

# Freeport-McMoRan Reports Third-Quarter and Nine-Month 2017 Results

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[Freeport-McMoRan Inc.](#) (NYSE: FCX):

- Net income attributable to common stock totaled \$280 million, \$0.19 per share, for third-quarter 2017. After adjusting for net charges of \$212 million, \$0.15 per share, third-quarter 2017 adjusted net income attributable to common stock totaled \$492 million, \$0.34 per share.
- Consolidated sales totaled 932 million pounds of copper, 355 thousand ounces of gold and 22 million pounds of molybdenum for third-quarter 2017.
- Consolidated sales for the year 2017 are expected to approximate 3.7 billion pounds of copper, 1.6 million ounces of gold and 94 million pounds of molybdenum, including 1.0 billion pounds of copper, 625 thousand ounces of gold and 23 million pounds of molybdenum for fourth-quarter 2017.
- Average realized prices were \$2.94 per pound for copper, \$1,290 per ounce for gold and \$9.22 per pound for molybdenum for third-quarter 2017.
- Average unit net cash costs were \$1.21 per pound of copper for third-quarter 2017 and are expected to average \$1.19 per pound of copper for the year 2017.
- Operating cash flows totaled \$1.2 billion (including \$45 million in working capital sources and changes in tax payments) for third-quarter 2017 and \$3.0 billion (including \$0.4 billion in working capital sources and changes in tax payments) for the first nine months of 2017. Based on current sales volume and cost estimates, and assuming average prices of \$3.00 per pound for copper, \$1,300 per ounce for gold and \$8.00 per pound for molybdenum for fourth-quarter 2017, operating cash flows for the year 2017 are expected to approximate \$4.3 billion (including \$0.5 billion in working capital sources and changes in tax payments).
- Capital expenditures totaled \$308 million (including approximately \$200 million for major mining projects) for third-quarter 2017 and \$1.0 billion for the first nine months of 2017 (including \$0.6 billion for major mining projects). Capital expenditures for the year 2017 are expected to approximate \$1.5 billion, including \$0.7 billion for underground development activities in the Grasberg minerals district in Indonesia.
- In September 2017, FCX redeemed \$543 million of senior notes, resulting in cash interest savings of approximately \$35 million per annum.
- At September 30, 2017, consolidated cash totaled \$5.0 billion and consolidated debt totaled \$14.8 billion, compared with \$4.2 billion of consolidated cash and \$16.0 billion of consolidated debt at December 31, 2016. FCX had no borrowings and \$3.5 billion available under its revolving credit facility at September 30, 2017.

[Freeport-McMoRan Inc.](#) (NYSE: FCX) reported net income attributable to common stock of \$280 million (\$0.19 per share) for third-quarter 2017 and \$776 million (\$0.53 per share) for the first nine months of 2017, compared with net income attributable to common stock of \$217 million (\$0.16 per share) for third-quarter 2016 and a net loss attributable to common stock of \$4.4 billion (\$3.45 per share) for the first nine months of 2016. After adjusting for net charges of \$212 million (\$0.15 per share) primarily related to accruals for Peruvian government claims associated with disputed royalty matters, adjusted net income attributable to common stock totaled \$492 million (\$0.34 per share) for third-quarter 2017. Refer to the supplemental schedule, "Adjusted Net Income (Loss)," on page VII, which is available on FCX's website, "fcm.com," for additional information.

Richard C. Adkerson, President and Chief Executive Officer, said, "We are pleased to report strong quarterly results throughout our global operations and a positive outlook for future results. Our focus on cost management combined with free cash flow generation have enabled us to continue to strengthen our balance sheet and successfully execute our strategy. Our shareholders are well positioned to benefit from our highly attractive portfolio of copper assets and improving copper market conditions. We are encouraged by continued progress in our active negotiations with the Indonesian government regarding our long-term operating rights in Indonesia and remain focused on managing our long-term business for the benefit of shareholders."

## SUMMARY FINANCIAL DATA

	Three Months Ended		Nine Months Ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
	(in millions, except per share amounts)			
Revenues <sup>a,b</sup>	\$ 4,310	\$ 3,877	\$ 11,362	\$ 10,453
Operating income (loss) <sup>a</sup>	\$ 917	\$ 359	\$ 2,166	\$ (3,495 )
Net income (loss) from continuing operations	\$ 242	\$ 292	\$ 836	\$ (4,034 )
Net income (loss) from discontinued operations	\$ 3	<sup>c</sup> \$ (6 )	\$ 50	<sup>c</sup> \$ (191 )
Net income (loss) attributable to common stock <sup>d,e</sup>	\$ 280	\$ 217	\$ 776	\$ (4,446 )
Diluted net income (loss) per share of common stock:				
Continuing operations	\$ 0.19	\$ 0.18	\$ 0.50	\$ (3.27 )
Discontinued operations	&mdash;	(0.02 )	0.03	(0.18 )
	\$ 0.19	\$ 0.16	\$ 0.53	\$ (3.45 )
Diluted weighted-average common shares outstanding	1,454	1,351	1,453	1,289
Operating cash flows <sup>f</sup>	\$ 1,183	\$ 980	\$ 3,012	\$ 2,594
Capital expenditures	\$ 308	\$ 494	\$ 1,014	\$ 2,309
At September 30:				
Cash and cash equivalents	\$ 4,957	\$ 1,086	\$ 4,957	\$ 1,086
Total debt, including current portion	\$ 14,782	\$ 18,882	\$ 14,782	\$ 18,882

a. For segment financial results, refer to the supplemental schedules, "Business Segments," beginning on page IX, which are available on FCX's website, "fcx.com."

b. Includes favorable (unfavorable) adjustments to provisionally priced concentrate and cathode copper sales recognized in prior periods totaling \$95 million (\$39 million to net income attributable to common stock or \$0.03 per share) in third-quarter 2017, \$(15) million (\$(7) million to net income attributable to common stock or \$(0.01) per share) in third-quarter 2016, \$81 million (\$35 million to net income attributable to common stock or \$0.02 per share) for the first nine months of 2017 and \$5 million (\$2 million to net loss attributable to common stock or less than \$0.01 per share) for the first nine months of 2016. For further discussion, refer to the supplemental schedule, "Derivative Instruments," on page IX, which is available on FCX's website, "fcx.com."

c. Primarily reflects adjustments to the fair value of the potential \$120 million in contingent consideration related to the 2016 sale of FCX's interest in TF Holdings Limited (TFHL), which totaled \$58 million at September 30, 2017, and will continue to be adjusted through December 31, 2019.

d. Includes net (charges) gains of \$(212) million (\$(0.15) per share) in third-quarter 2017, \$39 million (\$0.03 per share) in third-quarter 2016, \$(178) million (\$(0.12) per share) for the first nine months of 2017 and \$(4.4) billion (\$(3.43) per share) for the first nine months of 2016 that are described in the supplemental schedule, "Adjusted Net Income (Loss)," on page VII, which is available on FCX's website, "fcx.com."

e. FCX defers recognizing profits on intercompany sales until final sales to third parties occur. For a summary of net impacts from changes in these deferrals, refer to the supplemental schedule, "Deferred Profits," on page IX, which is available on FCX's website, "fcx.com."

f. Includes net working capital sources and changes in tax payments of \$45 million in third-quarter 2017, \$8 million in third-quarter 2016, \$388 million for the first nine months of 2017 and \$483 million for the first nine months of 2016.

