



## ***«1Q13 RESULTS CONFERENCE CALL»***

May 13, 2013  
Lima

# Disclaimer

The information contained in this presentation concerning projections may be deemed to include statements which constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve a certain degree of risk and uncertainty with respect to business, financial, trend, strategy and other projections, and are based on assumptions, data or methods which, although considered reasonable by Milpo at the time, may turn out to be incorrect or imprecise, or may not be possible to realize, or may differ materially from actual results, due to a variety of factors. Milpo cannot guarantee that expectations disclosed in this presentation will prove to be correct and does not undertake, and specifically disclaims any obligation to update any forward-looking statements, which speak only for the date they are made.

The market and competitive position data, used throughout this presentation were obtained from internal surveys, market research, publicly available information and industry publications. Although Milpo has no reason to believe that any of this information or these reports are inaccurate in any material respect, Milpo has not independently verified the competitive position, market share, market size, or other data provided by third parties or by industry or other publications and therefore do not make any representation as to the accuracy of such information.

This presentation and its contents are proprietary information and may not be reproduced or otherwise disseminated in whole or in part without Milpo's prior written consent.

# Agenda

**1**

**Business and Financial Highlights**

**2**

**Operational Performance**

**3**

**Closing Remarks**

# Milpo's Group



→ **US\$ 12.1 billion of sales in 2012**

50.06%



## In Peru:

- **3rd largest zinc producer .**
- **6th largest copper producer.**
- **2<sup>nd</sup> largest lead producer.**



**EL PORVENIR**

**Treatment Capacity: 5,600 tpd**

### **Life of mine: <sup>(1)</sup>**

- 6 years (reserves)
- 14 years (reserves and resources)

(1) LOM calculation does not include inferred resources



**CERRO LINDO**

**Treatment Capacity: 15,000 tpd**

### **Life of mine: <sup>(1)</sup>**

- 10 years (reserves)
- 19 years (reserves and resources)



**ATACOA**

**Treatment Capacity: 4,400 tpd**

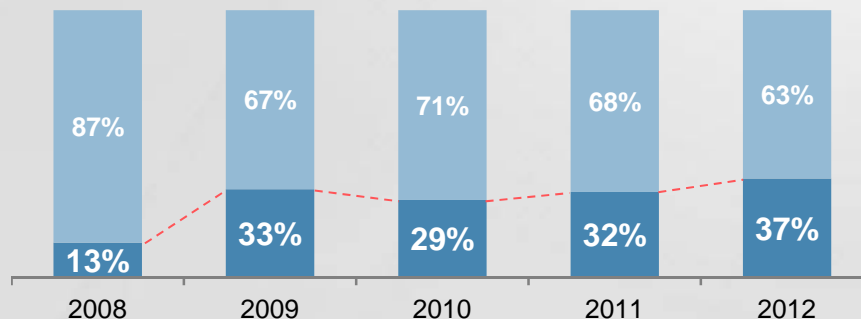
### **Life of mine: <sup>(1)</sup>**

- 2 years (reserves)
- 7 years (reserves and resources)

## **Milpo is an important contributor to VMetais' EBITDA**

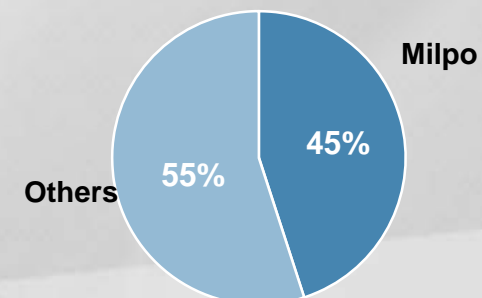
(% of Votorantim Metais EBITDA)

■ Milpo ■ Others



## **Milpo is an important supplier to the Cajamarquilla Refinery**

Cajamarquilla's Total Zinc Concentrate Supply (%)



# Milpo has diversified operations and key projects for its growth.

## Cerro Lindo



- ✓ 64% of Milpo' sales in 1Q13.
- ✓ During 2013 will continue to consolidate its production level at 15,000 tpd.
- ✓ Among the most modern and largest underground mining operations in Peru.

