

# Freeport-McMoRan Reports Third-Quarter and Nine-Month 2018 Results

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

- Net income attributable to common stock totaled \$556 million, \$0.38 per share, in third-quarter 2018. After adjusting for net gains of \$42 million, \$0.03 per share, third-quarter 2018 adjusted net income attributable to common stock totaled \$514 million, \$0.35 per share.
- Consolidated sales totaled 1.04 billion pounds of copper, 837 thousand ounces of gold and 22 million pounds of molybdenum in third-quarter 2018.
- Consolidated sales for the year 2018 are expected to approximate 3.8 billion pounds of copper, 2.45 million ounces of gold and 95 million pounds of molybdenum, including 790 million pounds of copper, 330 thousand ounces of gold and 25 million pounds of molybdenum in fourth-quarter 2018.
- Average realized prices in third-quarter 2018 were \$2.80 per pound for copper, \$1,191 per ounce for gold and \$12.40 per pound for molybdenum.
- Average unit net cash costs in third-quarter 2018 were \$0.93 per pound of copper and are expected to average \$1.06 per pound of copper for the year 2018.
- Operating cash flows totaled \$1.25 billion in third-quarter 2018 and \$3.9 billion for the first nine months of 2018. Based on current sales volume and cost estimates, and assuming average prices of \$2.85 per pound for copper, \$1,200 per ounce for gold and \$12.00 per pound for molybdenum for fourth-quarter 2018, operating cash flows are expected to approximate \$4.2 billion (net of \$0.5 billion in working capital uses and timing of other tax payments) for the year 2018.
- Capital expenditures totaled \$0.5 billion (including approximately \$0.4 billion for major mining projects) in third-quarter 2018 and \$1.4 billion (including approximately \$0.9 billion for major mining projects) for the first nine months of 2018. Capital expenditures for the year 2018 are expected to approximate \$2.0 billion, including \$1.2 billion for major mining projects primarily associated with underground development activities in the Grasberg minerals district in Indonesia and development of the Lone Star oxide project in Arizona.
- On September 27, 2018, FCX and PT Freeport Indonesia (PT-FI) entered into a definitive agreement with PT Indonesia Asahan Aluminium (Persero) (PT Inalum) consistent with previously agreed economic terms. Closing is expected to occur in late 2018 or early 2019, subject to satisfaction of conditions.
- On September 26, 2018, FCX declared a quarterly cash dividend of \$0.05 per share on its common stock, which will be paid on November 1, 2018.
- At September 30, 2018, consolidated debt totaled \$11.1 billion and consolidated cash totaled \$4.6 billion. FCX had no borrowings and \$3.5 billion available under its revolving credit facility at September 30, 2018.

[Freeport-McMoRan Inc.](#) (NYSE: FCX) reported net income attributable to common stock of \$556 million (\$0.38 per share) in third-quarter 2018 and \$2.1 billion (\$1.45 per share) for the first nine months of 2018. After adjusting for net gains of \$42 million (\$0.03 per share), primarily reflecting adjustments to assets held for sale and the fair value of potential contingent consideration, partly offset by nonrecurring charges for Cerro Verde's new three-year collective labor agreement (CLA), adjusted net income attributable to common stock totaled \$514 million (\$0.35 per share) in third-quarter 2018. Refer to the supplemental schedule, "Adjusted Net Income," on page VII, which is available on FCX's website, "fcx.com," for additional information.

Richard C. Adkerson, President and Chief Executive Officer, said, "Our global team delivered a solid operating quarter and maintained a sharp focus on productivity, cost management, capital discipline and initiatives to build value for shareholders. The pending completion of our new long-term partnership with the Indonesian government will enable us to de-risk a world class asset. Supported by a premier portfolio of geographically diverse long-lived copper assets, a solid balance sheet, a large resource position to support future growth and a positive fundamental outlook for copper, FCX is poised to deliver substantial value to shareholders."

## SUMMARY FINANCIAL DATA

	Three Months Ended		Nine Months Ended	
	September 30, 2018	2017	September 30, 2018	2017
	(in millions, except per share amounts)			
Revenues <sup>a,b</sup>	\$ 4,908	\$ 4,310	\$ 14,944	\$ 11,362
Operating income <sup>a</sup>	\$ 1,315	\$ 928	\$ 4,438	\$ 2,211
Net income from continuing operations	\$ 668	\$ 242	\$ 2,535	\$ 836
Net income attributable to common stock <sup>c,d</sup>	\$ 556	\$ 280	\$ 2,117	\$ 776
Diluted net income (loss) per share of common stock:				
Continuing operations	\$ 0.38	\$ 0.19	\$ 1.46	\$ 0.50
Discontinued operations	&mdash;	&mdash;	(0.01)	0.03
	\$ 0.38	\$ 0.19	\$ 1.45	\$ 0.53
Diluted weighted-average common shares outstanding	1,458	1,454	1,458	1,453
Operating cash flows <sup>e</sup>	\$ 1,247	\$ 1,183	\$ 3,925	\$ 3,012
Capital expenditures	\$ 507	\$ 314	\$ 1,391	\$ 1,020
At September 30:				
Cash and cash equivalents	\$ 4,556	\$ 4,957	\$ 4,556	\$ 4,957
Total debt, including current portion	\$ 11,127	\$ 14,782	\$ 11,127	\$ 14,782

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 adjustments to prior period provisionally priced concentrate and cathode copper sales totaling \$(111) million (\$(48) million to net income attributable to common stock or \$(0.03) per share) in third-quarter 2018, \$95 million (\$39 million to net income attributable to common stock or \$0.03 per share) in third-quarter 2017, \$(70) million (\$(31) million to net income attributable to common stock or \$(0.02) per share) for the first nine months of 2018 and \$81 million (\$35 million to net income attributable to common stock or \$0.02 per share) for the first nine months of 2017. For further discussion, refer to the supplemental schedule, "Derivative Instruments," beginning on page VIII, which is available on FCX's website, "fcx.com."

c. Includes net gains (charges) of \$42 million (\$0.03 per share) in third-quarter 2018, \$(212) million (\$(0.15) per share) in third-quarter 2017, \$69 million (\$0.04 per share) for the first nine months of 2018 and \$(178) million (\$(0.12) per share) for the first nine months of 2017 that are described in the supplemental schedule, "Adjusted Net Income," on page VII, which is available on FCX's website, "fcx.com."

d. 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."

e. Includes net working capital sources (uses) and timing of other tax payments of \$59 million in third-quarter 2018, \$46 million in third-quarter 2017, \$(154) million for the first nine months of 2018 and \$389 million for the first nine months of 2017.

