



1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	© VALUE LINE PUB. LLC	14-16
--	1.57	1.69	1.31	1.22	1.48	1.37	1.38	1.66	3.58	4.66	6.18	6.89	5.67	4.39	6.06	<b>8.20</b>	<b>8.50</b>	Sales per sh	<b>12.20</b>
--	.46	.48	.26	.22	.36	.26	.29	.40	1.39	1.90	2.62	2.88	2.03	1.47	2.21	<b>3.35</b>	<b>3.55</b>	"Cash Flow" per sh	<b>4.75</b>
--	.38	.39	.13	.06	.19	.10	.14	.25	1.24	1.59	2.31	2.51	1.60	1.09	1.83	<b>2.95</b>	<b>3.10</b>	Earnings per sh <sup>A</sup>	<b>4.25</b>
--	.25	.21	.09	.03	.06	.06	.06	.09	.40	.97	1.71	2.27	1.94	.44	1.68	<b>2.38</b>	<b>1.86</b>	Div'ds Decl'd per sh <sup>B</sup>	<b>2.15</b>
--	.25	.38	.54	.52	.27	.34	.16	.10	.36	.53	.52	.36	.60	.49	.48	<b>.95</b>	<b>2.40</b>	Cap'l Spending per sh	<b>.50</b>
--	2.11	2.28	2.31	2.35	2.48	2.52	2.59	2.74	3.59	3.77	4.15	4.36	3.96	4.56	4.58	<b>4.85</b>	<b>5.50</b>	Book Value per sh	<b>9.75</b>
--	481.11	481.39	479.10	480.12	480.01	480.02	480.05	480.08	478.86	883.37	883.38	883.40	854.90	850.00	850.00	<b>840.00</b>	<b>835.00</b>	Common Shs Outst'g <sup>C</sup>	<b>820.00</b>
--	7.0	7.5	16.4	35.9	11.5	20.4	15.9	14.2	5.5	5.5	6.6	12.5	17.2	22.0	18.6	<b>Bold figures are Value Line estimates</b>		Avg Ann'l P/E Ratio	<b>12.0</b>
--	.44	.43	.85	2.05	.75	1.05	.87	.81	.29	.29	.36	.66	1.04	1.47	1.19			Relative P/E Ratio	<b>.80</b>
--	9.3%	7.3%	4.0%	1.1%	2.6%	2.9%	2.6%	2.6%	5.8%	11.0%	11.2%	7.2%	7.1%	1.8%	4.9%			Avg Ann'l Div'd Yield	<b>4.2%</b>

