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Besides Favourable Copper Price, Is Freeport's Financial Success Propelled By ESG Excellence?

Freeport-McMoRan Inc. (NYSE: FCX, US\$60bn market cap) is a leading international mining company headquartered in Phoenix, Arizona, and the company is one of the world's largest producers of copper, gold, and molybdenum, with significant assets in the Grasberg minerals district in Indonesia, home to one of the world's largest copper and gold deposits. Additionally, the company maintains substantial mining operations across North and South America. Below is a snapshot of its latest financial performance.

Financial Highlights

	2023	2024		YoY	QoQ
Period End Date	30-Jun-2023	31-Mar-2024	30-Jun-2024		
Revenue	5,737.0	6,321.0	6,624.0	15.46%	4.79%
Net Income	343.0	473.0	616.0	79.59%	30.23%
Net Margin	5.98%	7.48%	9.30%	55.54%	24.28%
EPS	0.23	0.33	0.42	82.61%	27.27%

Source: Refinitiv

Operational Performance

	2023	2024		YoY	QoQ
Period End Date	30-Jun-2023	31-Mar-2024	30-Jun-2024		
Copper, Avg. Price per Metric Tonne	8,332.05	8,549.03	9,720.72	16.67%	13.71%
Gold, Avg. Price per Troy Ounce	1,942.00	2,145.00	2,299.00	18.38%	7.18%
Copper Production (Metric Tonnes)	491,749	500,045	477,923	-2.81%	-4.42%
Gold Production (Troy Ounces)	483,000	549,000	443,000	-8.28%	-19.31%

Source: Refinitiv

Financial Position

	2023	2024		YoY	QoQ
Period End Date	30-Jun-2023	31-Mar-2024	30-Jun-2024		
Cash and Short Term Investments	6,683	5,208	5,273	-21.10%	1.25%
Total Assets	50,907	54,198	54,635	7.32%	0.81%
Total Liabilities	34,705	37,225	37,231	7.28%	0.02%
Total Equity	16,202	16,973	17,404	7.42%	2.54%
Net Debt	12,637	15,349	15,435	22.14%	0.56%
Cash from Operating	2,723	1,896	3,852	41.46%	103.16%

Source: Refinitiv

In the second quarter of 2024, Freeport experienced significant improvements in its financial performance (Revenue: +15.5% YoY, +4.8% QoQ, Net Income: +80% YoY, +30% QoQ). Despite some operational challenges, particularly in production led by

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the lower ore grades, maintenance and downtime, and export permitting delay, the company delivered strong financial results by leveraging favourable copper price.

It is worth noting that Freeport’s ESG performance has remained strong and stable. All being said, does the company merit its position in the top 10 copper stocks to hold for the next decade?

ESG Performance

	2021		2022	
	Rating	Ranking	Rating	Ranking
ESG Score	A-	5%	A-	5%
Environmental Pillar Score (35.2%)	A	6%	A-	8%
Social Pillar Score (40.2%)	A-	12%	A-	15%
Governance Pillar Score (24.6%)	A	6%	A+	2%
ESG Controversies Score	A+	0%	B+	83%

Source: Refinitiv

