

SOUTHERN COPPER CORP/
Form 10-Q
November 05, 2010
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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**QUARTERLY REPORT PURSUANT TO SECTION 13 OR
15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended: September 30, 2010

or

o

**TRANSITION REPORT PURSUANT TO SECTION 13 OR
15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 1-14066

SOUTHERN COPPER CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or
organization)

13-3849074

(I.R.S. Employer Identification No.)

11811 North Tatum Blvd. Suite 2500 Phoenix, AZ
(Address of principal executive offices)

85028
(Zip Code)

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Registrant's telephone number, including area code: **(602) 494-5328**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

As of October 29, 2010 there were outstanding 850,000,000 shares of Southern Copper Corporation common stock, par value \$0.01 per share.

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Southern Copper Corporation (SCC)

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Exhibit 32.2

Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Exhibit 101

Financial statements for the three and nine months ended September 30, 2010 Formatted in XBRL: (i) the Condensed Consolidated Statement of Earnings, (ii) the Condensed Consolidated Balance Sheet, (iii) the Condensed Consolidated Statement of Cash Flows, and (iv) the Notes to Condensed Consolidated Financial Statements, tagged as blocks of text.

Submitted electronically with this report

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PART I FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

Southern Copper Corporation

CONDENSED CONSOLIDATED STATEMENT OF EARNINGS

(Unaudited)

	3 Months Ended September 30,		9 Months Ended September 30,	
	2010	2009	2010	2009
	(in thousands, except per share amounts)			
Net sales	\$ 1,257,864	\$ 1,151,769	\$ 3,650,509	\$ 2,598,276
Operating costs and expenses:				
Cost of sales (exclusive of depreciation, amortization and depletion shown separately below)	542,503	529,893	1,563,998	1,324,824
Selling, general and administrative	21,262	23,804	64,944	60,697
Depreciation, amortization and depletion	82,330	82,266	242,074	239,202
Exploration	8,871	7,075	27,401	17,498
Total operating costs and expenses	654,966	643,038	1,898,417	1,642,221
Operating income	602,898	508,731	1,752,092	956,055
Interest expense	(49,816)	(25,126)	(118,654)	(74,402)
Capitalized interest		(3,287)		2,156
Gain on derivative instruments		(37)		4,144
Other income (expense)	(9,180)	760	(14,236)	2,628
Interest income	2,015	845	5,395	6,018
Income before income taxes	545,917	481,886	1,624,597	896,599
Income taxes	178,717	167,661	556,859	327,099
Net income	367,200	314,225	1,067,738	569,500
Less: Net income attributable to the non-controlling interest	2,029	1,774	5,936	3,389
Net income attributable to SCC	\$ 365,171	\$ 312,451	\$ 1,061,802	\$ 566,111
Per common share amounts:				
Net income attributable to SCC - basic and diluted	\$ 0.43	\$ 0.37	\$ 1.25	\$ 0.67
Dividends paid to SCC common shareholders	\$ 0.37	\$ 0.10	\$ 1.25	\$ 0.26
Weighted average common shares outstanding - basic and diluted	850,000	850,009	850,000	850,929

The accompanying notes are an integral part of these condensed consolidated financial statements.

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Southern Copper Corporation

CONDENSED CONSOLIDATED BALANCE SHEET

(Unaudited)

	September 30, 2010	December 31, 2009
	(in thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,236,698	\$ 772,306
Short-term investments	59,379	22,948
Accounts receivable trade, less allowance for doubtful accounts (2010 - \$-; 2009 - \$4,614)	391,796	407,979
Accounts receivable other (including related parties 2010 - \$3,020; 2009 - \$4,598)	46,520	31,971
Inventories	430,397	456,122
Deferred income tax	33,685	19,672
Other current assets	64,592	67,131
Total current assets	3,263,067	1,778,129
Property, net	4,042,592	3,969,558
Leachable material, net	76,105	107,262
Intangible assets, net	115,273	113,840
Deferred income tax	48,124	52,670
Other assets	66,261	41,113
Total assets	\$ 7,611,422	\$ 6,062,572
LIABILITIES		
Current liabilities:		
Current portion of long-term debt	\$ 10,000	\$ 10,000
Accounts payable	219,955	283,344
Accrued income taxes	176,019	91,359
Due to related parties	4,145	359
Accrued workers participation	174,708	150,692
Accrued interest	63,334	39,795
Other accrued liabilities	29,070	26,876
Total current liabilities	677,231	602,425
Long-term debt	2,755,263	1,270,252
Deferred income taxes	100,163	143,508
Non-current taxes payable	31,689	26,201
Other liabilities and reserves	91,203	77,607
Asset retirement obligation	60,144	48,925
Total non-current liabilities	3,038,462	1,566,493
Commitments and Contingencies (Note M)		
STOCKHOLDERS EQUITY		
Common stock	8,846	8,846
Additional paid-in capital	1,029,573	1,013,326
Retained earnings	3,469,232	3,469,930

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Accumulated other comprehensive loss	(13,060)	(13,061)
Treasury stock	(618,064)	(603,413)
Total SCC stockholders' equity	3,876,527	3,875,628
Non-controlling interest	19,202	18,026
Total equity	3,895,729	3,893,654
Total liabilities and equity	\$ 7,611,422	\$ 6,062,572

The accompanying notes are an integral part of these condensed consolidated financial statements.

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Southern Copper Corporation

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)

	3 Months Ended September 30,		9 Months Ended September 30,	
	2010	2009	2010	2009
	(in thousands)			
OPERATING ACTIVITIES				
Net income	\$ 367,200	\$ 314,225	\$ 1,067,738	\$ 569,500
Adjustments to reconcile net earnings to net cash provided from operating activities:				
Depreciation, amortization and depletion	82,330	82,266	242,074	239,202
Loss (gain) on currency translation effect	6,282	(3,786)	13,888	9,599