## SUMMARY OPERATING DATA

	Three Months Ended		Nine Months Ended	
	September 30, 2018	2017	September 30, 2018	2017
Copper (millions of recoverable pounds)				
Production	1,006	996	2,972	2,730
Sales, excluding purchases	1,044	932	3,026	2,683
Average realized price per pound	\$ 2.80	\$ 2.94	\$ 2.96	\$ 2.79
Site production and delivery costs per pound <sup>a</sup>	\$ 1.73	<sup>b</sup> \$ 1.56	<sup>c</sup> \$ 1.70	<sup>b</sup> \$ 1.59
Unit net cash costs per pound <sup>a</sup>	\$ 0.93	<sup>b</sup> \$ 1.20	<sup>c</sup> \$ 0.95	<sup>b</sup> \$ 1.25
Gold (thousands of recoverable ounces)				
Production	760	418	2,105	1,010
Sales, excluding purchases	837	355	2,123	969
Average realized price per ounce	\$ 1,191	\$ 1,290	\$ 1,249	\$ 1,261
Molybdenum (millions of recoverable pounds)				
Production	23	24	69	70
Sales, excluding purchases	22	22	70	71

Average realized price per pound	\$ 12.40	\$ 9.22	\$ 12.41	\$ 9.18
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a. 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."

b. Includes \$0.07 per pound of copper in third-quarter 2018 and \$0.02 per pound of copper for the first nine months of 2018 associated with nonrecurring charges for Cerro Verde's new three-year CLA. Refer to the supplemental schedule, "Adjusted Net Income," on page VII, which is available on FCX's website, "fcx.com," for additional information.

c. Excludes \$0.01 per pound of copper in third-quarter 2017 and \$0.04 per pound of copper for the first nine months of 2017 associated with PT-FI workforce reductions. Refer to the supplemental schedule, "Adjusted Net Income," on page VII, which is available on FCX's website, "fcx.com," for additional information.

## Consolidated Sales Volumes

Third-quarter 2018 copper sales of 1.04 billion pounds were 8 percent higher than the July 2018 estimate of 970 million pounds and 12 percent higher than third-quarter 2017 sales of 932 million pounds, primarily reflecting higher ore grades and operating rates in Indonesia.

Third-quarter 2018 gold sales of 837 thousand ounces were 20 percent higher than the July 2018 estimate of 700 thousand ounces and more than double third-quarter 2017 sales of 355 thousand ounces, primarily reflecting higher ore grades and operating rates in Indonesia.

Third-quarter 2018 molybdenum sales of 22 million pounds were lower than the July 2018 estimate of 24 million pounds and approximated third-quarter 2017 sales.

Sales volumes for the year 2018 are expected to approximate 3.8 billion pounds of copper, 2.45 million ounces of gold and 95 million pounds of molybdenum, including 790 million pounds of copper, 330 thousand ounces of gold and 25 million pounds of molybdenum in fourth-quarter 2018.

Projections for 2018 and other forward looking statements in this release assume extension of PT-FI's long-term mining rights or an extension of PT-FI's temporary special mining license (IUPK) after October 31, 2018. Refer to "Indonesia Mining," beginning on page 7, for further discussion of Indonesia regulatory matters.

## Consolidated Unit Costs

Consolidated average unit net cash costs (net of by-product credits) for FCX's copper mines of \$0.93 per pound of copper in third-quarter 2018 were lower than unit net cash costs of \$1.20 per pound in third-quarter 2017, primarily reflecting higher by-product credits, partly offset by nonrecurring charges associated with Cerro Verde's new three-year CLA.

Assuming average prices of \$1,200 per ounce of gold and \$12.00 per pound of molybdenum for fourth-quarter 2018 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 \$1.06 per pound of copper for the year 2018 (including \$1.45 per pound of copper in fourth-quarter 2018). The impact of price changes for fourth-quarter 2018 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,

certain of FCX's North America copper mines produce molybdenum concentrate, gold and silver. 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 potential 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. An initial project to develop the Lone Star oxide ores commenced in first-quarter 2018, with first production expected by the end of 2020. Total capital costs, including mine equipment and pre-production stripping, are expected to approximate \$850 million and will benefit from the utilization of existing infrastructure at the adjacent Safford operation. As of September 30, 2018, approximately \$200 million has been incurred for this project. Production from the Lone Star oxide ores is expected to average approximately 200 million pounds of copper per year with an approximate 20-year mine life. The project also advances exposure to a significant sulfide resource. FCX continues to advance drilling activities to define future large-scale development opportunities 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 2018 and 2017:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Copper (millions of recoverable pounds)				
Production	349	375	1,051	1,151
Sales, excluding purchases	350	347	1,095	1,130
Average realized price per pound	\$ 2.77	\$ 2.92	\$ 3.02	\$ 2.74
Molybdenum (millions of recoverable pounds)				
Production <sup>a</sup>	8	8	23	25
Unit net cash costs per pound of copper <sup>b</sup>				
Site production and delivery, excluding adjustments	\$ 1.98	\$ 1.65	\$ 1.92	\$ 1.57
By-product credits	(0.26 )	(0.17 )	(0.23 )	(0.16 )
Treatment charges	0.10	0.11	0.10	0.11
Unit net cash costs	\$ 1.82	\$ 1.59	\$ 1.79	\$ 1.52

a. 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.

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."

