenschutzrichtlinien](#).