#### SUMMARY OPERATING DATA

	Three Months Ended		Nine Months Ended	
	September 30, 2017	September 30, 2016 <sup>a</sup>	September 30, 2017	September 30, 2016 <sup>a</sup>
Copper (millions of recoverable pounds)				
Production	996	1,093	2,730	3,091

Sales, excluding purchases	932	1,113	2,683	3,100
Average realized price per pound	\$ 2.94	\$ 2.19	\$ 2.79	\$ 2.17
Site production and delivery costs per pound <sup>b</sup>	\$ 1.57	\$ 1.37	\$ 1.60	\$ 1.42
Unit net cash costs per pound <sup>b</sup>	\$ 1.21	\$ 1.14	\$ 1.26	\$ 1.28
Gold (thousands of recoverable ounces)				
Production	418	308	1,010	658
Sales, excluding purchases	355	317	969	674
Average realized price per ounce	\$ 1,290	\$ 1,327	\$ 1,261	\$ 1,292
Molybdenum (millions of recoverable pounds)				
Production	24	19	70	58
Sales, excluding purchases	22	16	71	52
Average realized price per pound	\$ 9.22	\$ 9.14	\$ 9.18	\$ 8.36

a. Excludes the results of the Tenke Fungurume (Tenke) mine, which was sold in November 2016 and is reported as discontinued operations. Copper sales from the Tenke mine totaled 118 million pounds in third-quarter 2016 and 365 million for the first nine months of 2016.

b. Reflects per pound weighted-average production and delivery costs and unit net cash costs (net of by-product credits) for all copper mines, before net noncash and other costs. For reconciliations of per pound unit costs by operating division to production and delivery costs applicable to sales reported in FCX's consolidated financial statements, refer to the supplemental schedules, "Product Revenues and Production Costs," beginning on page XII, which are available on FCX's website, "fcx.com."

#### Consolidated Sales Volumes

Third-quarter 2017 copper sales of 932 million pounds were slightly below the July 2017 estimate of 940 million pounds and 16 percent lower than third-quarter 2016 sales of 1.1 billion pounds. The variance to the year-ago period primarily reflects anticipated lower ore grades in North America and Indonesia and the timing of shipments.

Third-quarter 2017 gold sales of 355 thousand ounces were lower than the July 2017 estimate of 375 thousand ounces, primarily reflecting the timing of shipments. Third-quarter 2017 gold sales were higher than third-quarter 2016 sales of 317 thousand ounces, primarily reflecting anticipated higher ore grades from Indonesia.

Third-quarter 2017 molybdenum sales of 22 million pounds approximated the July 2017 estimate of 22 million pounds and were higher than third-quarter 2016 sales of 16 million pounds.

Sales volumes for the year 2017 are expected to approximate 3.7 billion pounds of copper, 1.6 million ounces of gold and 94 million pounds of molybdenum, including 1.0 billion pounds of copper, 625 thousand ounces of gold and 23 million pounds of molybdenum in fourth-quarter 2017.

#### Consolidated Unit Costs

Consolidated average unit net cash costs (net of by-product credits) for FCX's copper mines of \$1.21 per pound of copper in third-quarter 2017 were higher than unit net cash costs of \$1.14 per pound in third-quarter 2016, primarily reflecting lower copper sales volumes.

Assuming average prices of \$1,300 per ounce of gold and \$8.00 per pound of molybdenum for fourth-quarter 2017 and achievement of current sales volume and cost estimates, consolidated unit net cash costs (net of by-product credits) for copper mines are expected to average \$1.19 per pound of copper for the year 2017. The impact of price changes for fourth-quarter 2017 on consolidated unit net cash costs would approximate \$0.01 per pound for each \$50 per ounce change in the average price of gold and \$0.005 per pound for each \$2 per pound change in the average price of molybdenum. Quarterly unit net cash costs vary with fluctuations in sales volumes and realized prices, primarily for gold and molybdenum.

#### MINING OPERATIONS

North America Copper Mines. FCX operates seven open-pit copper mines in North America - Morenci, Bagdad, Safford, Sierrita and Miami in Arizona, and Chino and Tyrone in New Mexico. In addition to copper, molybdenum concentrate, gold and silver are also produced by certain of FCX's North America copper mines.

All of the North America mining operations are wholly owned, except for Morenci. FCX records its 72 percent undivided joint venture interest in Morenci using the proportionate consolidation method.

Operating and Development Activities. FCX has significant undeveloped reserves and resources in North America and a portfolio of potential long-term development projects. Future investments will be undertaken based on the results of economic and technical feasibility studies, and are dependent on market conditions. FCX continues to study opportunities to reduce the capital intensity of its long-term development projects.

Through exploration drilling, FCX has identified a significant resource at its wholly owned Lone Star project located near the Safford operation in eastern Arizona. Initial production from the Lone Star oxide ores could begin in 2021 using existing infrastructure at the adjacent Safford operation. Total estimated capital costs, including mine equipment and pre-production stripping, approximates \$850 million. Production from the Lone Star oxide ores would average approximately 200 million pounds of copper per year with an approximate 20-year mine life. The project would also advance the potential for development of a larger-scale district opportunity. FCX has obtained regulatory approvals for this project and is assessing the timing to commence pre-stripping activities. FCX is conducting additional drilling as it continues to evaluate longer term opportunities available from the significant sulfide potential in the Lone Star/Safford minerals district.

Operating Data. Following is summary consolidated operating data for the North America copper mines for the third quarters and first nine months of 2017 and 2016:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2017	2016	2017	2016
Copper (millions of recoverable pounds)				
Production	375	455	1,151	1,411
Sales, excluding purchases	347	458	1,130	1,425
Average realized price per pound	\$ 2.92	\$ 2.19	\$ 2.74	\$ 2.18
Molybdenum (millions of recoverable pounds)				
Production <sup>a</sup>	8	9	25	25
Unit net cash costs per pound of copper <sup>b</sup>				
Site production and delivery, excluding adjustments	\$ 1.67	\$ 1.44	\$ 1.59	\$ 1.41
By-product credits	(0.17 )	(0.17 )	(0.16 )	(0.12 )
Treatment charges	0.11	0.10	0.11	0.11
Unit net cash costs	\$ 1.61	\$ 1.37	\$ 1.54	\$ 1.40

<sup>a</sup>. Refer to summary operating data on page 3 for FCX's consolidated molybdenum sales, which includes sales of molybdenum produced at the North America copper mines.

<sup>b</sup>. For a reconciliation of unit net cash costs per pound to production and delivery costs applicable to sales reported in FCX's consolidated financial statements, refer to the supplemental schedules, "Product Revenues and Production Costs," beginning on page XII, which are available on FCX's website, "fcx.com."