North America's consolidated copper sales volumes totaled 350 million pounds in third-quarter 2018 and 347 million pounds in third-quarter 2017. North America copper sales are estimated to approximate 1.4 billion pounds for the year 2018, compared with 1.5 billion pounds in 2017.

Average unit net cash costs (net of by-product credits) for the North America copper mines of \$1.82 per pound of copper in third-quarter 2018 were higher than unit net cash costs of \$1.59 per pound in third-quarter 2017, primarily reflecting increased mining rates and higher mining and milling costs.

Average unit net cash costs (net of by-product credits) for the North America copper mines are expected to approximate \$1.78 per pound of copper for the year 2018, based on achievement of current sales volume and cost estimates and assuming an average molybdenum price of \$12.00 per pound for fourth-quarter 2018. North America's average unit net cash costs for the year 2018 would change by approximately \$0.01

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. Cerro Verde's expanded operations benefit from its large-scale, long-lived reserves and cost efficiencies. The Cerro Verde expansion project, which achieved capacity operating rates in early 2016, expanded the concentrator facilities' capacity from 120,000 metric tons of ore per day to 360,000 metric tons of ore per day. During 2018, Cerro Verde received a modified environmental permit allowing it to operate its existing concentrator facilities at rates up to 409,500 metric tons of ore per day. Cerro Verde's concentrator facilities have continued to perform well, with average mill throughput rates of 384,800 metric tons of ore per day for the first nine months of 2018.

FCX continues to evaluate a large-scale expansion at El Abra to process additional sulfide material and to achieve higher recoveries. El Abra's large sulfide resource could potentially support a major mill project similar to facilities constructed at Cerro Verde. Technical and economic studies are being advanced to determine the optimal scope and timing for the project.

Operating Data. Following is summary consolidated operating data for the South America mining operations for the third quarters and first nine months of 2018 and 2017:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Copper (millions of recoverable pounds)				
Production	325	328	931	932
Sales	326	327	928	923
Average realized price per pound	\$ 2.80	\$ 2.95	\$ 2.93	\$ 2.82
Molybdenum (millions of recoverable pounds)				
Production <sup>a</sup>	7	8	20	21
Unit net cash costs per pound of copper <sup>b</sup>				
Site production and delivery, excluding adjustments	\$ 1.84	<sup>c</sup> \$ 1.60	\$ 1.80	<sup>c</sup> \$ 1.55
By-product credits	(0.23 )	(0.19 )	(0.24 )	(0.17 )
Treatment charges	0.20	0.22	0.20	0.22
Royalty on metals	&mdash;	0.01	&mdash;	0.01
Unit net cash costs	\$ 1.81	\$ 1.64	\$ 1.76	\$ 1.61

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."

c. Includes \$0.21 per pound of copper in third-quarter 2018 and \$0.07 per pound of copper for the first nine months of 2018 associated with nonrecurring charges for Cerro Verde's new three-year CLA. Refer to the supplemental schedule, "Adjusted Net Income," on page VII, which is available on FCX's website, "fcx.com," for a summary of these charges.

South America's consolidated copper sales volumes totaled 326 million pounds in third-quarter 2018 and 327 million pounds in third-quarter 2017. Sales from South America mining are expected to approximate 1.2 billion pounds of copper for the year 2018, compared with 1.2 billion pounds of copper in 2017.

Average unit net cash costs (net of by-product credits) for South America mining of \$1.81 per pound of copper in third-quarter 2018 were higher than unit net cash costs of \$1.64 per pound in third-quarter 2017, primarily reflecting nonrecurring charges associated with Cerro Verde's new three-year CLA. Excluding this charge, South America's average unit site production and delivery costs of \$1.63 per pound of copper would

have approximated third-quarter 2017.

Average unit net cash costs (net of by-product credits) for South America mining are expected to approximate \$1.73 per pound of copper for the year 2018, based on current sales volume and cost estimates and assuming an average price of \$12.00 per pound of molybdenum for fourth-quarter 2018.

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. On September 27, 2018, FCX, PT-FI, PT Indocopper Investama (PT-II) and PT Inalum entered into a Divestment Agreement on previously agreed economic terms in connection with PT Inalum's acquisition of shares of PT-FI. Under the Divestment Agreement, PT Inalum will acquire, for cash consideration of \$350 million, 100 percent of FCX's interests in PT-II, which owns 9.36 percent of PT-FI (equates to a 5.6 percent interest after 2022). PT Inalum also entered into a definitive agreement with Rio Tinto to acquire for cash consideration of \$3.5 billion, all of Rio Tinto's interests (40 percent interest after 2022) associated with its joint venture with PT-FI (the Joint Venture).

The arrangements provide for FCX and existing PT-FI shareholders to retain the economics of the revenue and cost sharing arrangements under the Joint Venture and for FCX to continue to manage PT-FI's operations. Following completion of the transaction, which includes Rio Tinto's interest being merged into PT-FI, PT-FI will have an expanded asset base and PT Inalum's share ownership will be 51.2 percent of PT-FI (subject to a dividend assignment mechanism to replicate the Joint Venture economics), and FCX's ownership will be 48.8 percent.

Concurrent with the closing of the divestment transaction, PT-FI will be granted an IUPK providing long-term mining rights with assured legal and fiscal terms and legal enforceability through 2041. PT-FI has agreed to construct a smelter within five years of the closing with economics shared pro rata by FCX and PT Inalum according to their respective equity ownership in PT-FI.

The transaction, which is expected to close in late 2018 or early 2019, is subject to certain conditions, including the issuance of the IUPK in a form acceptable to FCX and PT Inalum; resolution of environmental regulatory matters satisfactory to the Indonesian government, FCX and PT Inalum; various other Indonesian regulatory actions and approvals; and receipt of customary approvals from international competition authorities.

PT-FI's export license is effective through February 15, 2019, and PT-FI's temporary IUPK is effective through October 31, 2018. PT-FI will continue to seek extensions to its temporary IUPK until closing of the pending transaction. Until the pending transaction is completed, PT-FI has reserved all rights under its Contract of Work (COW).