## El Porvenir



- ✓ Currently exploring at lower depths.
- ✓ 20% of Milpo' sales in 1Q13.
- ✓ Deepest mine in South America (1.2km) and currently evaluating the deepening to 1.6 km.

## Atacocha



- ✓ Was acquired by Milpo in 2008.
- ✓ Underground polymetallic mine currently focused on intensifying drilling efforts to extend the mine's life and continuing the exploration of deeper areas.

## Greenfields

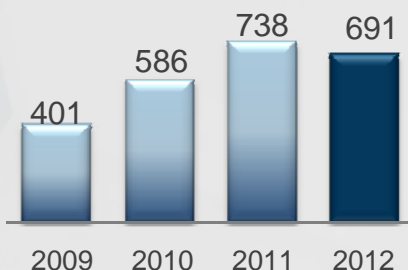


- ✓ Important projects portfolio.
- ✓ During 1Q13, Milpo continued investing in the Magistral, Hilarión and Pukaqaqa projects.

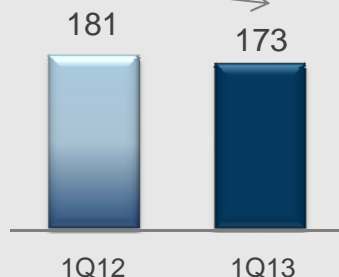
# During 1Q13 Milpo maintained its strong financial position...

## Revenues (US\$ million)

CAGR **20%**

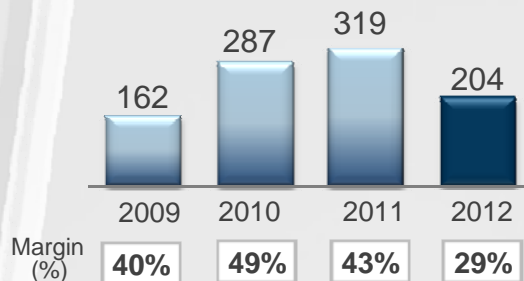


**4%**



## EBITDA (US\$ million)

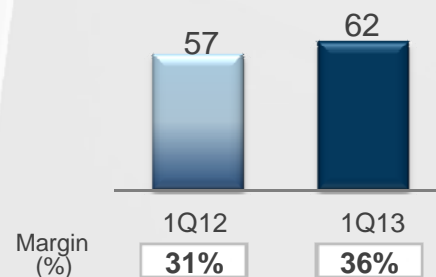
CAGR **8%**



Margin (%)

**40%** **49%** **43%** **29%**

**9%**

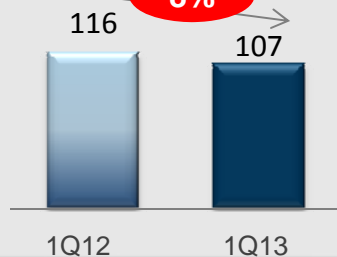


Margin (%)

**31%** **36%**

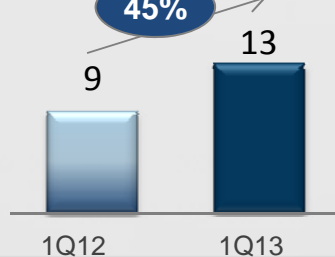
## Cost of sales (US\$ million)

