

Higher metal prices generated strong earnings, but not a clean operational upgrade.

1 KEY RESULTS VS. CONSENSUS			
Metric	Reported	Consensus	vs. Cons.
Revenue	\$7.55 billion	\$7.29 billion	+3.6%

2 | GUIDANCE AND OUTLOOK

Copper sales guidance fell approximately 2% for 2026 and 2.5% for 2027; 2028 was maintained. Capex increases to \$4.4 billion from \$4.3 billion for 2026 and \$5.2 billion from \$4.8 billion for 2027, excluding Bagdad. 2026 operating cash flow rises to approximately \$8.5 billion from \$8.3 billion. Reaffirmed 2026 unit net cash costs are \$1.90 per pound. Grasberg targets 80% capacity by mid-2027 and approximately full capacity at year-end. Kucing Liar’s startup schedule is under review; development rates are behind.

3 | EARNINGS ANALYSIS

PRICE LED, NOT VOLUME LED. The quarter’s financial strength was primarily price-led. Adjusted EPS beat expectations at \$0.88 despite copper sales falling 23.3% and gold sales falling 68.8% year over year. Copper sales of 749 million pounds declined from 977 million pounds a year earlier. Higher copper and molybdenum realizations, a favorable geographic earnings mix and lower effective taxation supported shareholder earnings. U.S. operating income more than doubled, but copper production declined to 321 million pounds from 330 million pounds.

EARNINGS QUALITY NEEDS RECONCILIATION. Operating margin rose to 31.2% from 28.3%, but lower depreciation contributed \$105 million of the \$381 million increase in operating income. The effective tax rate fell to approximately 26.6% from 34.8%. Approximately 60,000 ounces of refined gold were deferred into Q4. Production and sales remain imperfectly synchronized, with inventories absorbing liquidity. Excluding \$699 million of insurance proceeds, year-to-date operating cash flow was approximately 2.4% below the prior-year reported amount.

COST RELIEF IS CONVERSION, NOT SAVINGS. Q4 unit net cash costs are expected to fall to \$1.68 per pound from \$2.07, substantially through better sales conversion and gold by-product credits rather than lower underlying input costs. Q3’s \$244 million of idle facility, recovery and restoration costs were excluded from reported unit costs; those costs enter the normal presentation in 2027, and reclassification does not create cash savings. The capital budget excludes the proposed \$4.5 billion Bagdad expansion. Only approximately \$3.3 billion of cash was identified as available to the parent, so shareholder returns depend on cash after planned capital spending and minority distributions.

RECOVERY INTACT; LEACHING UNPROVEN. Grasberg district throughput reached approximately 67% of capacity. Material-handling upgrades and safe production-block restarts remain essential, while dry conditions assist underground water management but constrain milling. The 2027 recovery is weighted toward the second half; full capacity at year-end is an exit-rate objective, not a full-year average. On leaching, commercial testing begins in 2027, with informative results expected around Q3. Forecasts embed 300 million pounds for 2027 and 2028, distinct from the 800 million-pound aspiration around 2030.

4 | KEY READ-THROUGHS

MOLYBDENUM EXPOSURE AND EXISTING CAPACITY SUPPORT SOUTHERN COPPER’S RELATIVE RESILIENCE
Southern Copper (SCCO) | Positive | High fundamental relevance
Higher molybdenum credits favor installed copper production over capital-intensive growth. Southern Copper already reported Q3 net copper cash costs of approximately \$0.09 per pound, confirming that by-products offset inflation. Freeport reinforces Q4 price and by-product support, not a prediction of a completed-quarter beat. The next catalysts are 2027 operating and capital guidance; weaker by-product prices could reverse the apparent cost advantage. Freeport’s \$4.5 billion Bagdad estimate reinforces the cost of replacement supply. Q3 molybdenum sales were approximately 7,894 metric tons.

FLORENCE’S ACID CONTRACT RESET IS A 2027 MARGIN RISK, NOT AN IMMEDIATE SPOT-COST SHOCK
Trekor Metals (TKO) | Negative | Potentially material at Florence and meaningful for group growth economics
Florence consumes sulfuric acid in copper recovery. Its approximately \$270-per-ton delivered acid price is fixed for 2026, preventing an immediate spot-cost shock, but procurement resets for 2027. Freeport’s report that acid prices more than doubled strengthens scrutiny of that reset. Trekor expects approximately 220,000 tons of consumption in 2027; negotiated delivered pricing, not commissioning progress alone, determines the margin exposure. Trekor identifies approximately \$0.30-per-pound cost sensitivity to a \$100-per-ton acid-price change.

CERRO VERDE PROVIDES A DIRECT POSITIVE EARNINGS CHANNEL INTO BUENAVENTURA
Buenaventura (BVN) | Positive | Material to affiliate earnings and potentially to cash receipts
Buenaventura’s 19.58% Cerro Verde interest directly transmits stronger copper pricing and molybdenum credits into affiliate earnings, not consolidated revenue. Previously disclosed dividends of \$274.1 million through July 24 demonstrate material liquidity support, but are not newly announced cash. Freeport’s positive operating commentary supports earnings quality despite lower year-over-year copper output. Future distributions remain discretionary, so affiliate profits are not immediately distributable cash. Late-October reporting is the catalyst for affiliate earnings and distribution commentary.

STRONG GRID DEMAND SUPPORTS CABLE VOLUMES, BUT HIGHER COPPER PRICES ARE NOT A MARGIN WINDFALL
Prysmian (PRY), Nexans (NEX) | Positive demand; negative working capital | Moderate to high for exposed electrical-cable businesses
Freeport corroborates demand for cable systems and grid connections, but copper inflation can lift revenue without equivalent value-added growth. Prysmian’s first-half metal-price revenue contribution was approximately €1.089 billion versus approximately €697 million from organic growth. Higher inventories and receivables absorb funding despite hedging. Nexans had already reported its Q3 sales update; Prysmian’s October 29 results are the nearer trading catalyst. Customer advances can offset funding needs; Nexans maintained full-year cash-flow guidance.