

Nexa Reports Third Quarter and Nine-Month 2021 Results Including Adjusted EBITDA of US\$568 Million

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LUXEMBOURG, October 28, 2021 - [Nexa Resources S.A.](#) ("Nexa Resources" or "Nexa" or the "Company") (NYSE:NEXA)(TSX:NEXA) has published its 3Q21 Results.

CEO Message - Tito Martins

"Our operational performance in the quarter was affected by planned and unplanned shutdowns in our mining and smelting segments, resulting in lower volumes. Despite the production disruptions, we have continued to operate our assets safely, and we are on track to meet our annual guidance. Adjusted EBITDA was US\$155 million in the quarter, supported by higher base metal prices, and we delivered a record-high Adjusted EBITDA of US\$568 million in the first nine months of the year.

Demand for our products is expected to remain strong as the global economy continues to improve. However, there is growing global concern about rising inflation rates, supply chain bottlenecks and energy shortages. We have started to face some pressure on costs related to these factors and we are attentive to the evolution of these risks and their impact on future supply, demand, and costs.

Our balance sheet remains strong, and we believe we remain well positioned to continue to deliver sustainable results.

As we recently announced, we will begin my transition process during this quarter. It has been an honor and privilege to lead this company as CEO for nearly a decade. Throughout my career path at Nexa, I have witnessed the remarkable evolution of the company and the expansion of its operations in both segments. The past years have been transformational for Nexa as we significantly increased capital investments, are close to delivering our first world-class greenfield project, Aripuanã, and have undertaken significant strategic shifts across the business. I want to take this opportunity to express my sincere thanks to you, our valued shareholders, for the ongoing support, trust, and confidence you have given to me. I am proud of what our company has become today and I believe we are on the right track to build the mining company of the future."

Highlights

Operational and Financial

- Consolidated net revenue reached US\$655 million in the third quarter compared with US\$538 million a year ago and US\$686 million in 2Q21. This was mainly due to higher metal prices and by-products contribution, partially offset by lower metal sales volume and a non-cash adjustment in the silver stream. In 9M21, net revenue was US\$1,944 million compared with US\$1,316 million in 9M20.
- Zinc production of 80kt in the quarter decreased by 2% compared to both 3Q20 and 2Q21, primarily driven by lower average head grade (down 5bps to 3.02%). Production was also affected by planned and unplanned maintenance shutdowns in the period. Zinc production totaled 239kt in the first nine months of 2021, 8% higher compared to 9M20.
- In 3Q21, metal sales were 156kt, down 2% year-over-year and 1% from 2Q21, mainly driven by lower production volumes. Sales totaled 460kt for 9M21, up 9% from a year ago.
- Adjusted EBITDA was US\$155 million in 3Q21 compared with US\$152 million in 3Q20 and US\$233 million in 2Q21. Adjusted EBITDA for the first nine months ended September 30, 2021 totaled US\$568 million, 141% higher compared to 9M20.

- Mining cash cost^[1] in 3Q21 was US\$0.23/lb compared with US\$0.33/lb in 3Q20, mainly driven by higher by-products credits (volume and prices) and lower TCs. Compared to 2Q21, mining cash cost increased by US\$0.08/lb driven by lower by-product credits and higher operating costs due to higher third-party services, lower volumes and increased maintenance costs in the quarter.
- Smelting cash cost¹ in 3Q21 was US\$1.16/lb compared with US\$0.79/lb in 3Q20, mainly affected by market-related factors such as higher zinc prices and lower TCs. Compared to 2Q21, smelting cash cost increased by 8% also driven by the same factors.
- Incremental costs related to COVID-19 in 3Q21 amounted to US\$4 million and US\$13 million in 9M21, and we expect them to last at least throughout 2022.
- Net loss in 3Q21 totaled US\$9 million or US\$0.14 per share. In 9M21, net income was US\$145 million.
- Total cash^[2] decreased to US\$807 million at September 30, 2021 due to the prepayment of certain financial indebtedness and continued investment over the quarter in excess of operating cash flows. Liquidity, however, remains strong. Our current available liquidity is US\$1,107 million, including the revolving credit facility.
- As a consequence, net debt to Adjusted EBITDA ratio for the last twelve months increased to 1.24x compared with 1.19x in the previous quarter.

Operational efficiency program | Nexa Way

- Nexa Way program was initiated in mid-2019, aiming to structurally improve our business model and change our organizational culture. Since then, we implemented initiatives that we expected would generate at least US\$180 million in annualized recurring EBITDA by the end of 2021. At the end of 3Q21, these initiatives generated an estimated annualized impact to EBITDA of US\$191 million.

Guidance

- We are maintaining our 2021 guidance for production, sales and investment.
- We are reducing our mining cash cost guidance to US\$0.23/lb versus US\$0.33/lb, mainly due to higher expected by-products contribution following higher metal prices.
- Smelting cash cost guidance has been revised to US\$1.14/lb versus US\$0.95/lb, primarily explained by higher than anticipated zinc prices and lower TCs.
- Refer to our "Nexa | Outlook" section for further details.

Aripuanã

- Subsequent to quarter end, on October 07, 2021 the operating license for the Aripuanã project was granted. This completes all major permitting required for operations.
- The project's overall progress reached 96.5% at the end of September 2021. We are on track to conclude mechanical completion in 4Q21 and the commissioning of the front-end of the process plant has commenced. The first production is estimated at the end of 1Q22.
- In 3Q21, we spent US\$79 million, totaling US\$177 million in 9M21 with a cumulative CAPEX of US\$486 million since the beginning of construction.
- We continue with mine development activities in both the Arex and Link mines. Approximately 435kt of ore has already been stockpiled, which corresponds to roughly 2 months of production, not taking into account the ramp-up period.
- The current operations headcount stands at 443 employees for the mine, plant, process, environment, safety and health, and administrative facilities, which represents more than 90% of our designated workforce target for the period.
- We continue to run the qualification program for future mining operators. There are currently 161 students in the fourth training class. Of the total number of participants, 46% are women and we expect to have at least 50% women in the future total workforce.

ESG and Corporate

- On September 16, 2021, Nexa announced that Mr. Ignacio Rosado will replace Mr. Tito Martins as Chief Executive Officer ("CEO"), as part of its executive succession plan. Mr. Rosado will join Nexa on November 1 and begin an orderly transition process with Mr. Martins, who will remain at the company until December 31, 2021.
- Nexa is enhancing its supplier assessment program to include reviews of ESG indicators and best practices. The program is expected to begin in November.

- The Company received the Women on Board certificate, which is an independent initiative that seeks to recognize and value the existence of corporate environments with the presence of women on boards of directors or advisory boards in order to highlight the benefits of this diversity to the business world and to the society.
- Nexa also launched the Plural Talent Program for the admission and training of professionals with disabilities and/or special needs, who have graduated or will graduate by 2022. There are 15 positions in several areas and these professionals will join Nexa in December 2021.

For a full version of this document, please go to our Investor Relations webpage at:

<http://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 2020 and also one of the top five metallic zinc producers worldwide in 2020, according to Wood Mackenzie.

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