**8%**



## Net profit (US\$ million)

**45%**

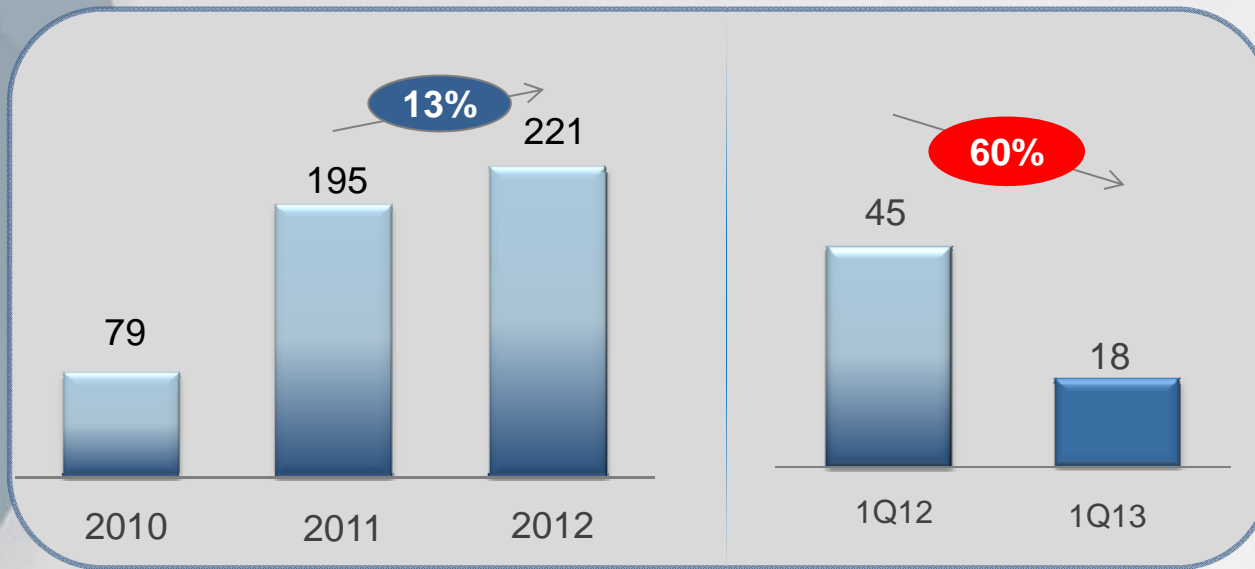


## Highlights 1Q13 vs. 1Q12

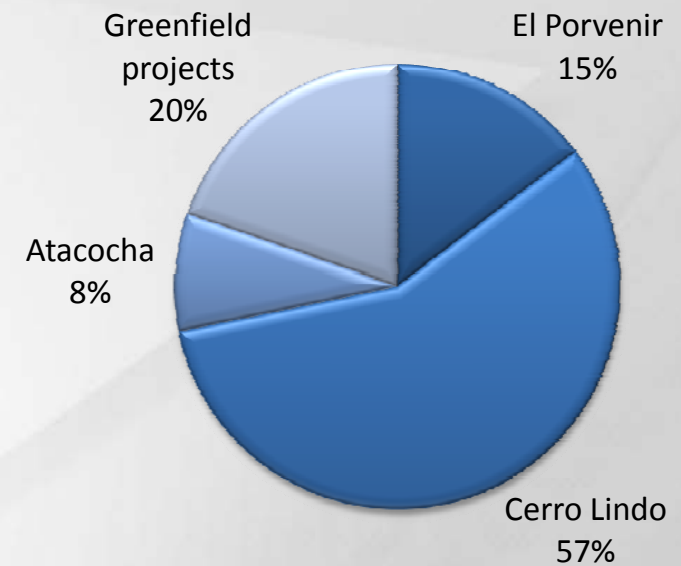
- Revenues decreased by 4% to US\$ 173 million in 1Q13 from US\$ 181 million in 1Q12, due to the lower metal prices and to the effect of having suspended the copper cathodes production.
- However, EBITDA increased by 9% to US\$ 62 million in 1Q13 from US\$ 57 million in 1Q12, due to the higher production levels at Cerro Lindo unit and to the higher profitability of operating units.
- Cost of sales decreased by 8% to US\$ 107 million in 1Q13 from US\$ 116 million in 1Q12 due to the optimization of the current operating units portfolio.
- Net profit increased by 45% to US\$ 13 million in 1Q13 from US\$ 9 million in 1Q12, due to higher EBITDA.

... and investments in 2013 will be focused on greenfield projects and on sustaining projects at our operating units.

Capex (US\$ million)



1Q13 Capex breakdown per unit



US\$ 18 million

## Highlights

- Lower investments in 1Q13 primarily because during 2012, Cerro Lindo 15k and El Porvenir 5.6k projects were both under construction.
- Investments in 2013 will be focused on the greenfield projects (Magistral, Hilarión and Pukaqaqa) and on sustaining projects at our operating units, suited to market conditions.