North America's consolidated copper sales volumes of 347 million pounds in third-quarter 2017 were lower than third-quarter 2016 sales of 458 million pounds, primarily reflecting anticipated lower ore grades and the timing of shipments. North America copper sales are estimated to approximate 1.5 billion pounds for the year 2017, compared with 1.8 billion pounds in 2016.

Average unit net cash costs (net of by-product credits) for the North America copper mines of \$1.61 per pound of copper in third-quarter 2017 were higher than unit net cash costs of \$1.37 per pound in third-quarter 2016, primarily reflecting lower sales volumes.

Average unit net cash costs (net of by-product credits) for the North America copper mines are expected to approximate \$1.58 per pound of copper for the year 2017, based on achievement of current sales volume and cost estimates and assuming an average molybdenum price of \$8.00 per pound for fourth-quarter 2017. North America's average unit net cash costs for the year 2017 would change by approximately \$0.007 per pound for each \$2 per pound change in the average price of molybdenum.

South America Mining. FCX operates two copper mines in South America - Cerro Verde in Peru (in which FCX owns a 53.56 percent interest) and El Abra in Chile (in which FCX owns a 51 percent interest). These operations are consolidated in FCX's financial statements. In addition to copper, the Cerro Verde mine produces molybdenum concentrate and silver.

Operating and Development Activities. The Cerro Verde expansion project commenced operations in September 2015 and achieved capacity operating rates during first-quarter 2016. Cerro Verde's expanded operations benefit from its large-scale, long-lived reserves and cost efficiencies. The project expanded the concentrator facilities from 120,000 metric tons of ore per day to 360,000 metric tons of ore per day.

FCX continues to evaluate a major expansion at El Abra to process additional sulfide material and to achieve higher recoveries. Exploration results at El Abra indicate a significant sulfide resource, which could potentially support a major mill project similar to facilities recently constructed at Cerro Verde. Future investments will depend on technical studies, which are being advanced, economic factors and market conditions.

Operating Data. Following is summary consolidated operating data for the South America mining operations for the third quarters and first nine months of 2017 and 2016:

	Three Months Ended		Nine Months Ended	
	September 30,	September 30,	September 30,	September 30,
	2017	2016	2017	2016
Copper (millions of recoverable pounds)				
Production	328	317	932	986
Sales	327	323	923	973
Average realized price per pound	\$ 2.95	\$ 2.19	\$ 2.82	\$ 2.17
Molybdenum (millions of recoverable pounds)				
Production <sup>a</sup>	8	5	21	14
Unit net cash costs per pound of copper <sup>b</sup>				
Site production and delivery, excluding adjustments	\$ 1.60	\$ 1.27	\$ 1.55	\$ 1.23
By-product credits	(0.19 )	(0.12 )	(0.17 )	(0.10 )
Treatment charges	0.22	0.24	0.22	0.24
Royalty on metals	0.01	0.01	0.01	&mdash;
Unit net cash costs	\$ 1.64	\$ 1.40	\$ 1.61	\$ 1.37

a. Refer to summary operating data on page 3 for FCX's consolidated molybdenum sales, which includes sales of molybdenum produced at Cerro Verde.

b. For a reconciliation of unit net cash costs per pound to production and delivery costs applicable to sales reported in FCX's consolidated financial statements, refer to the supplemental schedules, "Product Revenues and Production Costs," beginning on page XII, which are available on FCX's website, "fcx.com."

South America's consolidated copper sales volumes of 327 million pounds in third-quarter 2017 approximated third-quarter 2016 sales of 323 million pounds. Sales from South America mining are expected to approximate 1.2 billion pounds of copper for the year 2017, compared with 1.3 billion pounds of copper in 2016.

Average unit net cash costs (net of by-product credits) for South America mining of \$1.64 per pound of copper in third-quarter 2017 were higher than unit net cash costs of \$1.40 per pound in third-quarter 2016, primarily reflecting higher mining, milling and employee costs at Cerro Verde. Average unit net cash costs (net of by-product credits) for South America mining are expected to approximate \$1.64 per pound of copper

for the year 2017, based on current sales volume and cost estimates and assuming an average price of \$8.00 per pound of molybdenum for fourth-quarter 2017.

**Cerro Verde Royalty Dispute.** In October 2017, the Peruvian Supreme Court issued a ruling in favor of SUNAT, Peru's national tax authority, that the assessments of royalties for the year 2008 on ore processed by the Cerro Verde concentrator were proper under Peruvian law. As reported in FCX's U.S. Securities and Exchange Commission (SEC) filings, SUNAT has assessed mining royalties on ore processed by the Cerro Verde concentrator for the period December 2006 to September 2011, which Cerro Verde has contested on the basis that its 1998 stability agreement exempts from royalties all minerals extracted from its mining concessions, irrespective of the method used for processing those minerals.

As a result of the unfavorable Peruvian Supreme Court decision on the 2008 royalty matter, Cerro Verde recorded pre-tax charges totaling \$357 million (\$359 million including net tax charges and \$188 million net of noncontrolling interests) in third-quarter 2017 associated with prior assessments and potential royalty and related assessments for December 2006 through the year 2013. Effective January 1, 2014, Cerro Verde entered into a new 15-year stability agreement and has been paying royalties in accordance with the new stability agreement.

Cerro Verde intends to seek a waiver available under Peruvian law of penalties and interest associated with this matter and has not recorded charges for potential unpaid penalties and interest totaling \$360 million (\$193 million net of noncontrolling interests) at September 30, 2017. Cerro Verde acted in good faith in applying the provisions of its 1998 stability agreement and continues to evaluate alternatives to defend its rights.

**Indonesia Mining.** Through its 90.64 percent owned and consolidated subsidiary PT-FI, FCX's assets include one of the world's largest copper and gold deposits at the Grasberg minerals district in Papua, Indonesia. PT-FI operates a proportionately consolidated joint venture, which produces copper concentrate that contains significant quantities of gold and silver.

**Regulatory Matters.** PT-FI continues to actively engage with Indonesian government officials to address regulatory changes that conflict with its contractual rights in a manner that provides long-term stability for PT-FI's operations and investment plans, and protects value for FCX's shareholders.

Following the issuance of new regulations in early 2017, which resulted in a temporary suspension of PT-FI's concentrate exports, PT-FI entered into a Memorandum of Understanding in April 2017 whereby exports were allowed to continue until October 10, 2017, to allow for negotiations for a long-term agreement.

In August 2017, FCX and the Indonesian government reached an understanding on a framework that would resolve PT-FI's long-term operating rights. This framework, which requires definitive documentation and FCX Board of Directors and partner approvals, includes (i) conversion from the Contract of Work (COW) to a new operating license (IUPK) providing PT-FI with long-term operating rights through 2041, (ii) Indonesian government certainty of fiscal and legal terms during the term of the IUPK, (iii) PT-FI commitment to construct a new smelter in Indonesia within five years of reaching a definitive agreement, and (iv) divestment of 51 percent of PT-FI shares to Indonesian participants at fair market value. The divestment will be structured so that FCX will retain control over operations and governance of PT-FI.