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. Following results of an economic analysis in the first half of 2018, PT-FI revised its mine plans to continue to mine ore from the open pit until transitioning to the Grasberg Block Cave (GBC) underground mine in the first half of 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.

Substantial progress has been made to prepare for the transition to mining of the GBC underground mine. First undercut blasting occurred in September 2018, and cave production is scheduled for the first half of 2019. All underground mining levels and the ore flow system are being commissioned. Production rates over the next five years are expected to ramp up to 130,000 metric tons of ore per day.

During second-quarter 2018, PT-FI initiated plans to conduct hydraulic fracturing activities to manage rock

stresses and pre-condition the Deep Mill Level Zone (DMLZ) underground mine for large-scale production following mining induced seismic activity experienced in 2017 and 2018. Hydraulic fracturing activities designed to safely manage production commenced in third-quarter 2018 and to date have accomplished expected results. PT-FI's revised mine plans for the DMLZ underground mine, which continue to be reviewed, currently project block cave mining activities in the DMLZ underground mine to commence in mid-2019. PT-FI expects the DMLZ to reach full production rates of 80,000 metric tons per day in 2022. Estimates of timing of future production continue to be reviewed and may be modified as additional information becomes available.

PT-FI's estimated annual capital spending on underground mine development projects is expected to average \$0.8 billion per year (\$0.7 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.

PT-FI is also evaluating plans for the development of a new copper smelter in Indonesia, including site selection, engineering, joint venture and financing arrangements.

Operating Data. Following is summary consolidated operating data for the Indonesia mining operations for the third quarters and first nine months of 2018 and 2017:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Copper (millions of recoverable pounds)				
Production	332	293	990	647
Sales	368	258	1,003	630
Average realized price per pound	\$ 2.81	\$ 2.95	\$ 2.93	\$ 2.81
Gold (thousands of recoverable ounces)				
Production	754	412	2,089	992
Sales	831	352	2,105	956
Average realized price per ounce	\$ 1,191	\$ 1,290	\$ 1,248	\$ 1,261
Unit net cash (credits) costs per pound of copper <sup>a</sup>				
Site production and delivery, excluding adjustments	\$ 1.40	\$ 1.41	<sup>b</sup> \$ 1.36	\$ 1.70
Gold and silver credits	(2.72 )	(1.80 )	(2.69 )	(1.98 )
Treatment charges	0.26	0.27	0.26	0.27
Export duties	0.14	0.08	0.15	0.10
Royalty on metals	0.20	0.17	0.21	0.16
Unit net cash (credits) costs	\$ (0.72 )	\$ 0.13	\$ (0.71 )	\$ 0.25

a. For a reconciliation of unit net cash (credits) 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 \$0.03 per pound of copper in third-quarter 2017 and \$0.18 per pound of copper for the first nine months of 2017 associated with workforce reductions. Refer to the supplemental schedule, "Adjusted Net Income," on page VII, which is available on FCX's website, "fcx.com," for a summary of these charges.

Indonesia's consolidated sales of 368 million pounds of copper and 831 thousand ounces of gold in third-quarter 2018 were higher than third-quarter 2017 sales of 258 million pounds of copper and 352 thousand ounces of gold, primarily reflecting higher operating rates and ore grades.

Assuming achievement of planned operating rates for fourth-quarter 2018, consolidated sales volumes from Indonesia mining are expected to approximate 1.16 billion pounds of copper and 2.45 million ounces of gold for the year 2018, compared with 1.0 billion pounds of copper and 1.5 million ounces of gold for the year 2017.

As PT-FI transitions mining from the open pit to underground, its production is expected to be significantly lower in 2019 and 2020, compared to 2018. Metal production is expected to improve significantly by 2021 following a ramp-up period.

A significant portion of PT-FI's costs are fixed and unit costs vary depending on production volumes and other factors. As a result of higher sales volumes and gold and silver credits, Indonesia had unit net cash credits (including gold and silver credits) of \$0.72 per pound of copper in third-quarter 2018, compared with unit net cash costs of \$0.13 per pound in third-quarter 2017.

Assuming an average gold price of \$1,200 per ounce for fourth-quarter 2018 and achievement of current sales volume and cost estimates, unit net cash credits (including gold and silver credits) for Indonesia mining are expected to approximate \$0.54 per pound of copper for the year 2018 (including unit net cash costs of \$0.48 per pound of copper in fourth-quarter 2018). Indonesia mining's unit net cash credits for the year 2018 would change by approximately \$0.03 per pound for each \$50 per ounce change in the average price of gold for fourth-quarter 2018. Because of the fixed nature of a large portion of Indonesia's costs, unit net cash credits/costs vary from quarter to quarter depending on copper and gold volumes.

Indonesia mining's projected sales volumes and unit net cash credits for the year 2018 are dependent on a number of factors, including operational performance, workforce productivity, timing of shipments, and Indonesia regulatory matters, including extension of PT-FI's long-term mining rights or an extension of PT-FI's temporary IUPK after October 31, 2018.

Molybdenum Mines. FCX has two wholly owned molybdenum mines - 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. Production from the Molybdenum mines totaled 8 million pounds of molybdenum in both third-quarter 2018 and third-quarter 2017. Refer to summary operating data on page 3 for FCX's consolidated molybdenum sales and average realized prices, which includes sales of molybdenum produced at the Molybdenum mines, and from FCX's North America and South America copper mines.

Unit net cash costs for the Molybdenum mines averaged \$9.02 per pound of molybdenum in third-quarter 2018 and \$7.82 per pound in third-quarter 2017. Based on current sales volume and cost estimates, average unit net cash costs for the Molybdenum mines are expected to approximate \$8.80 per pound of molybdenum for the year 2018.

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. A drilling program to further delineate the Lone Star resource continues to indicate significant additional mineralization in this district, with higher ore grades than FCX's other North America copper mines. Exploration results continue to indicate opportunities for significant future potential reserve additions in North America and South America. Exploration spending is expected to approximate \$85 million for the year 2018.

