AMHERST INVESTMENT CLUB / STOCK PITCH

Freeport-McMoRan

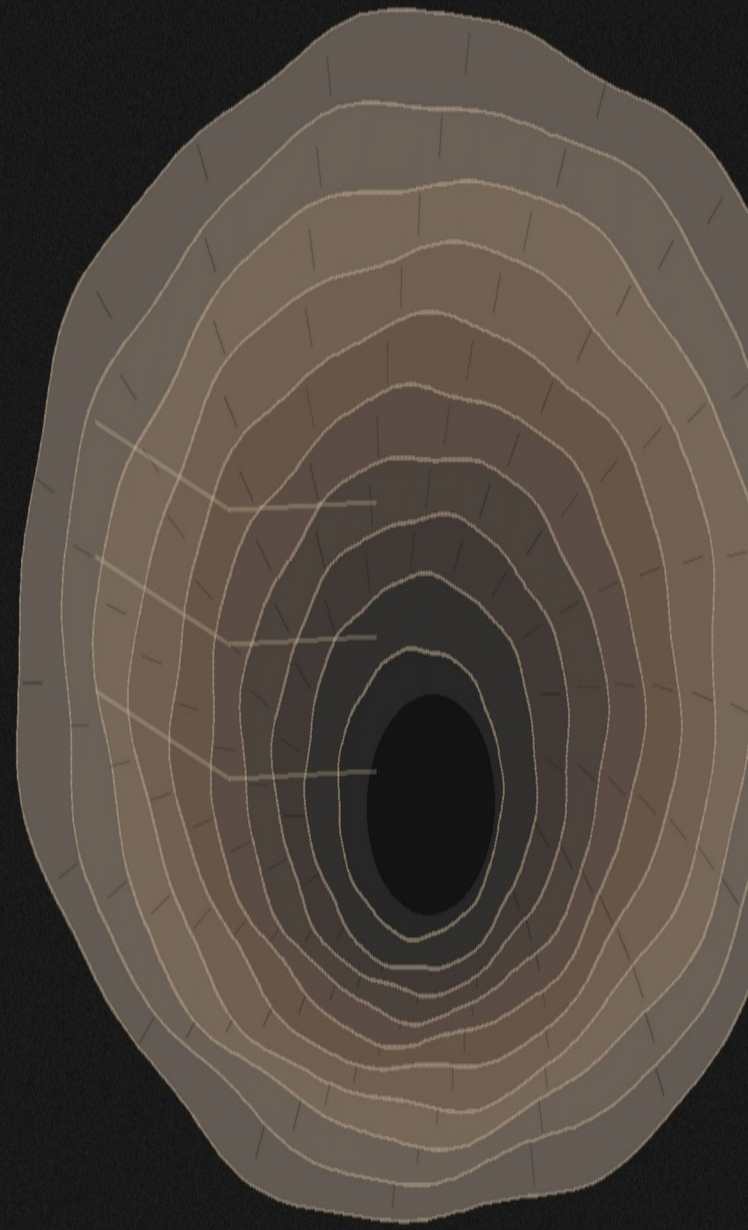
(NYSE: FCX)

Investment review

Copper demand, operating recovery and valuation

DECLAN DUBOIS / AMHERST COLLEGE

Original assessment: 20 Oct 2026 / Updated: 29 Oct 2026



Investment summary

Copper demand creates an opportunity; FCX's valuation sets a higher bar.

INDUSTRY THESIS

Forecast copper demand growth and slow mine development favor established producers.

FREEPORT'S POSITION

Existing assets, U.S. leach projects and Grasberg recovery offer operating upside.

INVESTMENT CONSTRAINT

At roughly $100bn in equity value, significant future improvement may already be priced in.

$69.54

Share close / 16 Oct

~$100bn

Equity value

~45×

Price / FY25 parent earnings

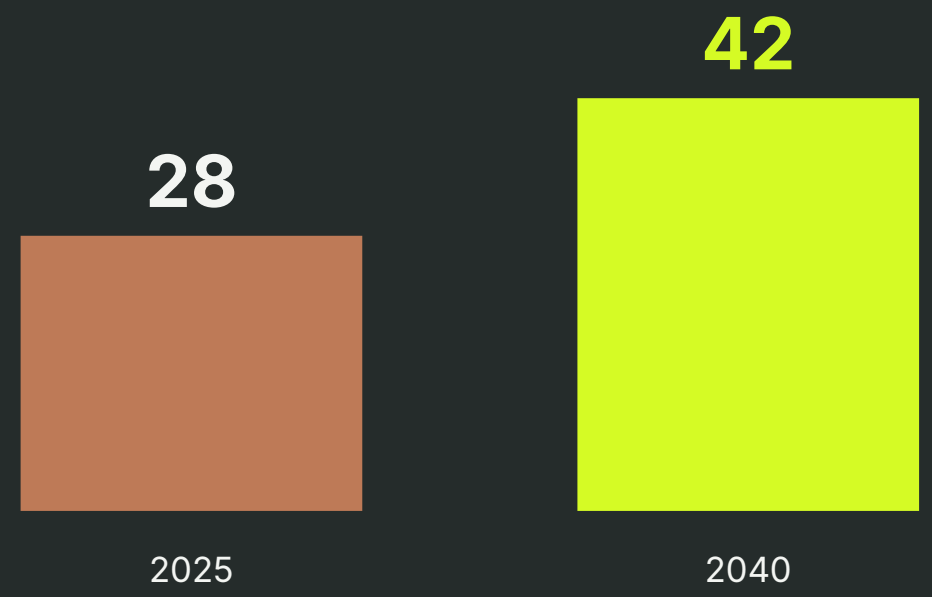
20 Oct original assessment / Watchlist at $69.54 (16 Oct close). Updated assessment on slide 12.