The parties continue to negotiate documentation on a comprehensive agreement for PT-FI's extended operations and to reach agreement on timing, process and governance matters relating to the divestment. The parties have a mutual objective of completing the required documentation during 2017.

In October 2017, the Indonesian government extended PT-FI's export rights to December 31, 2017, while negotiations to document a long-term agreement based on the agreed framework continue.

Until a definitive agreement is reached, PT-FI has reserved all rights under its COW, including pursuing arbitration under the dispute resolution provisions.

**Operating and Development Activities.** PT-FI is currently mining the final phase of the Grasberg open pit,

which contains high copper and gold ore grades. PT-FI expects to mine high-grade ore over the next several quarters prior to transitioning to the Grasberg Block Cave underground mine in early 2019.

PT-FI has several projects in the Grasberg minerals district related to the development of its large-scale, long-lived, high-grade underground ore bodies. In aggregate, these underground ore bodies are expected to produce large-scale quantities of copper and gold following the transition from the Grasberg open pit. Assuming a definitive agreement is reached to support PT-FI's long-term investment plans, estimated annual capital spending on these projects would average \$1.0 billion per year (\$0.8 billion per year net to PT-FI) over the next five years. Considering the long-term nature and size of these projects, actual costs could vary from these estimates. In response to market conditions and Indonesian regulatory uncertainty, timing of these expenditures continues to be reviewed. If PT-FI is unable to reach a definitive agreement with the Indonesian government on its long-term mining rights, FCX intends to reduce or defer investments significantly in its underground development projects and pursue arbitration under its COW.

Operating Data. Following is summary consolidated operating data for the Indonesia mining operations for the third quarters and first nine months of 2017 and 2016:

	Three Months Ended		Nine Months Ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Copper (millions of recoverable pounds)				
Production	293	321	647	694
Sales	258	332	630	702
Average realized price per pound	\$ 2.95	\$ 2.20	\$ 2.81	\$ 2.17
Gold (thousands of recoverable ounces)				
Production	412	301	992	637
Sales	352	307	956	653
Average realized price per ounce	\$ 1,290	\$ 1,327	\$ 1,261	\$ 1,292
Unit net cash costs per pound of copper <sup>a</sup>				
Site production and delivery, excluding adjustments	\$ 1.41	<sup>b</sup> \$ 1.37	\$ 1.71	<sup>b</sup> \$ 1.70
Gold and silver credits	(1.80 )	(1.29 )	(1.98 )	(1.28 )
Treatment charges	0.27	0.27	0.27	0.29
Export duties	0.08	0.10	0.10	0.09
Royalty on metals	0.17	0.12	0.16	0.12
Unit net cash costs	\$ 0.13	\$ 0.57	\$ 0.26	\$ 0.92

a. For a reconciliation of unit net cash costs per pound to production and delivery costs applicable to sales reported in FCX's consolidated financial statements, refer to the supplemental schedules, "Product Revenues and Production Costs," beginning on page XII, which are available on FCX's website, "fcx.com."

b. Excludes fixed costs charged directly to production and delivery costs totaling \$9 million (\$0.03 per pound of copper) for third-quarter 2017 and \$112 million (\$0.18 per pound of copper) for first nine months of 2017 associated with workforce reductions.

Indonesia's consolidated copper sales of 258 million pounds in third-quarter 2017 were lower than third-quarter 2016 sales of 332 million pounds, primarily reflecting lower copper ore grades and timing of shipments. Indonesia's consolidated gold sales of 352 thousand ounces in third-quarter 2017 were higher than third-quarter 2016 sales of 307 thousand ounces, reflecting higher gold ore grades, partly offset by timing of shipments between the third and fourth quarters of 2017.

During third-quarter 2017, PT-FI's labor productivity improved significantly following a recovery from disruptions that occurred in the first half of the year. Mining and milling rates improved throughout the quarter, and PT-FI continues to assess opportunities to advance mining of a section of high-grade material during 2018 and 2019 through open-pit mining rather than over time through the Grasberg Block Cave underground mine.

In October 2017, PT-FI and union officials commenced discussions for a new two-year labor agreement. The

existing agreement will continue in effect until a new agreement is consummated.

Assuming achieving planned operating rates for fourth-quarter 2017, consolidated sales volumes from Indonesia mining are expected to approximate 1.0 billion pounds of copper and 1.6 million ounces of gold for the year 2017, compared with 1.1 billion pounds of copper and 1.1 million ounces of gold for the year 2016.

A significant portion of PT-FI's costs are fixed and unit costs vary depending on production volumes and other factors. Indonesia's unit net cash costs (including gold and silver credits) of \$0.13 per pound of copper in third-quarter 2017 were lower than unit net cash costs of \$0.57 per pound in third-quarter 2016, primarily reflecting higher gold and silver credits, partly offset by lower copper sales volumes.

Assuming an average gold price of \$1,300 per ounce for fourth-quarter 2017 and achievement of current sales volume and cost estimates, unit net cash costs (net of gold and silver credits) for Indonesia mining are expected to approximate \$0.07 per pound of copper for the year 2017. Indonesia mining's unit net cash costs for the year 2017 would change by approximately \$0.04 per pound for each \$50 per ounce change in the average price of gold. Because of the fixed nature of a large portion of Indonesia's costs, unit costs vary from quarter to quarter depending on copper and gold volumes.

Indonesia mining's projected sales volumes for the year 2017 are dependent on a number of factors, including operational performance, workforce productivity and the timing of shipments.

**Molybdenum Mines.** FCX has two wholly owned molybdenum mines in North America - the Henderson underground mine and the Climax open-pit mine, both in Colorado. The Henderson and Climax mines produce high-purity, chemical-grade molybdenum concentrate, which is typically further processed into value-added molybdenum chemical products. The majority of molybdenum concentrate produced at the Henderson and Climax mines, as well as from FCX's North America and South America copper mines, is processed at FCX's conversion facilities.

**Operating and Development Activities.** In response to market conditions, the Henderson molybdenum mine continues to operate at reduced rates. Production from the Molybdenum mines totaled 8 million pounds of molybdenum in third-quarter 2017 and 5 million pounds in third-quarter 2016. Refer to summary operating data on page 3 for FCX's consolidated molybdenum sales, which includes sales of molybdenum produced at the Molybdenum mines, and from FCX's North America and South America copper mines.

Average unit net cash costs for the Molybdenum mines of \$7.90 per pound of molybdenum in third-quarter 2017 were lower than average unit net cash costs of \$10.28 in third-quarter 2016, primarily reflecting higher volumes. Based on current sales volume and cost estimates, unit net cash costs for the Molybdenum mines are expected to average approximately \$7.85 per pound of molybdenum for the year 2017.

For a reconciliation of unit net cash costs per pound to production and delivery costs applicable to sales reported in FCX's consolidated financial statements, refer to the supplemental schedules, "Product Revenues and Production Costs," beginning on page XII, which are available on FCX's website, "fcx.com."