## CASH FLOWS, CASH and DEBT

Operating Cash Flows. FCX generated operating cash flows of \$1.25 billion in third-quarter 2018 and \$3.9 billion for the first nine months of 2018.

Based on current sales volume and cost estimates, and assuming average prices of \$2.85 per pound of copper, \$1,200 per ounce of gold and \$12.00 per pound of molybdenum for fourth-quarter 2018, FCX's consolidated operating cash flows are estimated to approximate \$4.2 billion for the year 2018 (net of \$0.5 billion in working capital uses and timing of other tax payments). The impact of price changes during fourth-quarter 2018 on operating cash flows would approximate \$105 million for each \$0.10 per pound

change in the average price of copper, \$15 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 \$0.5 billion in third-quarter 2018 (including approximately \$0.4 billion for major mining projects) and \$1.4 billion for the first nine months of 2018 (including approximately \$0.9 billion for major mining projects). Capital expenditures are expected to approximate \$2.0 billion for the year 2018, including \$1.2 billion for major mining projects primarily associated with underground development activities in the Grasberg minerals district and development of the Lone Star oxide project.

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, 2018 (in billions):

Cash at domestic companies	\$ 2.7
Cash at international operations	1.9
Total consolidated cash and cash equivalents	4.6
Noncontrolling interests' share	(0.5 )
Cash, net of noncontrolling interests' share	4.1
Withholding taxes and other	(0.1 )
Net cash available	\$ 4.0

Debt. Following is a summary of total debt and the related weighted-average interest rates at September 30, 2018 (in billions, except percentages):

		Weighted- Average Interest Rate	
Senior Notes	\$ 9.9	4.6	%
Cerro Verde credit facility	1.2	4.1	%
Total debt	\$ 11.1	4.5	%

At September 30, 2018, FCX had no borrowings, \$13 million in letters of credit issued and \$3.5 billion available under its revolving credit facility.

## FINANCIAL POLICY

In February 2018, the FCX Board of Directors (Board) reinstated a cash dividend on FCX common stock. On September 26, 2018, FCX declared a quarterly cash dividend of \$0.05 per share on its common stock, which will be paid on November 1, 2018, to shareholders of record as of October 15, 2018. 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 2018 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 23, 2018.

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."

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, expectations related to the pending transaction between FCX, PT-FI, PT-II, and PT Inalum, including, but not limited to, replication of the economics of the revenue and cost sharing arrangements under the Joint Venture pursuant to a dividend assignment mechanism, FCX's continued management of PT-FI's operations, the expected timing of completion of the pending transaction, 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. The declaration of dividends is at the discretion of the Board and will depend on FCX's financial results, cash requirements, future prospects, and other factors deemed relevant by the Board.

FCX cautions readers that forward-looking statements are not guarantees of future performance and actual results may differ materially from those anticipated, expected, 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, but are not limited to, supply of and demand for, and prices of, copper, gold and molybdenum; mine sequencing; production rates; potential inventory adjustments; potential impairment of long-lived mining assets; the ability to satisfy conditions to close the pending transaction, including, but not limited to, the documentation and issuance of an IUPK providing for the extension and stability of PT-FI's long-term mining rights with assured legal and fiscal terms and legal enforceability through 2041 in a form acceptable to FCX and PT Inalum, resolution of environmental regulatory matters that include amendments to the decrees imposing unattainable environmental standards on PT-FI pending before Indonesia's Ministry of Environment and Forestry satisfactory to the Indonesian government, FCX and PT Inalum, various other Indonesian regulatory actions and approvals, including modification or revocation of current regulations and implementation of new regulations by the Indonesian government and assurances or approvals by Indonesian tax authorities with respect to the pending transaction, including confirmation of withholding tax treatment, and obtaining customary approvals from international competition authorities; obtaining an extension of PT-FI's temporary IUPK after October 31, 2018; the potential effects of violence in Indonesia generally and in the province of Papua; industry risks; regulatory changes; political risks; labor relations; weather- and climate-related risks; environmental risks; litigation results (including 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, 2017, filed with the U.S. Securities and Exchange Commission (SEC) as updated by FCX's subsequent filings with the SEC.

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 (credits) costs per pound of copper and molybdenum and adjusted net income, 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."

FREEPORT-McMoRan INC.  
SELECTED OPERATING DATA

Three Months Ended September 30,

	2018 Production	2017	2018 Sales	2017
<b>MINING OPERATIONS:</b>				
<b>COPPER (millions of recoverable pounds)</b> (FCX's net interest in %)				
<b>North America</b>				
Morenci (72%) <sup>a</sup>	170	186	174	169
Bagdad (100%)	45	45	47	41
Safford (100%)	32	37	31	35
Sierrita (100%)	36	40	36	37
Miami (100%)	4	4	3	4
Chino (100%)	46	48	45	47
Tyrone (100%)	15	13	14	12
Other (100%)	1	2	&mdash;	2
<b>Total North America</b>	<b>349</b>	<b>375</b>	<b>350</b>	<b>347</b>
<b>South America</b>				
Cerro Verde (53.56%)	275	284	280	291
El Abra (51%)	50	44	46	36
<b>Total South America</b>	<b>325</b>	<b>328</b>	<b>326</b>	<b>327</b>
<b>Indonesia</b>				
Grasberg (90.64%) <sup>b</sup>	332	293	368	258
<b>Total</b>	<b>1,006</b>	<b>996</b>	<b>1,044</b>	<sup>c</sup> <b>932</b>
Less noncontrolling interests	183	181	186	177
<b>Net</b>	<b>823</b>	<b>815</b>	<b>858</b>	<b>755</b>
Average realized price per pound			\$ 2.80	\$ 2.94
<b>GOLD (thousands of recoverable ounces)</b> (FCX's net interest in %)				
North America (100%)	6	6	6	3
Indonesia (90.64%) <sup>b</sup>	754	412	831	352
<b>Consolidated</b>	<b>760</b>	<b>418</b>	<b>837</b>	<b>355</b>
Less noncontrolling interests	70	39	77	32
<b>Net</b>	<b>690</b>	<b>379</b>	<b>760</b>	<b>323</b>
Average realized price per ounce			\$ 1,191	\$ 1,290
<b>MOLYBDENUM (millions of recoverable pounds)</b> (FCX's net interest in %)				
Henderson (100%)	3	3	N/A	N/A
Climax (100%)	5	5	N/A	N/A
North America copper mines (100%) <sup>a</sup>	8	8	N/A	N/A
Cerro Verde (53.56%)	7	8	N/A	N/A
<b>Consolidated</b>	<b>23</b>	<b>24</b>	<b>22</b>	<b>22</b>
Less noncontrolling interests	3	4	2	3
<b>Net</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>19</b>
Average realized price per pound			\$ 12.40	\$ 9.22

a. Amounts are net of Morenci's undivided joint venture partners' interests.