SOURCE FCX filings, 16 Oct share close

Copper market fundamentals

Long-term demand projections favor producers, but the forecasts are conditional.

Global copper demand estimate



MILLION METRIC TONS / YEAR

+50%
Forecast increase in annual copper demand by 2040

~10 Mt
Potential 2040 supply gap without sufficient investment

~17 yrs
Average new-mine development time cited by S&P

SOURCE S&P Global, Jan 2026

Business footprint

A global producer of copper, gold and molybdenum with meaningful Indonesian exposure.

United States

Arizona and New Mexico

Morenci, Bagdad, Safford and other copper operations.

Leach technology added 101m lb of recovered copper in 1H26.

Principal risk: Costs, grades and permitting.

South America

Peru and Chile

Cerro Verde (Peru), El Abra (Chile), plus potential expansions.

FCX raised its Cerro Verde ownership to 55.66% in 2Q26.

Principal risk: Project economics and politics.

Indonesia

Grasberg minerals district

Large copper-gold resource; partial recovery after 2025 incident.

FCX interest in PTFI is 48.76%; results are consolidated.

Principal risk: Safety, recovery and sovereign risk.

Grasberg recovery

Restart and throughput targets, rather than simply higher copper prices, drive earnings recovery.

3Q26 mill throughput

~67%

of pre-incident normalized ore throughput

140,000 metric tons of ore per day

SEP 2025	Mud rush at Grasberg Block Cave
MAR 2026	Phased restart of affected blocks
MID 2027	Target: ~80% capacity
YE 2027	Target: near-full capacity

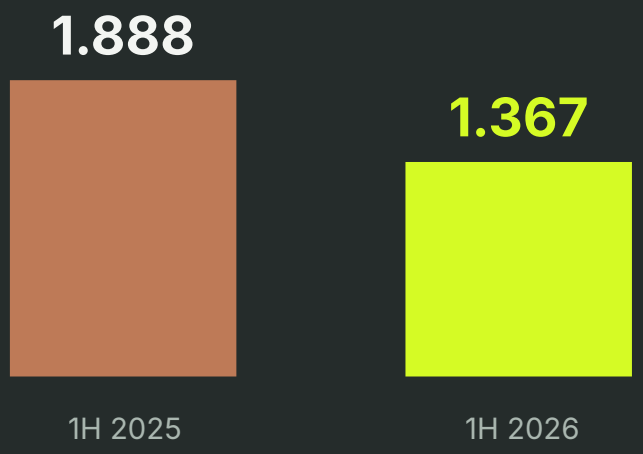
2 Oct preliminary: ~830m lb copper produced; ~750m lb expected sold. 27 Oct actuals on slide 10.

Copper sales and average selling prices

Higher copper prices cushioned the 28% decline in sales volume; restoring production remains critical.

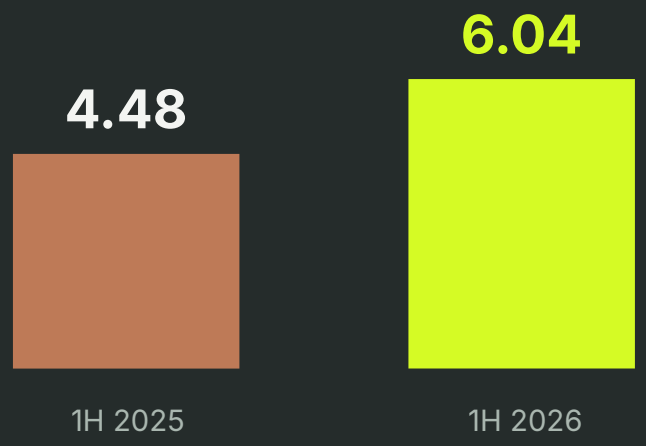
Copper sales

BILLION LB



Average copper selling price

USD RECEIVED PER LB OF COPPER



Copper sales −28% | Average selling price +35% | Net cash cost per lb $1.56 → $1.94

SOURCE 2Q26 results, summary operating data

Profitability and cash flow

High capital needs absorb operating cash; 2026 income includes an unusual gain.

FY2025 / WHERE THE OPERATING CASH WENT

$5.61bn
Operating cash flow

$4.49bn
Capital expenditure

$1.12bn
Cash after capex



About 80% of operating cash flow was absorbed by capex in FY2025.