**Mining Exploration Activities.** FCX's mining exploration activities are generally associated with its existing mines, focusing on opportunities to expand reserves and resources to support development of additional future production capacity. Exploration results continue to indicate opportunities for significant future potential reserve additions in North America and South America. Exploration spending is expected to approximate \$75 million for the year 2017, compared to \$44 million in 2016.

## CASH FLOWS, CASH and DEBT

**Operating Cash Flows.** FCX generated operating cash flows of \$1.2 billion (including \$45 million in working capital sources and changes in tax payments) in third-quarter 2017 and \$3.0 billion (including \$0.4 billion in working capital sources and changes in tax payments) for the first nine months of 2017.

Based on current sales volume and cost estimates, and assuming average prices of \$3.00 per pound of

copper, \$1,300 per ounce of gold and \$8.00 per pound of molybdenum for fourth-quarter 2017, FCX's consolidated operating cash flows are estimated to approximate \$4.3 billion for the year 2017 (including \$0.5 billion in working capital sources and tax payments). The impact of price changes during fourth-quarter 2017 on operating cash flows would approximate \$80 million for each \$0.10 per pound change in the average price of copper, \$20 million for each \$50 per ounce change in the average price of gold and \$15 million for each \$2 per pound change in the average price of molybdenum.

**Capital Expenditures.** Capital expenditures totaled \$308 million for third-quarter 2017 (including approximately \$200 million for major mining projects) and \$1.0 billion for the first nine months of 2017 (including \$0.6 billion for major mining projects). Capital expenditures are expected to approximate \$1.5 billion for the year 2017, including \$0.9 billion for major mining projects, primarily for underground development activities at Grasberg.

As a result of regulatory uncertainty, PT-FI has slowed investments in its underground development projects. If PT-FI is unable to reach a definitive agreement with the Indonesian government on its long-term mining rights, FCX intends to reduce or defer investments significantly in underground development projects and pursue arbitration under its COW.

**Cash.** Following is a summary of the U.S. and international components of consolidated cash and cash equivalents available to the parent company, net of noncontrolling interests' share, taxes and other costs at September 30, 2017 (in billions):

Cash at domestic companies	\$3.7
Cash at international operations	1.3
Total consolidated cash and cash equivalents	5.0
Noncontrolling interests' share	(0.4 )
Cash, net of noncontrolling interests' share	4.6
Withholding taxes and other	(0.1 )
Net cash available	\$4.5

**Debt.** Following is a summary of total debt and the related weighted-average interest rates at September 30, 2017 (in billions, except percentages):

		Weighted- Average Interest Rate	
Senior Notes	\$ 13.3	4.4	%
Cerro Verde credit facility	1.5	3.1	%
Total debt	\$ 14.8	4.2	%

In September 2017, FCX redeemed \$543 million aggregate principal amount of senior notes, resulting in annual cash interest savings of approximately \$35 million. FCX recognized an \$11 million gain on early extinguishment of debt in connection with the redemptions.

At September 30, 2017, FCX had no borrowings, \$36 million in letters of credit issued and \$3.5 billion available under its revolving credit facility.

## FINANCIAL POLICY

In December 2015, FCX's common stock dividend was suspended. The declaration of dividends is at the discretion of the Board and will depend upon FCX's financial results, cash requirements, future prospects and other factors deemed relevant by the Board.

## WEBCAST INFORMATION

A conference call with securities analysts to discuss FCX's third-quarter 2017 results is scheduled for today at 10:00 a.m. Eastern Time. The conference call will be broadcast on the Internet along with slides.

Interested parties may listen to the conference call live and view the slides by accessing <http://fcx.com>. A replay of the webcast will be available through Friday, November 24, 2017.

FCX is a leading international mining company with headquarters in Phoenix, Arizona. FCX operates large, long-lived, geographically diverse assets with significant proven and probable reserves of copper, gold and molybdenum. FCX is the world's largest publicly traded copper producer. FCX's portfolio of assets includes the Grasberg minerals district in Indonesia, one of the world's largest copper and gold deposits; and significant mining operations in the Americas, including the large-scale Morenci minerals district in North America and the Cerro Verde operation in South America. Additional information about FCX is available on FCX's website at [fcx.com](http://fcx.com).

Cautionary Statement and Regulation G Disclosure: This press release contains forward-looking statements in which FCX discusses its potential future performance. Forward-looking statements are all statements other than statements of historical facts, such as projections or expectations relating to ore grades and milling rates, production and sales volumes, unit net cash costs, operating cash flows, capital expenditures, exploration efforts and results, development and production activities and costs, liquidity, tax rates, the impact of copper, gold and molybdenum price changes, the impact of deferred intercompany profits on earnings, reserve estimates, future dividend payments, and share purchases and sales. The words "anticipates," "may," "can," "plans," "believes," "estimates," "expects," "projects," "targets," "intends," "likely," "will," "should," "to be," and "potential" and any similar expressions are intended to identify those assertions as forward-looking statements.

FCX cautions readers that forward-looking statements are not guarantees of future performance and actual results may differ materially from those anticipated, projected or assumed in the forward-looking statements. Important factors that can cause FCX's actual results to differ materially from those anticipated in the forward-looking statements include supply of and demand for, and prices of, copper, gold and molybdenum; mine sequencing; production rates; potential effects of cost and capital expenditure reductions and production curtailments on financial results and cash flow; potential inventory adjustments; potential impairment of long-lived mining assets; the outcome of negotiations with the Indonesian government regarding PT-FI's long-term operating rights; the potential effects of violence in Indonesia generally and in the province of Papua; industry risks; regulatory changes (including adoption of financial assurance regulations as proposed by the U.S. Environmental Protection Agency under CERCLA for the hard rock mining industry); political risks; labor relations; weather- and climate-related risks; environmental risks; litigation results (including the final disposition of the unfavorable Indonesia Tax Court ruling relating to surface water taxes and the outcome of Cerro Verde's royalty dispute with the Peruvian national tax authority); and other factors described in more detail under the heading "Risk Factors" in FCX's Annual Report on Form 10-K for the year ended December 31, 2016, filed with the SEC as updated by FCX's subsequent filings with the SEC. With respect to FCX's operations in Indonesia, such factors include whether PT-FI will be able to resolve complex regulatory matters in Indonesia and continue to export copper after December 31, 2017.

Investors are cautioned that many of the assumptions upon which FCX's forward-looking statements are based are likely to change after the forward-looking statements are made, including for example commodity prices, which FCX cannot control, and production volumes and costs, some aspects of which FCX may not be able to control. Further, FCX may make changes to its business plans that could affect its results. FCX cautions investors that it does not intend to update forward-looking statements more frequently than quarterly notwithstanding any changes in its assumptions, changes in business plans, actual experience or other changes, and FCX undertakes no obligation to update any forward-looking statements.

This press release also contains certain financial measures such as unit net cash costs per pound of copper and molybdenum, which are not recognized under U.S. generally accepted accounting principles. As required by SEC Regulation G, reconciliations of these measures to amounts reported in FCX's consolidated financial statements are in the supplemental schedules of this press release, which are also available on FCX's website, [fcx.com](http://fcx.com).