# Improved debt profile enables Milpo to face current market volatility

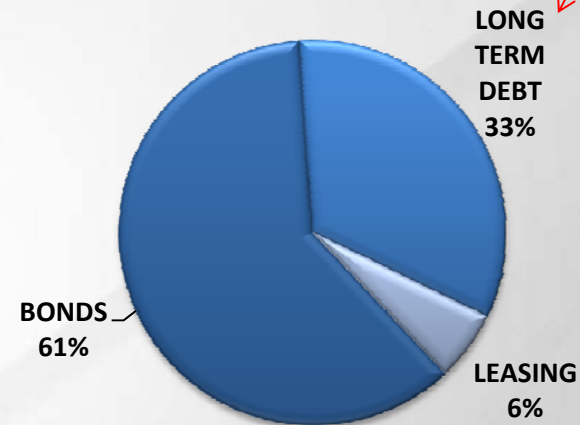
Milpo's inaugural issuance in March 2013 allowed the Company to improve its debt amortization schedule and diversify its funding mix.

## Debt Amortization schedule



## 1Q13 Funding Mix

Debt as of March 31, US\$ 575MM  
Debt as of April 31, US\$ 395MM

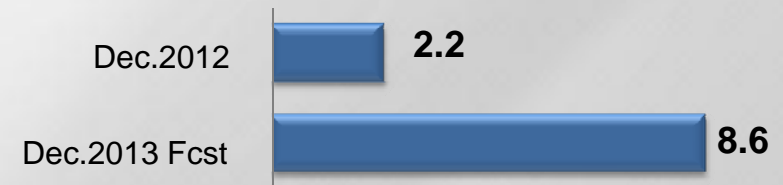


US\$ 178 million were repaid during April 2013 with the bonds proceeds.

