Morgan Stanley | RESEARCH

UPDATE

*October 23, 2026 03:59 AM GMT*

## Southern Copper Corp. | Latin America

# Risk Reward Update

**WHAT'S CHANGED**

| Southern Copper Corp. (SCCO.N) | From | To |
|---|---|---|
| Price Target | US$170.00 | **US$175.00** |
| Bull Case | US$266.00 | **US$267.00** |
| Base Case | US$170.00 | **US$175.00** |
| Bear Case | US$107.00 | **US$113.00** |

**Updated Components**

EPS

Bull Base Bear Scenarios

## Risk Reward for Southern Copper Corp. (SCCO.N) has been updated

**Reason for change**

We are updating our estimates after 3Q26 results.


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**Southern Copper Corp. (SCCO.N, SCCO UN)**

**Latin America Metals & Mining | Peru**

| | |
|---|---|
| **Stock Rating** | **Underweight** |
| **Industry View** | **No Rating** |
| **Price target** | **US$175.00** |
| Shr price, close (Oct 22, 2026) | US$183.59 |
| 52-Week Range | US$220.39-116.02 |

| Fiscal Year Ending | 12/25 | 12/26e | 12/27e | 12/28e |
|---|---|---|---|---|
| EPS (US$)** | 5.32 | 8.27 | 7.86 | 6.21 |
| Prior EPS (US$)** | - | 8.01 | 7.37 | 6.19 |

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework

** = Based on consensus methodology

e = Morgan Stanley Research estimates


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refer to the Disclosure Section, l
report.**




# Risk Reward – Southern Copper Corp. (SCCO.N)

Full Valuation

## PRICE TARGET US$175.00

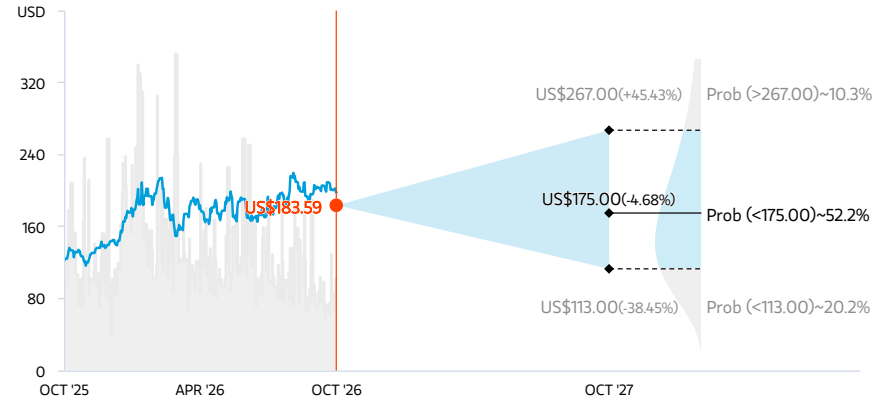
Our mid-2027 PT is based on a 14.2x EV/EBITDA multiple, 1.0 std. dev. above the 5-year average, applied to our 2H27–1H28e EBITDA.

**Consensus Price Target Distribution** US$138.05 — US$175.25 (MS PT) — US$275.00

Source: Refinitiv, Morgan Stanley Research

◆ Mean ◆ Morgan Stanley Estimates

## RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)




Key: Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 22 Oct 2026. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology here

## UNDERWEIGHT THESIS

We are Underweight SCCO on valuation and downside to our price target. It is a high-quality, low-cost pure copper play, but the stock trades well above its 5-year averages of 11.7x EV/EBITDA and 21.1x P/E on both our 2027 and 2028 estimates. While copper production declines through 2027 and only recovers from 2028 on, as Tía María ramps up but with minimum growth.

**Consensus Rating Distribution**

7% Overweight
36% Equal-weight
57% Underweight
● MS Rating

Source: Refinitiv, Morgan Stanley Research

**Risk Reward Themes**

**Electric Vehicles:** *Positive*
**Technology Diffusion:** *Positive*

View descriptions of Risk Rewards Themes here

## BULL CASE US$267.00

**15.5x on 2H27-1H28e Bull EBITDA**

**LME copper averages $7.75/lb in 2027e.** Tía María ramps up faster. Local opposition to new mining projects in Peru decreases. SCCO implements most of its expansion plans, including Los Chancas, Michiquillay, and El Arco.

## BASE CASE US$175.00

**14.2x on 2H27-1H28e Base EBITDA**

**LME copper averages $6.20/lb in 2027e.** Copper production is 916kt in 2027 at a cash cost of $2.33/lb before by-products. Tía María starts production in late 2027 and El Pilar in 2029.

## BEAR CASE US$113.00

**11.7x on 2H27-1H28e Bear EBITDA**

**LME copper averages $5.27/lb in 2027e** as a US mild recession weakens metals demand. Tía María and El Pilar are not developed.