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 93 million pounds in third-quarter 2018 and 75 million pounds in third-quarter 2017.

**FREEPORT-McMoRan INC.**  
**SELECTED OPERATING DATA (continued)**

Nine Months Ended September 30,  
2018 2017 2018 2017

MINING OPERATIONS: Copper (millions of recoverable pounds) (FCX's net interest in %)	Production		Sales	
North America				
Morenci (72%) <sup>a</sup>	521	554	544	537
Bagdad (100%)	142	128	146	122
Safford (100%)	94	116	99	120
Sierrita (100%)	113	121	118	117
Miami (100%)	12	14	12	14
Chino (100%)	126	168	133	170
Tyrone (100%)	41	47	42	47
Other (100%)	2	3	1	3
Total North America	1,051	1,151	1,095	1,130
South America				
Cerro Verde (53.56%)	780	806	780	803
El Abra (51%)	151	126	148	120
Total South America	931	932	928	923
Indonesia				
Grasberg (90.64%) <sup>b</sup>	990	647	1,003	630
Total	2,972	2,730	3,026	<sup>c</sup> 2,683
Less noncontrolling interests	529	497	528	491
Net	2,443	2,233	2,498	2,192
Average realized price per pound			\$ 2.96	\$ 2.79
Gold (thousands of recoverable ounces) (FCX's net interest in %)				
North America (100%)	16	18	18	13
Indonesia (90.64%) <sup>b</sup>	2,089	992	2,105	956
Consolidated	2,105	1,010	2,123	969
Less noncontrolling interests	195	93	197	89
Net	1,910	917	1,926	880
Average realized price per ounce			\$ 1,249	\$ 1,261
Molybdenum (millions of recoverable pounds) (FCX's net interest in %)				
Henderson (100%)	10	9	N/A	N/A
Climax (100%)	16	15	N/A	N/A
North America (100%) <sup>a</sup>	23	25	N/A	N/A
Cerro Verde (53.56%)	20	21	N/A	N/A
Consolidated	69	70	70	71
Less noncontrolling interests	9	10	9	9
Net	60	60	61	62
Average realized price per pound			\$ 12.41	\$ 9.18

a. Amounts are net of Morenci's undivided joint venture partners' interests.

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 257 million pounds for the first nine months of 2018 and 195 million pounds for the first nine months of 2017.

**FREEPORT-McMoRan INC.**  
**SELECTED OPERATING DATA (continued)**

	Three Months Ended		Nine Months Ended	
	September 30,	September 30,	September 30,	September 30,
	2018	2017	2018	2017
100% North America Copper Mines				

<b>Leach Operations</b>				
Leach ore placed in stockpiles (metric tons per day)	657,600	657,200	673,800	683,700
Average copper ore grade (percent)	0.22	0.27	0.25	0.28
Copper production (millions of recoverable pounds)	242	252	723	763
<b>Mill Operations</b>				
Ore milled (metric tons per day)	297,800	297,200	297,900	300,000
Average ore grades (percent):				
Copper	0.34	0.38	0.35	0.40
Molybdenum	0.03	0.03	0.02	0.03
Copper recovery rate (percent)	87.4	86.6	88.1	86.6
Production (millions of recoverable pounds):				
Copper	173	195	531	603
Molybdenum	8	9	24	27
<b>100% South America Mining</b>				
<b>Leach Operations</b>				
Leach ore placed in stockpiles (metric tons per day)	194,400	164,000	203,100	136,900
Average copper ore grade (percent)	0.34	0.36	0.32	0.37
Copper production (millions of recoverable pounds)	72	65	214	190
<b>Mill Operations</b>				
Ore milled (metric tons per day)	383,900	379,200	384,800	355,400
Average ore grades (percent):				
Copper	0.39	0.44	0.39	0.44
Molybdenum	0.02	0.02	0.01	0.02
Copper recovery rate (percent)	86.1	80.9	83.2	82.7
Production (millions of recoverable pounds):				
Copper	253	263	717	742
Molybdenum	7	8	20	21
<b>100% Indonesia Mining</b>				
Ore milled (metric tons per day): <sup>a</sup>				
Grasberg open pit	149,500	130,500	141,100	91,200
Deep Ore Zone underground mine	31,000	34,500	33,200	29,400
Deep Mill Level Zone underground mine	2,500	2,400	2,600	3,100
Grasberg Block Cave underground mine	3,700	4,200	3,800	3,600
Big Gossan underground mine	3,900	&mdash;	3,400	500
Total	190,600	171,600	184,100	127,800
Average ore grades:				
Copper (percent)	1.00	0.91	1.06	1.00
Gold (grams per metric ton)	1.77	0.98	1.73	1.08
Recovery rates (percent):				
Copper	92.4	91.1	92.4	91.6
Gold	85.7	84.7	85.5	84.9
Production (recoverable):				
Copper (millions of pounds)	337	277	1,030	670
Gold (thousands of ounces)	817	405	2,306	993
<b>100% Molybdenum Mines</b>				
Ore milled (metric tons per day)	29,400	24,200	27,100	22,600
Average molybdenum ore grade (percent)	0.17	0.18	0.18	0.20
Molybdenum production (millions of recoverable pounds)	8	8	26	24