## Net Debt to EBITDA ratio



## Average Debt maturity (years)



# Agenda

**1**

**Business and Financial Highlights**

**2**

**Operational Performance**

**3**

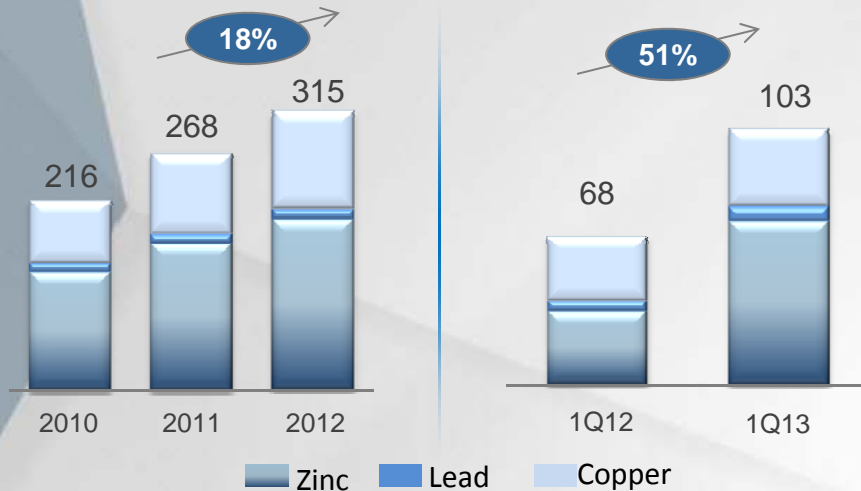
**Closing Remarks**

# Cerro Lindo

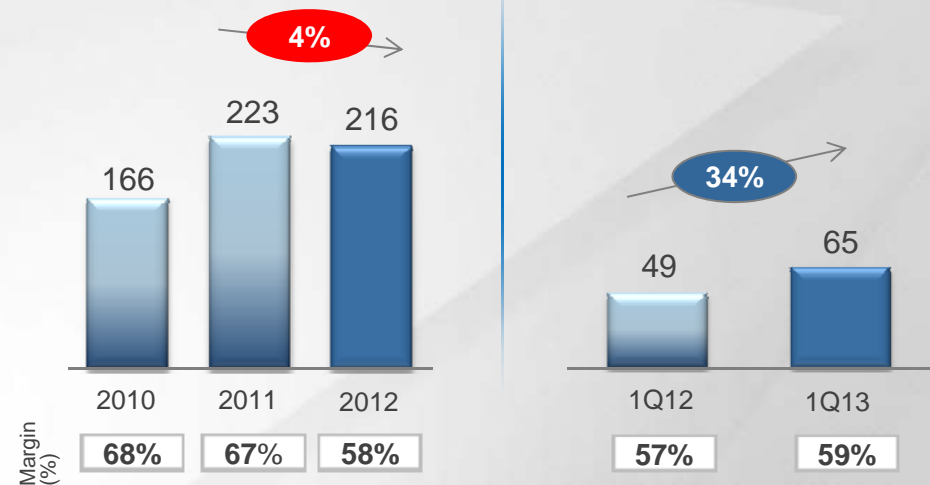


64% of Milpo's revenues

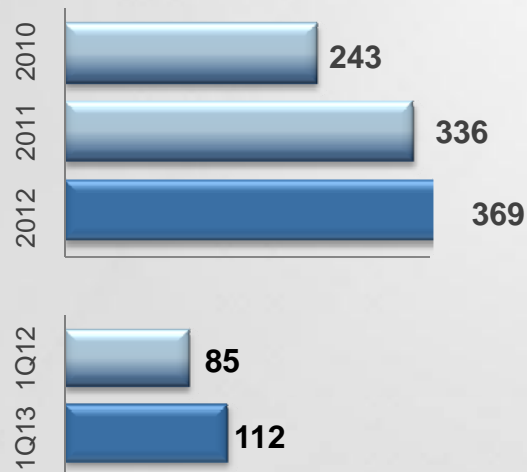
## Production (thousand tonnes)



## EBITDA (US\$ million)



## Revenues (US\$ million)



## 1Q13 vs. 1Q12 Highlights

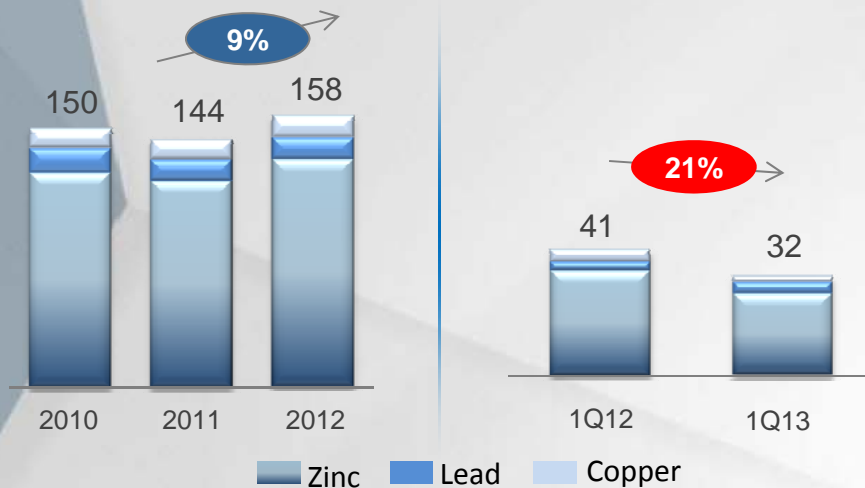
- Increased production due to the execution and completion of the 15k tpd project.
- 1.2 million tonnes of treated ore in 1Q13 from 0.9 million tonnes in 1Q12, a 40% increase.
- Higher production of the three concentrates, 51% above that of 1Q12.
- Revenues increased by 32% due to higher production levels and in spite of lower metal prices.
- EBITDA increased by 34% due to the higher revenues.