# Risk Reward – Southern Copper Corp. (SCCO.N)

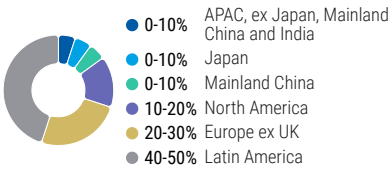
## KEY EARNINGS INPUTS

| Drivers | Dec 2025 | Dec 2026e | Dec 2027e | Dec 2028e |
|---|---|---|---|---|
| Copper LME per lb (US$) | 4.56 | 6.24 | 6.20 | 5.81 |
| Copper operating cash cost ex. by-products per lb (US$) | 2.17 | 2.38 | 2.33 | 2.27 |
| Copper production vol (Kt) | 956 | 922 | 916 | 935 |
| Moly Production vol (Kt) | 31.15 | 29.78 | 27.88 | 16.23 |
| Molybdenum price per lb (US$) | 22.04 | 29.85 | 30.75 | 25.00 |

## INVESTMENT DRIVERS

- Copper and by-product metals prices
- Delivery of growth projects
- Ability to maintain low production costs

## GLOBAL REVENUE EXPOSURE




Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies here

## MS ALPHA MODELS

| | | | |
|---|---|---|---|
| 2/5 **BEST** | 24 Month Horizon | 2/5 **MOST** | 3 Month Horizon |

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

## RISKS TO PT/RATING

**RISKS TO UPSIDE**

- Higher copper or by-product prices
- Faster Tía María ramp-up
- Production above guidance
- Faster permitting for new projects in Peru and Mexico

**RISKS TO DOWNSIDE**

- Lower copper or by-product prices
- Delays at Tía María or El Pilar
- Higher energy, fuel, and freight costs
- Labor disruptions or social unrest in Peru
- Higher mining taxes or royalties

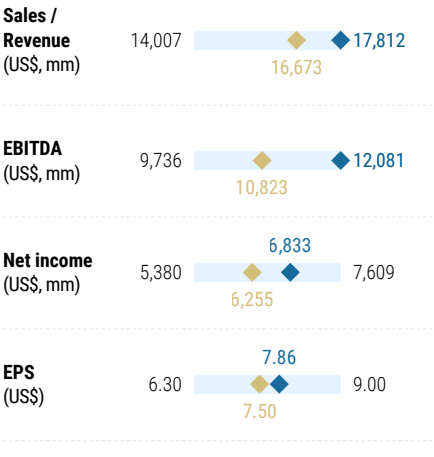
## OWNERSHIP POSITIONING

| | |
|---|---|
| **Inst. Owners, % Active** | 63% |
| **HF Sector Long/Short Ratio** | 1.8x |
| **HF Sector Net Exposure** | 4.2% |

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure – Short Exposure).

## MS ESTIMATES VS. CONSENSUS

*FY Dec 2027e*




Source: Refinitiv, Morgan Stanley Research

# Risk Reward Reference links

1. View explanation of Options Probabilities methodology - Options_Probabilities_Exhibit_Link.pdf

2. View descriptions of Risk Rewards Themes - RR_Themes_Exhibit_Link.pdf

3. View explanation of regional hierarchies - GEG_Exhibit_Link.pdf

4. View explanation of Theme/Exposure methodology - ESG_Sustainable_Solutions_External_Link.pdf

5. View explanation of HERS methodology - ESG_HERS_External_Link.pdf

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(as of September 30, 2026)

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| | Coverage Universe | | Investment Banking Clients (IBC) | | | Other Material Investment Services Clients (MISC) | |
|---|---|---|---|---|---|---|---|
| Stock Rating Category | Count | % of Total | Count | % of Total IBC | % of Rating Category | Count | % of Total Other MISC |
| Overweight/Buy | 1599 | 43% | 455 | 48% | 28% | 783 | 44% |
| Equal-weight/Hold | 1563 | 42% | 394 | 42% | 25% | 763 | 43% |
| Not-Rated/Hold | 2 | 0% | 1 | 0% | 50% | 1 | 0% |
| Underweight/Sell | 570 | 15% | 96 | 10% | 17% | 227 | 13% |
| Total | 3,734 | | 946 | | | 1774 | |