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

**FREEPORT-McMoRan INC.**  
**CONSOLIDATED STATEMENTS OF INCOME (Unaudited)**

Three Months

	September 30	September 30
	2018	2017
	(In Millions, Except Per Share Data)	
Revenues <sup>b</sup>	\$ 4,908	\$ 4,908
Cost of sales:		
Production and delivery <sup>c</sup>	3,069	2,700
Depreciation, depletion and amortization	458	411
Total cost of sales	3,527	3,211
Selling, general and administrative expenses <sup>c</sup>	101	100
Mining exploration and research expenses	27	27
Environmental obligations and shutdown costs	8	72
Net gain on sales of assets	(70)	(33)
Total costs and expenses	3,593	3,323
Operating income	1,315	922
Interest expense, net <sup>d,e</sup>	(143)	(30)
Net gain on early extinguishment of debt	&mdash;	11
Other income (expense), net	14	(9)
Income from continuing operations before income taxes and equity in affiliated companies' net earnings	1,186	622
Provision for income taxes <sup>d,g</sup>	(522)	(38)
Equity in affiliated companies' net earnings	4	3
Net income from continuing operations	668	244
Net (loss) income from discontinued operations <sup>h</sup>	(4)	3
Net income	664	247
Net (income) loss attributable to noncontrolling interests:		
Continuing operations <sup>d</sup>	(108)	35
Discontinued operations	&mdash;	&mdash;
Net income attributable to FCX common stock <sup>i</sup>	\$ 556	\$ 212
Basic net income (loss) per share attributable to common stock:		
Continuing operations	\$ 0.38	\$ 0.38
Discontinued operations	&mdash;	&mdash;
	\$ 0.38	\$ 0.38
Diluted net income (loss) per share attributable to common stock:		
Continuing operations	\$ 0.38	\$ 0.38
Discontinued operations	&mdash;	&mdash;
	\$ 0.38	\$ 0.38
Weighted-average common shares outstanding:		
Basic	1,450	1,450
Diluted	1,458	1,458
Dividends declared per share of common stock	\$ 0.05	\$ 0.05

a. The adoption of accounting guidance related to the presentation of retirement benefits resulted in the reclassification of the non-service components of net periodic pension cost from continuing operations to discontinued operations. Refer to the supplemental schedule, "Adjusted Net Income," on page VII for further details.

b. Includes adjustments to provisionally priced concentrate and cathode sales. For a summary of adjustments to provisionally priced copper sales, refer to the supplemental schedule, "Adjusted Net Income," beginning on page VIII.

c. Includes net mining and oil and gas (credits) charges that are summarized in the supplemental schedule, "Adjusted Net Income," on page VII.

d. Includes charges associated with disputed Cerro Verde royalties for prior years, which are summarized in the supplemental schedule, "Adjusted Net Income," on page VII.

e. Consolidated interest costs (before capitalization and excluding interest expense associated with disputed Cerro Verde royalties) totaled \$166 million in third quarter of 2017, \$501 million for the first nine months of 2018 and \$583 million for the first nine months of 2017.

f. Includes \$30 million of interest received on tax refunds, mostly associated with the refund of PT-FI's prior years' tax receivables. Refer to the supplemental schedule, "Adjusted Net Income," on page VII.

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

h. Primarily reflects adjustments to the estimated fair value of contingent consideration related to the 2016 sale of FCX's interest in TF Holdings Limited through December 31, 2019.

i. FCX defers recognizing profits on intercompany sales until final sales to third parties occur. Refer to the supplemental schedule, "Deferred Profits," on page 10 for these deferrals.

**FREEPORT-McMoRan INC.**

**CONSOLIDATED BALANCE SHEETS (Unaudited)**

	September 30, 2018	December 31, 2017
	(In Millions)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 4,556	\$ 4,447
Trade accounts receivable	1,064	1,246
Income and other tax receivables	226	325
Inventories:		
Materials and supplies, net	1,439	1,305
Mill and leach stockpiles	1,439	1,422
Product	1,169	1,166
Other current assets	402	270
Held for sale	626	508
Total current assets	10,921	10,689
Property, plant, equipment and mine development costs, net	23,013	22,934
Long-term mill and leach stockpiles	1,355	1,409
Other assets	2,460	2,270
Total assets	\$ 37,749	\$ 37,302
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 2,396	\$ 2,321
Accrued income taxes	645	565
Current portion of environmental and asset retirement obligations	460	388
Dividends payable	73	&mdash;
Current portion of debt	4	1,414
Held for sale	273	323
Total current liabilities	3,851	5,011
Long-term debt, less current portion	11,123	11,703
Deferred income taxes	3,839	3,649
Environmental and asset retirement obligations, less current portion	3,564	3,631
Other liabilities	1,918	2,012
Total liabilities	24,295	26,006
Equity:		
Stockholders' equity:		
Common stock	158	158
Capital in excess of par value	26,603	26,751
Accumulated deficit	(12,526)	(14,722)
Accumulated other comprehensive loss	(532)	(487)
Common stock held in treasury	(3,726)	(3,723)
Total stockholders' equity	9,977	7,977
Noncontrolling interests	3,477	3,319
Total equity	13,454	11,296
Total liabilities and equity	\$ 37,749	\$ 37,302