2026 PROFITABILITY / INSURANCE EFFECT

$4.14bn
1H26 reported operating income

$3.44bn
After subtracting $0.70bn insurance gain; vs $3.74bn in 1H25

1H2026 CASH AFTER CAPEX

$1.47bn

Includes ~$0.70bn one-time insurance cash; consolidated.

SOURCE FCX FY25 10-K; 2Q26 10-Q

July 2026 guidance and copper sensitivity

Historical July guidance; October 27 revised assumptions follow on slide 10.

$8.3bn

Projected 2026 operating cash flow

$4.3bn

Projected 2026 capital expenditure

$4.0bn

Cash after capex* (CFO – capex)

Second-half 2026 copper price	2026 operating cash flow	Cash after capex*
$5.00 / lb	$6.8bn	$2.5bn
$6.00 / lb	$8.3bn	**$4.0bn**
$7.00 / lb	$9.8bn	$5.5bn

FCX sensitivity: $150m change in 2026 operating cash per $0.10/lb move in 2H copper price; other inputs fixed.
*These are consolidated amounts, including $0.7bn insurance proceeds and before minority distributions or other uses.

Valuation: what was priced in?

Historical 16 Oct reference price; October 29 scenarios appear on slide 11.

Annual net income to FCX common		Implied P/E at $100bn
$2.20bn	FY2025 actual	~45×
$3.0bn	Illustrative	33×
$4.0bn	Illustrative	25×
$5.0bn	Illustrative	**20×**
$6.7bn	Illustrative	15×

Share price / 16 Oct

$69.54

Closing share price; +36.9% YTD

Equity value / market cap

~$100bn

Price × shares outstanding. $5bn parent earnings would imply 20× P/E.

SOURCE FCX FY25 10-K; 16 Oct share close

3Q26 results: stronger earnings, unresolved risks

October 27 release validates recovery progress; cash generation remains price-sensitive.

NET INCOME TO COMMON

$1.174bn

Q3 GAAP; $0.81 diluted EPS

COPPER SOLD

749m lb

In line with July estimate; -23% YoY

REALIZED COPPER PRICE

$6.54/lb

Versus $4.68/lb in Q3 2025

OPERATING DELIVERY

Grasberg averaged 141k metric tons of ore/day (67% capacity). Management still targets ~80% in mid-2027 and near-full capacity by year-end 2027.

OUTLOOK & CASH DISCIPLINE

2026 CFO: ~$8.5bn (at $6.50/lb Q4 copper); capex: ~$4.4bn. 2027 capex: ~$5.2bn. More volume helps, but investment needs and minority interests constrain common-equity cash.

SOURCE FCX 3Q26 earnings release / Oct 27

What earnings justify the entry price?

Illustrative equity scenarios tied to parent-level income, not consolidated mining cash flow.

SCENARIO	COMMON NI / YR	P/E ASSUMED	IMPLIED PRICE
BEAR	$3.0bn	12×	$25
BASE	$4.0bn	15×	$42
BULL	$5.0bn	18×	$63

Assumptions are illustrative, not independent earnings forecasts or peer-calibrated multiples. Price = income × P/E ÷ ~1.437bn shares.

REVERSE VALUATION

$5.0bn

Annual common-shareholder earnings needed to justify $100bn equity at 20×

$3.039bn

Actual 9M26 income attributable to common; ~ $4.05bn annualized mechanically (not a forecast).

SOURCE FCX filings; 16 Oct $69.54 close; author scenarios

Investment assessment — updated

3Q earnings support the operating recovery thesis, not an unqualified buy case.

Evidence in favor

- Long mine lead times favor established producers.
- Grasberg remains on track: 67% of capacity.
- 2027 copper sales target: 3.7bn lb (+23%).
- Leach initiatives and brownfield options.

Evidence against buying now

- At ~$100bn, recovery may be priced in.
- 2027 capex guidance: ~$5.2bn.
- 2026 cash outlook assumes $6.50 Q4 copper.
- Cash includes insurance; minority claims matter.

UPDATED VIEW / WATCHLIST at $69.54 reference price · 3Q26 earnings do not erase valuation risk

MONITOR / Grasberg safety and throughput; parent-level cash; 2027 capital spending; copper prices

SOURCE FCX 3Q26 release + earnings slides

Sources, dates and analytical boundaries

Primary documents supporting the October 20 research and October 29 post-earnings update.

FREEPORT 2025 FORM 10-K

Historical financials, ownership and FY2025 cash flow

FREEPORT 2Q26 FORM 10-Q

First-half financials, minority interests and operations

FREEPORT JULY 23 2Q RELEASE

July guidance and copper-price sensitivity

FREEPORT OCT 27 3Q RELEASE

Earnings, cash flow, copper sales and 2026 outlook

FREEPORT OCT 27 PRESENTATION

2027 growth estimates, capital expenditure guidance

S&P GLOBAL COPPER IN THE AGE OF AI

Conditional long-term demand and supply scenarios

Method: Original thesis as of 20 Oct; update as of 29 Oct. Prices anchored to 16 Oct close. Scenarios illustrative, not targets.