# El Porvenir

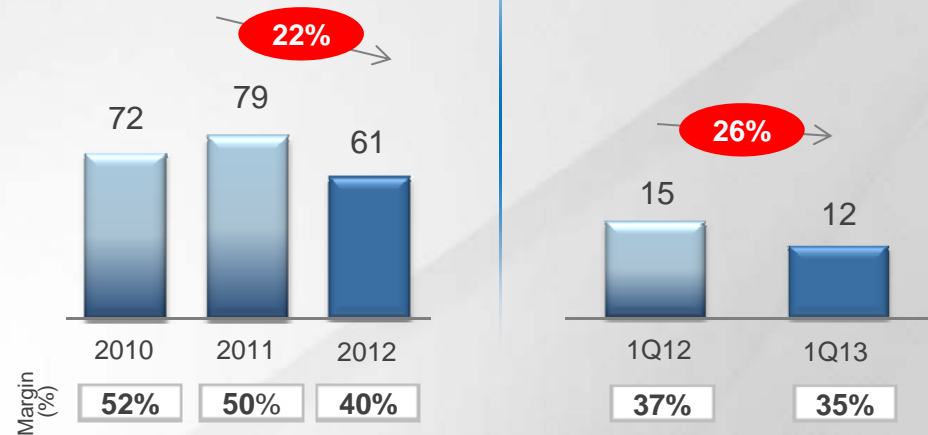


## 20% of Milpo's revenues

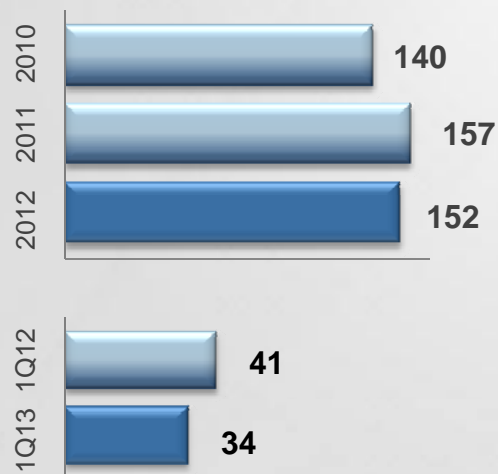
### Production (thousand tonnes)



### EBITDA (US\$ million)



### Revenues (US\$ million)



### 1Q13 vs. 1Q12 Highlights

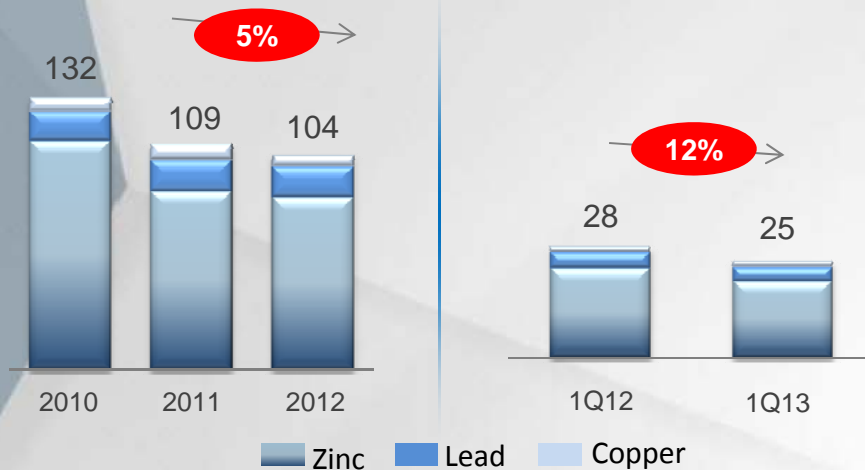
- 442 thousand tonnes of treated ore in 1Q13 from 479 thousand tonnes in 1Q12, a 8% decrease due to the planned activities oriented to give greater stability to the operations at deeper levels in the underground mine.
- In spite of the lower ore treated, the lead concentrate production increased by 34% due to higher ore grades. However, zinc and copper production decreased in 1Q13.
- Revenues decreased by 17% to US\$ 34 million in 1Q13 from US\$ 41 million in 1Q12 due to lower production levels.
- EBITDA decreased by 26% to US\$ 12 million in 1Q13 from US\$ 15 million in 1Q12 due to the lower revenues.