CAPITAL STRUCTURE as of 6/30/11				2009	2010	6/30/11												2009	2010	6/30/11																																																																																																																																																																																																																					
Total Debt \$2750.4 mill. Due in 5 Yrs \$230.0 mill.				657.5	664.7	798.4	1715.9	4112.6	5460.2	6085.7	4850.8	3734.3	5149.5	<b>6875</b>	<b>7100</b>	Sales (\$mill)	<b>10000</b>	LT Debt \$2740.4 mill. LT Interest \$195.0 mill.				25.2%	28.1%	36.4%	58.1%	57.7%	61.0%	62.9%	52.9%	49.1%	57.5%	<b>63.0%</b>	<b>65.0%</b>	Operating Margin	<b>60.0%</b>	(Total interest coverage: 18.2x) (41% of Cap'l)				76.3	67.8	73.6	69.6	277.2	275.1	327.9	327.3	322.6	323.2	<b>330</b>	<b>340</b>	Depreciation (\$mill)	<b>380</b>	Leases, Uncapitalized Annual rentals \$17.0 mill.				48.7	69.1	120.8	596.8	1400.1	2037.6	2216.4	1406.6	929.4	1554.1	<b>2500</b>	<b>2605</b>	Net Profit (\$mill)	<b>3505</b>	Pension Assets-12/10 \$62.9 mill. Oblig. \$25.2 mill.				30.9%	36.4%	41.1%	34.4%	29.5%	31.9%	34.7%	32.4%	33.5%	35.7%	<b>34.0%</b>	<b>35.5%</b>	Income Tax Rate	<b>35.0%</b>	Pfd Stock None				7.4%	10.4%	15.1%	34.8%	34.0%	37.3%	36.4%	29.0%	24.9%	30.2%	<b>36.3%</b>	<b>36.7%</b>	Net Profit Margin	<b>35.1%</b>	Common Stock 845,400,000 shs.				205.7	210.1	288.8	552.1	918.8	1583.3	1708.3	816.2	1175.7	2564.0	<b>2565</b>	<b>1800</b>	Working Cap'l (\$mill)	<b>3875</b>	MARKET CAP: \$20.3 billion (Large Cap)				273.1	299.0	289.0	256.7	1162.1	1518.1	1289.8	1280.0	1270.3	2750.4	<b>2800</b>	<b>2850</b>	Long-Term Debt (\$mill)	<b>2925</b>	CURRENT POSITION				1209.5	1241.4	1315.4	1720.9	3326.1	3666.6	3848.1	3381.3	3875.6	3890.4	<b>4050</b>	<b>4600</b>	Shr. Equity (\$mill)	<b>7975</b>	CASH ASSETS				4.9%	5.1%	8.1%	30.6%	32.4%	40.4%	44.3%	31.3%	19.0%	24.7%	<b>38.0%</b>	<b>36.0%</b>	Return on Total Cap'l	<b>33.0%</b>	RECEIVABLES				4.0%	5.6%	9.2%	34.7%	42.1%	55.6%	57.6%	41.6%	24.0%	39.9%	<b>62.0%</b>	<b>57.0%</b>	Return on Shr. Equity	<b>44.0%</b>	INVENTORY				1.6%	3.8%	5.7%	23.6%	16.4%	14.4%	5.6%	NMF	14.3%	3.2%	<b>12.0%</b>	<b>23.0%</b>	Retained to Com Eq	<b>22.0%</b>	OTHER				59%	31%	38%	32%	61%	74%	90%	NMF	40%	92%	<b>81%</b>	<b>60%</b>	All Div'ds to Net Prof	<b>51%</b>
LT Debt \$2740.4 mill. LT Interest \$195.0 mill.				25.2%	28.1%	36.4%	58.1%	57.7%	61.0%	62.9%	52.9%	49.1%	57.5%	<b>63.0%</b>	<b>65.0%</b>	Operating Margin	<b>60.0%</b>	(Total interest coverage: 18.2x) (41% of Cap'l)				76.3	67.8	73.6	69.6	277.2	275.1	327.9	327.3	322.6	323.2	<b>330</b>	<b>340</b>	Depreciation (\$mill)	<b>380</b>	Leases, Uncapitalized Annual rentals \$17.0 mill.				48.7	69.1	120.8	596.8	1400.1	2037.6	2216.4	1406.6	929.4	1554.1	<b>2500</b>	<b>2605</b>	Net Profit (\$mill)	<b>3505</b>	Pension Assets-12/10 \$62.9 mill. Oblig. \$25.2 mill.				30.9%	36.4%	41.1%	34.4%	29.5%	31.9%	34.7%	32.4%	33.5%	35.7%	<b>34.0%</b>	<b>35.5%</b>	Income Tax Rate	<b>35.0%</b>	Pfd Stock None				7.4%	10.4%	15.1%	34.8%	34.0%	37.3%	36.4%	29.0%	24.9%	30.2%	<b>36.3%</b>	<b>36.7%</b>	Net Profit Margin	<b>35.1%</b>	Common Stock 845,400,000 shs.				205.7	210.1	288.8	552.1	918.8	1583.3	1708.3	816.2	1175.7	2564.0	<b>2565</b>	<b>1800</b>	Working Cap'l (\$mill)	<b>3875</b>	MARKET CAP: \$20.3 billion (Large Cap)				273.1	299.0	289.0	256.7	1162.1	1518.1	1289.8	1280.0	1270.3	2750.4	<b>2800</b>	<b>2850</b>	Long-Term Debt (\$mill)	<b>2925</b>	CURRENT POSITION				1209.5	1241.4	1315.4	1720.9	3326.1	3666.6	3848.1	3381.3	3875.6	3890.4	<b>4050</b>	<b>4600</b>	Shr. Equity (\$mill)	<b>7975</b>	CASH ASSETS				4.9%	5.1%	8.1%	30.6%	32.4%	40.4%	44.3%	31.3%	19.0%	24.7%	<b>38.0%</b>	<b>36.0%</b>	Return on Total Cap'l	<b>33.0%</b>	RECEIVABLES				4.0%	5.6%	9.2%	34.7%	42.1%	55.6%	57.6%	41.6%	24.0%	39.9%	<b>62.0%</b>	<b>57.0%</b>	Return on Shr. Equity	<b>44.0%</b>	INVENTORY				1.6%	3.8%	5.7%	23.6%	16.4%	14.4%	5.6%	NMF	14.3%	3.2%	<b>12.0%</b>	<b>23.0%</b>	Retained to Com Eq	<b>22.0%</b>	OTHER				59%	31%	38%	32%	61%	74%	90%	NMF	40%	92%	<b>81%</b>	<b>60%</b>	All Div'ds to Net Prof	<b>51%</b>																		
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Pfd Stock None				7.4%	10.4%	15.1%	34.8%	34.0%	37.3%	36.4%	29.0%	24.9%	30.2%	<b>36.3%</b>	<b>36.7%</b>	Net Profit Margin	<b>35.1%</b>	Common Stock 845,400,000 shs.				205.7	210.1	288.8	552.1	918.8	1583.3	1708.3	816.2	1175.7	2564.0	<b>2565</b>	<b>1800</b>	Working Cap'l (\$mill)	<b>3875</b>	MARKET CAP: \$20.3 billion (Large Cap)				273.1	299.0	289.0	256.7	1162.1	1518.1	1289.8	1280.0	1270.3	2750.4	<b>2800</b>	<b>2850</b>	Long-Term Debt (\$mill)	<b>2925</b>	CURRENT POSITION				1209.5	1241.4	1315.4	1720.9	3326.1	3666.6	3848.1	3381.3	3875.6	3890.4	<b>4050</b>	<b>4600</b>	Shr. Equity (\$mill)	<b>7975</b>	CASH ASSETS				4.9%	5.1%	8.1%	30.6%	32.4%	40.4%	44.3%	31.3%	19.0%	24.7%	<b>38.0%</b>	<b>36.0%</b>	Return on Total Cap'l	<b>33.0%</b>	RECEIVABLES				4.0%	5.6%	9.2%	34.7%	42.1%	55.6%	57.6%	41.6%	24.0%	39.9%	<b>62.0%</b>	<b>57.0%</b>	Return on Shr. Equity	<b>44.0%</b>	INVENTORY				1.6%	3.8%	5.7%	23.6%	16.4%	14.4%	5.6%	NMF	14.3%	3.2%	<b>12.0%</b>	<b>23.0%</b>	Retained to Com Eq	<b>22.0%</b>	OTHER				59%	31%	38%	32%	61%	74%	90%	NMF	40%	92%	<b>81%</b>	<b>60%</b>	All Div'ds to Net Prof	<b>51%</b>																																																																																										
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**BUSINESS:** Southern Copper Corp. is a leading integrated producer of copper, molybdenum, zinc, and silver, with mining, smelting, and refining facilities in Peru and Mexico. Principal oper. involve mining, milling, and flotation of copper ore to produce copper concentrates; smelting of copper concentrates to produce blister copper; and refining of blister copper to produce copper cathodes.