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

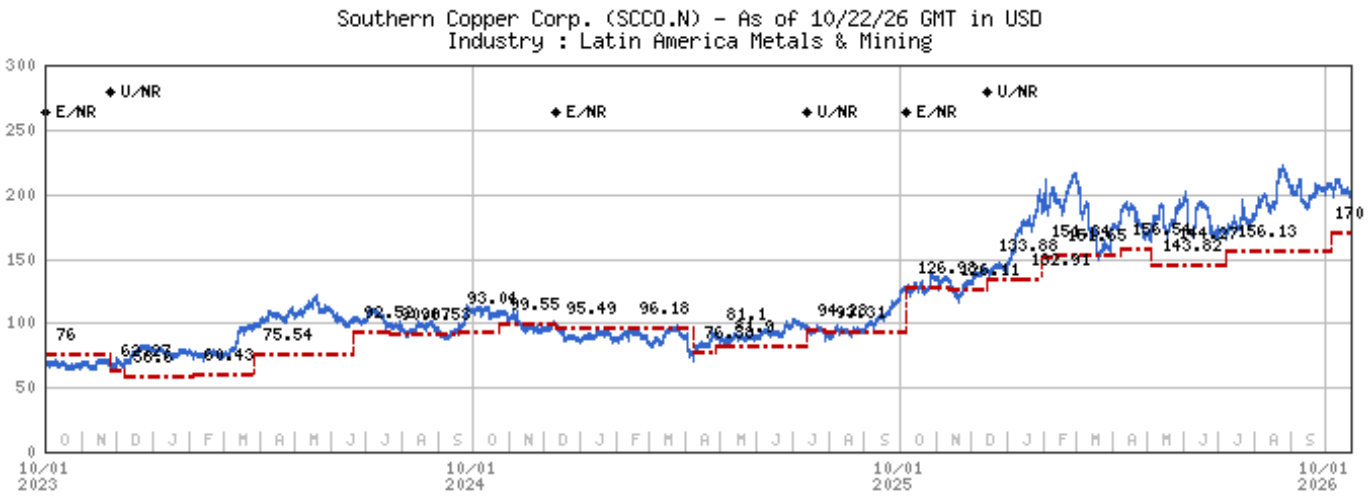
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## Stock Price, Price Target and Rating History (See Rating Definitions)




Stock Rating History: 10/1/21 : U/NR; 12/8/21 : E/NR; 3/23/22 : U/NR; 9/15/22 : E/NR; 11/7/22 : O/NR; 3/29/23 : E/NR; 11/26/23 : U/NR; 12/11/24 : E/NR; 7/14/25 : U/NR; 10/7/25 : E/NR; 12/15/25 : U/NR

Price Target History: 7/27/21 : 50.36; 3/23/22 : 57.69; 5/3/22 : 60.43; 6/22/22 : 47.62; 7/27/22 : 46.7; 9/15/22 : 50.36; 11/7/22 : 49.45; 12/8/22 : 59.52; 2/8/23 : 64.1; 5/2/23 : 61.35; 6/21/23 : 67.76; 7/31/23 : 66.84; 9/20/23 : 76; 11/26/23 : 62.27; 12/7/23 : 58.6; 2/5/24 : 60.43; 3/27/24 : 75.54; 6/20/24 : 92.52; 7/22/24 : 90.67; 8/9/24 : 90.53; 9/18/24 : 93.04; 10/23/24 : 99.55; 12/11/24 : 95.49; 2/12/25 : 96.18; 4/8/25 : 76.38; 4/27/25 : 81.1; 5/4/25 : 81.9; 7/14/25 : 94.28; 7/29/25 : 93.31; 10/7/25 : 126.98; 11/12/25 : 126.11; 12/15/25 : 133.88; 1/12/26 : 132.91; 1/30/26 : 151.34; 2/12/26 : 151.65; 4/8/26 : 156.54; 5/4/26 : 143.82; 5/18/26 : 144.27; 7/8/26 : 156.13; 10/6/26 : 170

Source: Morgan Stanley Research  Date Format : MM/DD/YY  Price Target  No Price Target Assigned (NA)

Stock Price (Not Covered by Current Analyst)  Stock Price (Covered by Current Analyst)

Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View

Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)

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## INDUSTRY COVERAGE: Latin America Metals & Mining

| COMPANY (TICKER) | RATING (AS OF) | PRICE* (10/22/2026) |
|---|---|---|
| **Carlos De Alba** | | |
| CAP S.A. (CAP.SN) | U (04/08/2025) | Ch$4,479.00 |
| Compania de Minas Buenaventura S.A. (BVN.N) | O (06/20/2024) | US$28.49 |
| CSN Mineracao (CMIN3.SA) | U (05/26/2025) | R$4.94 |
| Grupo Mexico S.A.B. de C.V. (GMEXICOB.MX) | E (10/13/2025) | M$231.36 |
| Industrias Penoles S.A.B. de C.V. (PEOLES.MX) | O (04/08/2026) | M$856.33 |
| Nexa Resources SA (NEXA.N) | O (10/06/2026) | US$11.16 |
| Southern Copper Corp. (SCCO.N) | U (12/15/2025) | US$183.59 |
| Vale (VALE.N) | E (07/08/2026) | US$12.20 |

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* Historical prices are not split adjusted.

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