**FREEPORT-McMoRan INC.  
SELECTED OPERATING DATA**

Three Months Ended September 30,  
2017      2016      2017      2016

MINING OPERATIONS:	Production		Sales	
COPPER (millions of recoverable pounds)				
(FCX's net interest in %)				
North America				
Morenci (72%) <sup>a</sup>	186	202	169	208
Bagdad (100%)	45	47	41	46
Safford (100%)	37	64	35	62
Sierrita (100%)	40	40	37	40
Miami (100%)	4	6	4	5
Chino (100%)	48	78	47	78
Tyrone (100%)	13	17	12	18
Other (100%)	2	1	2	1
Total North America	375	455	347	458
South America				
Cerro Verde (53.56%)	284	265	291	272
El Abra (51%)	44	52	36	51
Total South America	328	317	327	323
Indonesia				
Grasberg (90.64%) <sup>b</sup>	293	321	258	332
Consolidated - continuing operations	996	1,093	932	<sup>c</sup> 1,113
Discontinued operations - Tenke Fungurume (Tenke) (56%) <sup>d</sup>	&mdash;	124	&mdash;	118
Total	996	1,217	932	1,231
Less noncontrolling interests	181	234	177	235
Net	815	983	755	996
Average realized price per pound (continuing operations)			\$ 2.94	\$ 2.19
GOLD (thousands of recoverable ounces)				
(FCX's net interest in %)				
North America (100%)	6	7	3	10
Indonesia (90.64%) <sup>b</sup>	412	301	352	307
Consolidated	418	308	355	317
Less noncontrolling interests	39	28	32	29
Net	379	280	323	288
Average realized price per ounce			\$ 1,290	\$ 1,327
MOLYBDENUM (millions of recoverable pounds)				
(FCX's net interest in %)				
Henderson (100%)	3	2	N/A	N/A
Climax (100%)	5	3	N/A	N/A
North America copper mines (100%) <sup>a</sup>	8	9	N/A	N/A
Cerro Verde (53.56%)	8	5	N/A	N/A
Consolidated	24	19	22	16
Less noncontrolling interests	4	2	3	1
Net	20	17	19	15
Average realized price per pound			\$ 9.22	\$ 9.14
U.S. OIL AND GAS OPERATIONS:				
	Sales Volumes		Sales per Day	
Oil (thousand barrels, or MBbls)	441	9,146	5	99
Natural gas (million cubic feet or MMcf)	3,069	13,799	33	150
Natural gas liquids (NGLs) (MBbls)	35	593	&mdash;	7
Thousand barrels of oil equivalents (MBOE)	987	12,038	11	131

<sup>a</sup>. Amounts are net of Morenci's undivided joint venture partners' interest.

b. Amounts are net of Grasberg's joint venture partner's interest, which varies in accordance with the terms of the joint venture agreement.

c. Consolidated sales volumes exclude purchased copper of 75 million pounds in third-quarter 2017 and 61 million pounds in third-quarter 2016.

d. On November 16, 2016, FCX completed the sale of its interest in the Tenke mine.

FREEPORT-McMoRan INC.

SELECTED OPERATING DATA (continued)

MINING OPERATIONS:	Nine Months Ended September 30,			
	2017 Production	2016	2017 Sales	2016
Copper (millions of recoverable pounds) (FCX's net interest in %)				
North America				
Morenci (72%) <sup>a</sup>	554	658	537	667
Bagdad (100%)	128	139	122	141
Safford (100%)	116	173	120	173
Sierrita (100%)	121	122	117	123
Miami (100%)	14	20	14	21
Chino (100%)	168	239	170	239
Tyrone (100%)	47	56	47	57
Other (100%)	3	4	3	4
Total North America	1,151	1,411	1,130	1,425
South America				
Cerro Verde (53.56%)	806	815	803	798
El Abra (51%)	126	171	120	175
Total South America	932	986	923	973
Indonesia				
Grasberg (90.64%) <sup>b</sup>	647	694	630	702
Consolidated - continuing operations	2,730	3,091	2,683	<sup>c</sup> 3,100
Discontinued operations - Tenke (56%) <sup>d</sup>	&mdash;	356	&mdash;	365
Total	2,730	3,447	2,683	3,465
Less noncontrolling interests	497	684	491	683
Net	2,233	2,763	2,192	2,782
Average realized price per pound (continuing operations)			\$ 2.79	\$ 2.17
Gold (thousands of recoverable ounces) (FCX's net interest in %)				
North America (100%)	18	21	13	21
Indonesia (90.64%) <sup>b</sup>	992	637	956	653
Consolidated	1,010	658	969	674
Less noncontrolling interests	93	59	89	61
Net	917	599	880	613
Average realized price per ounce			\$ 1,261	\$ 1,292
Molybdenum (millions of recoverable pounds) (FCX's net interest in %)				
Henderson (100%)	9	7	N/A	N/A
Climax (100%)	15	12	N/A	N/A
North America (100%) <sup>a</sup>	25	25	N/A	N/A
Cerro Verde (53.56%)	21	14	N/A	N/A
Consolidated	70	58	71	52
Less noncontrolling interests	10	6	9	4
Net	60	52	62	48

Average realized price per pound			\$ 9.18	\$ 8.36
U.S. OIL AND GAS OPERATIONS:	Sales Volumes		Sales per Day	
Oil (MBbls)	1,390	26,098	5	95
Natural gas (MMcf)	13,349	52,233	49	191
NGLs (MBbls)	186	1,763	1	6
MBOE	3,801	36,566	14	133

a. Amounts are net of Morenci's undivided joint venture partners' interest; effective May 31, 2016, FCX's undivided interest in Morenci was prospectively reduced from 85 percent to 72 percent. The first nine months of 2016 includes approximately 60 million pounds of copper from the 13 percent undivided interest in Morenci that FCX sold in May 2016.

b. Amounts are net of Grasberg's joint venture partner's interest, which varies in accordance with the terms of the joint venture agreement.

c. Consolidated sales volumes exclude purchased copper of 195 million pounds for the first nine months of 2017 and 131 million pounds for the first nine months of 2016.

d. On November 16, 2016, FCX completed the sale of its interest in the Tenke mine.