Acqd. Minera Mexico, 4/05. The company is an indirect subsidiary of Grupo Mexico, which, through its wholly owned Americas Mining Corporation, owns about 80.0% of the capital stock. Has about 11,125 empl. Chrmn: German Larrea Mota-Velasco. Inc. DE. Addr.: 1440 E. Missouri Avenue, Suite C-175, Phoenix, AZ 85014. Tel.: (602) 264-1375. Internet: www.southerncoppercorp.com.

**We've pared our earnings estimates for Southern Copper**, largely to reflect more challenging operating conditions. Namely, there's increasing concern of global economic contraction against a backdrop of widespread sovereign debt issues. As a result, copper prices have turned sharply lower, from a high of over \$4.50 a pound earlier in the year, to just around \$3.00 a pound most recently. Overall, we've cut our 2011 share-net estimate by \$0.20, to \$2.95.

**Still, the company remains on track to have a good year.** Improved earnings reflect higher metal prices through the first three quarters, as well as restored production at its Buenavista mine in Mexico. Our revised 2011 estimates still represent a greater-than-60% improvement over last year's results. Under the assumption that there's no double-dip recession in the U.S., and the rest of the world holds up well enough, higher production and modestly wider margins should result in some earnings improvement next year, despite a \$0.65 cut in our share-net estimate.

**Large expansion projects remain in the works.** The company has earmarked around \$6.3 billion for capacity programs at its Mexican and Peruvian operations that would increase annual production by some 35% by 2013, to 850,000 tons of copper. There was some initial concern that Peru's new administration would impose higher royalties and taxes on miners (of which Southern Copper is the country's largest). This issue seems to have gone on the back burner, however, as management appears confident that Peru will strive to remain competitive.

**Patient investors will want to give these shares some consideration.** The stock has recently taken a hit over macro-economic concerns, leaving the share price down by more than half from its high earlier in the year. While there may be further declines over the near term, the current quotation leaves considerable upside potential for accounts able to withstand larger-than-average market gyrations. Also, the dividend yield is now quite tempting and could serve to ease the wait for an eventual recovery. But new investors should note that the dividend payout varies quarterly, reflecting profit trends.

*Mario Ferro*  
October 14, 2011

(A) Diluted earnings. Next earnings report due late January. Earnings may not sum due to rounding.	(B) Dividends historically paid early March, June, September, and December.	(C) In millions, adjusted for splits.	Company's Financial Strength	A+
			Stock's Price Stability	25
			Price Growth Persistence	100
			Earnings Predictability	45