**FREEPORT-McMoRan INC.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)**

Nine Months Ended

	September 30,	
	2018	2017
	(In Millions)	
Cash flow from operating activities:		
Net income	\$ 2,516	\$ 886
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	1,351	1,257
Net gain on sales of assets	(126 )	(66 )
Stock-based compensation	70	58
Net charges for Cerro Verde royalty dispute	&mdash;	359
Payments for Cerro Verde royalty dispute	(32 )	(32 )
Net charges for environmental and asset retirement obligations, including accretion	206	196
Payments for environmental and asset retirement obligations	(179 )	(85 )
Net charges for defined pension and postretirement plans	59	95
Pension plan contributions	(60 )	(152 )
Net gain on early extinguishment of debt	(8 )	(8 )
Deferred income taxes	202	77
Loss (gain) on disposal of discontinued operations	19	(41 )
Decrease in long-term mill and leach stockpiles	54	181
Non-cash drillship settlements/idle rig costs and other oil and gas adjustments	&mdash;	(33 )
Oil and gas contract settlement payments	&mdash;	(70 )
Other, net	7	1
Changes in working capital and other tax payments:		
Accounts receivable	321	420
Inventories	(326 )	(314 )
Other current assets	(16 )	(17 )
Accounts payable and accrued liabilities	(2 )	(93 )
Accrued income taxes and timing of other tax payments	(131 )	393
Net cash provided by operating activities	3,925	3,012
Cash flow from investing activities:		
Capital expenditures:		
North America copper mines	(413 )	(106 )
South America	(188 )	(65 )
Indonesia	(695 )	(663 )
Molybdenum mines	(6 )	(4 )
Other	(89 )	(182 )
Proceeds from sales of assets	10	68
Intangible water rights and other, net	(91 )	(2 )
Net cash used in investing activities	(1,472 )	(954 )
Cash flow from financing activities:		
Proceeds from debt	475	795
Repayments of debt	(2,410 )	(1,991 )
Cash dividends paid:		
Common stock	(145 )	(2 )
Noncontrolling interests	(241 )	(67 )
Stock-based awards net proceeds (payments)	4	(10 )
Debt financing costs and other, net	(23 )	(12 )
Net cash used in financing activities	(2,340 )	(1,287 )
Net increase in cash, cash equivalents, restricted cash and restricted cash equivalents	113	771
Decrease (increase) in cash and cash equivalents in assets held for sale	55	(45 )
Cash, cash equivalents, restricted cash and restricted cash equivalents at beginning of year	4,631	4,403
Cash, cash equivalents, restricted cash and restricted cash equivalents at end of period <sup>a</sup>	\$ 4,799	\$ 5,129

a. Includes restricted cash and restricted cash equivalents of \$243 million at September 30, 2018, and \$172 million at September 30, 2017.

FREEPORT-McMoRan INC.  
ADJUSTED NET INCOME

Adjusted net income is intended to provide investors and others with information about FCX's recurring operating performance. This information differs from net income 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 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,			
	2018	2017	2016	2015
	Pre-tax	After-tax <sup>a</sup>	Per Share	Pre-tax
Net income attributable to common stock	N/A	\$ 556	\$ 0.38	N/A
Cerro Verde royalty dispute <sup>b</sup>	\$ (1 )	\$ &mdash;	\$ &mdash;	\$ (3 )
Cerro Verde labor agreement	(69 )	(22 )	(0.02 )	&mdash;
PT-FI net charges for workforce reductions	&mdash;	&mdash;	&mdash;	(9 )
Other net mining credits	&mdash;	&mdash;	&mdash;	4
Net oil and gas credits	&mdash;	&mdash;	&mdash;	4
Net adjustments to environmental obligations and related litigation reserves	(2 )	(2 )	&mdash;	(64 )
Net gain on sales of assets	70	<sup>c</sup> 70	0.05	33
Net gain on early extinguishment of debt	&mdash;	&mdash;	&mdash;	11
Net tax charges <sup>d</sup>	N/A	&mdash;	&mdash;	N/A
(Loss) gain on discontinued operations <sup>e</sup>	(4 )	(4 )	&mdash;	3
	\$ (6 )	\$ 42	\$ 0.03	\$ (3 )
Adjusted net income attributable to common stock	N/A	\$ 514	\$ 0.35	N/A
	Nine Months Ended September 30,			
	2018	2017	2016	2015
	Pre-tax	After-tax <sup>a</sup>	Per Share	Pre-tax
Net income attributable to common stock	N/A	\$ 2,117	\$ 1.45	N/A
Cerro Verde royalty dispute <sup>b</sup>	\$ (7 )	\$ &mdash;	\$ &mdash;	\$ (3 )
Cerro Verde labor agreement	(69 )	(22 )	(0.02 )	&mdash;
PT-FI charges for workforce reductions	&mdash;	&mdash;	&mdash;	(117 )
Other net mining credits (charges)	10	4	&mdash;	(24 )
Net oil and gas credits	&mdash;	&mdash;	&mdash;	8
Net adjustments to environmental obligations and related litigation reserves	(52 )	(52 )	(0.04 )	(53 )
Net gain on sales of assets	126	<sup>c</sup> 126	0.09	66
Net gain on early extinguishment of debt	8	8	0.01	8
Interest on tax refunds	30	19	0.01	&mdash;
Net tax credits <sup>d</sup>	N/A	5	&mdash;	N/A
(Loss) gain on discontinued operations <sup>e</sup>	(19 )	(19 )	(0.01 )	54
	\$ 27	\$ 69	\$ 0.04	\$ (4 )
Adjusted net income attributable to common stock	N/A	\$ 2,048	\$ 1.41	N/A

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

b. The 2017 periods include net charges of \$188 million associated with disputed Cerro Verde royalties for prior years, consisting of \$216 million to production interest expense and \$2 million to provision for income taxes, net of \$171 million to noncontrolling interests. The 2018 periods include net charges to interest expense and taxes and noncontrolling interests.

c. Reflects adjustments to assets held for sale and fair value adjustments associated with potential contingent consideration related to the 2016 sale of onshore assets. FCX would receive contingent consideration related to this transaction consisting of \$50 million per year for 2018, 2019 and 2020 if the price of Brent crude oil averaged above \$70 per barrel in any of the three calendar years. The average Brent crude oil price for the first nine months of 2018 is above \$70 per barrel.

d. Refer to "Income Taxes" on page VIII, for further discussion of net tax (charges) credits.

e. Primarily reflects adjustments to the estimated fair value of the potential \$120 million in contingent consideration related to the 2016 sale of FCX's international assets, which was adjusted through December 31, 2019.



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

g. Includes adjustments totaling \$25 million in production and delivery costs primarily related to the 2016 drillship settlements, partly offset by charges totaling administrative expenses for contract termination costs.

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