# Atacocha

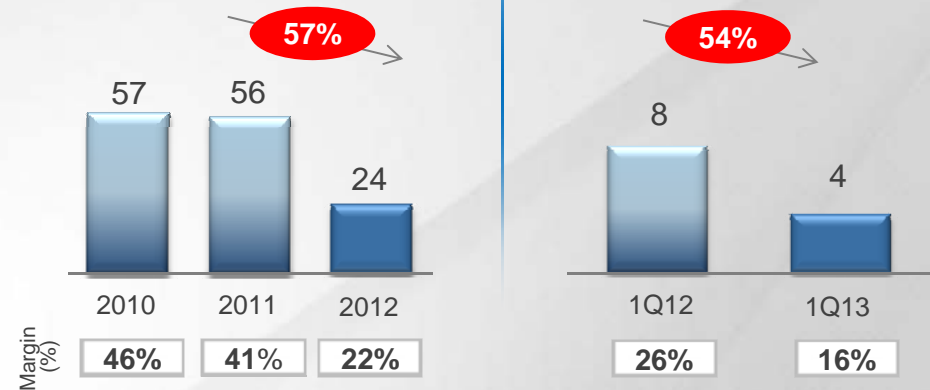


## 14% of Milpo's revenues

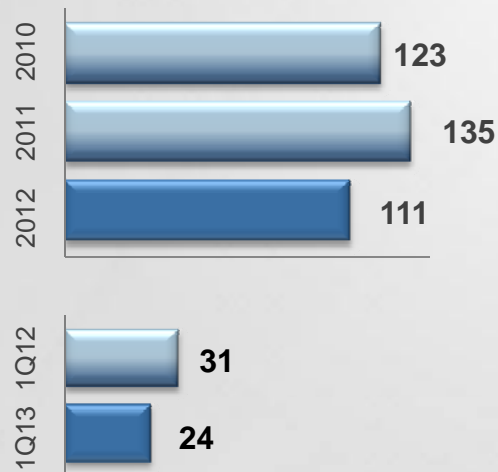
### Production (thousand tonnes)



### EBITDA (US\$ million)



### Revenues (US\$ million)



### 1Q13 vs 1Q12 Highlights

- 350 thousand tonnes of treated ore in 1Q13 from 371 thousand tonnes in 1Q12, a 6% decrease due to the development of new areas with higher grades.
- In spite of lower ore treated, the copper concentrate production increased by 18% due to higher ore grades. However, zinc and lead production decreased in 1Q13.
- Revenues decreased by 23% to US\$ 24 million in 1Q13 from US\$ 31 million in 1Q12 due to lower zinc and lead production levels and lower metal prices.
- Even though Atacocha had similar costs to those of 1Q12, the lower revenues impacted its EBITDA, which decreased by 54% to US\$ 4 million in 1Q13 from US\$ 8 million in 1Q12.

# Outlook 2013

## Price Evolution (Quarter Average)

1Q12	2Q12	3Q12	4Q12	1Q13	CURRENT PRICE	2013 FCST
------	------	------	------	------	---------------	-----------

ZINC

US\$/ton

2,024 1,928 1,889 1,951 2,033 1,847 1,983

COPPER

US\$/ton <sup>(1)</sup>

8,299 7,863 7,714 7,825 7,928 7,311 7,555

SILVER

US\$/oz <sup>(1)</sup>

33 30 30 33 30 24 26

## HIGHLIGHTS

- Currently, both copper and zinc markets are in Surplus which has had an impact on their price level.

- For the second half of 2013, we expect a price recovery for both metals but not to their previous levels.

- With regards to silver, we are adopting a conservative view given current price levels and uncertain economic outlook.

# Agenda

**1**

**Business and Financial Highlights**

**2**

**Operational Performance**

**3**

**Closing Remarks**

# Closing Remarks

---

- 2013 production levels higher than those of 2012 due to higher Cerro Lindo's production and in spite of the suspension of the Ivan and Chapi units.
- Higher EBITDA margins in 2013 due to the increased production and the higher profitability of operating units.
- Investments focused on greenfield projects (Magistral, Hilarión and Pukaqqa) and on sustaining projects at operating units, suited to market conditions.
- Improved debt profile due to Milpo's bonds issuance.
- Strong liquidity position and conservative financial policies allowing the company to respond to current LME prices variations.

# Q & A