#### FREEPORT-McMoRan INC.

#### SELECTED OPERATING DATA (continued)

	Three Months Ended September 30, Nine Months Ended		
	2017	2016	2017
100% North America Copper Mines			
Solution Extraction/Electrowinning (SX/EW) Operations			
Leach ore placed in stockpiles (metric tons per day)	655,600	681,400	681,200
Average copper ore grade (percent)	0.27	0.31	0.28
Copper production (millions of recoverable pounds)	280	316	839
Mill Operations			
Ore milled (metric tons per day)	297,200	300,500	300,000
Average ore grades (percent):			
Copper	0.38	0.47	0.40
Molybdenum	0.03	0.03	0.03
Copper recovery rate (percent)	86.6	87.8	86.6
Production (millions of recoverable pounds):			
Copper	167	216	527
Molybdenum	9	10	27
100% South America Mining			
SX/EW Operations			
Leach ore placed in stockpiles (metric tons per day)	180,400	163,000	153,100
Average copper ore grade (percent)	0.36	0.41	0.37
Copper production (millions of recoverable pounds)	65	78	190
Mill Operations			
Ore milled (metric tons per day)	379,200	355,300	355,400
Average ore grades (percent):			
Copper	0.44	0.41	0.44
Molybdenum	0.02	0.02	0.02
Copper recovery rate (percent)	80.9	84.4	82.7
Production (millions of recoverable pounds):			
Copper	263	239	742
Molybdenum	8	5	21
100% Indonesia Mining			
Ore milled (metric tons per day): <sup>a</sup>			
Grasberg open pit	130,500	135,600	91,200
Deep Ore Zone underground mine	34,500	35,100	29,400

Deep Mill Level Zone (DMLZ) underground mine <sup>b</sup>	2,400	6,000	3,100	5
Grasberg Block Cave underground mine <sup>b</sup>	4,200	2,800	3,600	2
Big Gossan underground mine <sup>b</sup>	&mdash;	1,000	500	7
Total	171,600	180,500	127,800	1
Average ore grades:				
Copper (percent)	0.91	1.02	1.00	0
Gold (grams per metric ton)	0.98	0.69	1.08	0
Recovery rates (percent):				
Copper	91.1	91.4	91.6	9
Gold	84.7	82.7	84.9	8
Production (recoverable):				
Copper (millions of pounds)	277	327	670	7
Gold (thousands of ounces)	405	300	993	6
100% Molybdenum Mines				
Ore milled (metric tons per day)	24,200	16,100	22,600	1
Average molybdenum ore grade (percent)	0.18	0.19	0.20	0
Molybdenum production (millions of recoverable pounds)	8	5	24	1

a. Amounts represent the approximate average daily throughput processed at PT Freeport Indonesia's (PT-FI) mill facility producing mine and from development activities that result in metal production.

b. Targeted production rates once the DMLZ underground mine reaches full capacity are expected to approximate 80,000 tons of ore per day in 2021; production from the Grasberg Block Cave underground mine is expected to commence in early 2021; production from the Big Gossan underground mine is on care-and-maintenance.

#### FREEPORT-McMoRan INC.

#### CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

	Three Months Ended	
	September 30,	September 30,
	2017	2016
	(In Millions, Except Per Share Data)	
Revenues <sup>a</sup>	\$ 4,310	\$ 3,810
Cost of sales:		
Production and delivery	2,802	<sup>b,c</sup> 2,520
Depreciation, depletion and amortization	418	643
Impairment of oil and gas properties	&mdash;	239
Total cost of sales	3,220	3,412
Selling, general and administrative expenses	106	110
Mining exploration and research expenses	27	13
Environmental obligations and shutdown costs (credits)	73	<sup>d</sup> (3)
Net gain on sales of assets	(33)	(13)
Total costs and expenses	3,393	3,511
Operating income (loss)	917	359
Interest expense, net <sup>e</sup>	(304)	<sup>b</sup> (187)
Net gain on exchanges and early extinguishment of debt	11	15
Other income (expense), net	2	(10)
Income (loss) from continuing operations before income taxes and equity in affiliated companies' net earnings	626	177
(Provision for) benefit from income taxes <sup>f</sup>	(387)	<sup>b</sup> 114
Equity in affiliated companies' net earnings	3	1
Net income (loss) from continuing operations	242	292
Net income (loss) from discontinued operations <sup>g</sup>	3	(6)
Net income (loss)	245	286
Net loss (income) attributable to noncontrolling interests:		
Continuing operations	35	<sup>b</sup> (37)
Discontinued operations	&mdash;	(22)
Preferred dividends attributable to redeemable noncontrolling interest	&mdash;	(10)

Net income (loss) attributable to FCX common stock <sup>h</sup>	\$ 280	\$ 211
Basic and diluted net income (loss) per share attributable to common stock:		
Continuing operations	\$ 0.19	\$ 0.19
Discontinued operations	&mdash;	(0.02)
	\$ 0.19	\$ 0.19
Weighted-average common shares outstanding:		
Basic	1,448	1,341
Diluted	1,454	1,351

a. Includes adjustments to provisionally priced concentrate and cathode copper sales recognized in prior periods, which are included in the supplemental schedule, "Derivative Instruments," on page IX.

b. Includes net charges of \$188 million associated with disputed Cerro Verde royalties for prior years, consisting of \$211 million for delivery costs, \$141 million to interest expense and \$2 million to provision for income taxes, net of \$171 million to non-current assets.

c. Includes other net charges at mining and oil and gas operations, which are summarized in the supplemental schedule, "Income (Loss)," on page VII.

d. Includes a charge of \$59 million associated with revised cost estimates for the Borough of Carteret environmental program.

e. Consolidated interest costs (before capitalization and excluding interest expense associated with disputed Cerro Verde royalties) were \$211 million in third-quarter 2017, \$211 million in third-quarter 2016, \$583 million for the first nine months of 2017 and \$647 million for the first nine months of 2016.

f. Refer to the supplemental schedule, "Income Taxes," on page VIII for a summary of FCX's provision for income taxes.

g. Refer to the supplemental schedule, "Adjusted Net Income (Loss)," on page VII for a summary of gains and losses from operations.

h. FCX defers recognizing profits on intercompany sales until final sales to third parties occur. Refer to the supplemental schedule, "Profits," on page IX for a summary of net impacts from changes in these deferrals.

**FREEPORT-McMoRan INC.**  
**CONSOLIDATED BALANCE SHEETS (Unaudited)**

	September 30, 2017	December 31, 2016
	(In Millions)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 4,957	\$ 4,245
Trade accounts receivable	1,024	1,126
Income and other tax receivables	522	879
Inventories:		
Mill and leach stockpiles	1,393	1,338
Materials and supplies, net	1,276	1,306
Product	1,188	998
Other current assets	241	199
Held for sale	549	344
Total current assets	11,150	10,435
Property, plant, equipment and mine development costs, net	22,914	23,219
Oil and gas properties, subject to amortization, less accumulated amortization and impairments	20	74
Long-term mill and leach stockpiles	1,453	1,633
Other assets	1,790	1,956
Total assets	\$ 37,327	\$ 37,334
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		

Accounts payable and accrued liabilities	\$ 2,098	\$ 2,399
Current portion of debt	2,215	1,232
Accrued income taxes	464	66
Current portion of environmental and asset retirement obligations	419	369
Held for sale	321	205
Total current liabilities	5,517	4,265
Long-term debt, less current portion	12,567	14,795
Deferred income taxes	3,771	3,768
Environmental and asset retirement obligations, less current portion	3,498	3,487
Other liabilities	1,744	1,745
Total liabilities	27,097	28,060
Equity:		
Stockholders' equity:		
Common stock	158	157
Capital in excess of par value	26,743	26,690
Accumulated deficit	(15,763)	(16,540)
Accumulated other comprehensive loss	(443)	(548)
Common stock held in treasury	(3,722)	(3,708)
Total stockholders' equity	6,973	6,051
Noncontrolling interests	3,257	3,206
Total equity	10,230	9,257
Total liabilities and equity	\$ 37,327	\$ 37,317

FREEPORT-McMoRan INC.

## CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	Nine Months Ended	
	September 30,	
	2017	2016
	(In Millions)	
Cash flow from operating activities:		
Net income (loss)	\$ 886	\$ (4,225 )
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation, depletion and amortization	1,257	2,017
Net charges for Cerro Verde royalty dispute	359	&mdash;
Payments for Cerro Verde royalty dispute	(32 )	(20 )
Impairment of oil and gas properties	&mdash;	4,317
Oil and gas non-cash drillship settlements/idle rig costs and other adjustments	(33 )	705
Net gain on sales of assets	(66 )	(762 )
Net charges for environmental and asset retirement obligations, including accretion	196	149
Payments for environmental and asset retirement obligations	(85 )	(190 )
Net charges for defined pension and postretirement plans	95	78
Pension plan contributions	(152 )	(44 )
Net gain on exchanges and early extinguishment of debt	(8 )	(51 )
Deferred income taxes	77	(22 )
(Gain) loss on disposal of discontinued operations	(41 )	182
Decrease (increase) in long-term mill and leach stockpiles	181	(84 )
Oil and gas contract settlement payments	(70 )	&mdash;
Other, net	60	61
Changes in working capital and tax payments, excluding amounts from dispositions:		
Accounts receivable	420	257
Inventories	(314 )	251
Other current assets	(17 )	(120 )
Accounts payable and accrued liabilities	(100 )	(80 )
Accrued income taxes and changes in other tax payments	399	175
Net cash provided by operating activities	3,012	2,594
Cash flow from investing activities:		
Capital expenditures:		
North America copper mines	(106 )	(87 )

South America	(65	) (332	)
Indonesia	(663	) (706	)
Molybdenum mines	(4	) (2	)
Other, including oil and gas operations	(176	) (1,182	)
Net proceeds from the sale of additional interest in Morenci	&mdash;	996	
Net proceeds from sales of other assets	68	410	
Other, net	(22	) 9	
Net cash used in investing activities	(968	) (894	)
Cash flow from financing activities:			
Proceeds from debt	795	3,463	
Repayments of debt	(1,991	) (4,539	)
Net proceeds from sale of common stock	&mdash;	442	
Cash dividends paid:			
Common stock	(2	) (5	)
Noncontrolling interests	(67	) (87	)
Stock-based awards net payments	(10	) (5	)
Debt financing costs and other, net	(12	) (17	)
Net cash used in financing activities	(1,287	) (748	)
Net increase in cash and cash equivalents	757	952	
Increase in cash and cash equivalents in assets held for sale	(45	) (43	)
Cash and cash equivalents at beginning of year	4,245	177	
Cash and cash equivalents at end of period	\$ 4,957	\$ 1,086	

FREEPORT-McMoRan INC.  
ADJUSTED NET INCOME (LOSS)

Adjusted net income (loss) is intended to provide investors and others with information about FCX's recurring operating performance. This information differs from net income (loss) attributable to common stock determined in accordance with U.S. generally accepted accounting principles (GAAP) and should not be considered in isolation or as a substitute for measures of performance determined in accordance with U.S. GAAP. FCX's adjusted net income (loss) follows, which may not be comparable to similarly titled measures reported by other companies (in millions, except per share amounts).

	Three Months Ended September 30,			
	2017	2016		
	Pre-tax	After-tax <sup>a</sup>	Per Share	Pre-tax
Net income attributable to common stock	N/A	\$ 280	\$ 0.19	N/A
Cerro Verde royalty dispute <sup>b</sup>	\$ (357 )	\$ (188 )	\$ (0.13 )	\$ &mdash;
PT-FI net charges for workforce reductions	(9 )	(5 )	&mdash;	&mdash;
Other net mining credits (charges)	4	4	&mdash;	(40
Oil and gas idle rig costs/drillship settlements and other net credits (charges)	4	4	&mdash;	(49
Impairment of oil and gas properties	&mdash;	&mdash;	&mdash;	(239
Net adjustments to environmental obligations and related litigation reserves	(64 )	(64 )	(0.04 )	12
Net gain on sales of assets	33	33	0.02	13
Net gain on exchanges and early extinguishment of debt	11	11	0.01	15
Net tax (charges) credits <sup>c</sup>	N/A	(10 )	(0.01 )	N/A
Gain (loss) on discontinued operations	3	<sup>d</sup> 3	&mdash;	(5
	\$ (375 )	\$ (212 )	\$ (0.15 )	\$ (293
Adjusted net income attributable to common stock	N/A	\$ 492	\$ 0.34	N/A
	Nine Months Ended September 30,			
	2017	2016		
	Pre-tax	After-tax <sup>a</sup>	Per Share	Pre-tax
Net income (loss) attributable to common stock	N/A	\$ 776	\$ 0.53	N/A

Cerro Verde royalty dispute <sup>b</sup>	\$ (357 )	\$ (188 )	\$ (0.13 )	\$&mdash;
PT-FI net charges for workforce reductions	(117 ) <sup>e</sup>	(62 )	(0.04 )	&mdash;
Other net mining charges	(24 )	(24 )	(0.02 )	(44 )
Oil and gas drillship settlements/idle rig credits (costs)	24	24	0.02	(823 )
Oil and gas inventory adjustments, asset impairment and other net charges	(16 ) <sup>f</sup>	(16 )	(0.01 )	(157 )
Impairment of oil and gas properties	&mdash;	&mdash;	&mdash;	(4,317 )
Net adjustments to environmental obligations and related litigation reserves	(53 )	(53 )	(0.04 )	11
Net gain on sales of assets	66	66	0.05	762
Net gain on exchanges and early extinguishment of debt	8	8	0.01	51
Net tax credits <sup>c</sup>	N/A	21	0.01	N/A
Gain (loss) on discontinued operations	54	<sup>d</sup> 46	0.03	(182 )
	\$ (415 )	\$ (178 )	\$ (0.12 )	\$ (4,699 )
Adjusted net income (loss) attributable to common stock	N/A	\$ 954	\$ 0.65	N/A

a. Reflects impact to FCX net income attributable to common stock (i.e., net of any taxes and noncontrolling interests).

b. Refer to &ldquo;Consolidated Statements of Operations,&rdquo; on page IV for a summary of these amounts.

c. Refer to &ldquo;Income Taxes,&rdquo; on page VIII, for further discussion of net tax credits.

d. Primarily reflects adjustments to the estimated fair value of the potential \$120 million in contingent consideration related interest in TFHL, which totaled \$58 million at September 30, 2017, and will continue to be adjusted through December 31, 2017.

e. Includes net charges in selling, general and administrative expenses totaling \$5 million.

f. Includes net charges in selling, general and administrative expenses totaling \$17 million for the first nine months of 2017 and \$17 million for the first nine months of 2016 for restructuring.

g. Per share amount does not foot down because of rounding.

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