

Copper market

Economic-financial results

Copper market

Subsidiaries & associates

Procurement



In 2015, 64% of our production was marketed in Asia.

The average LME copper price was US\$ 249.2 ¢/lb in 2015, a 20% fall year on year, when the average reference price was US\$311.3¢ /lb.

Price of copper continued its downward trend in 2015, especially during the second half of the year at an average price of US\$230 ¢/lb compared to US\$269 ¢/lb for the first six months. This sharp fall in global prices was primarily due to the following:

- China's economic slowdown, the world's largest copper consumer, finally led to fall in demand for commodities, due to a slower expansion of the manufacturing sector.
- A market oversupply due to a weaker demand growth, but also to the new projects launched in Chile and Peru.
- The US dollar strengthened against the currencies of commodity-producing countries deflated the cost curves of producers, leaving a gap for raw material prices to converge towards lower red metal prices.

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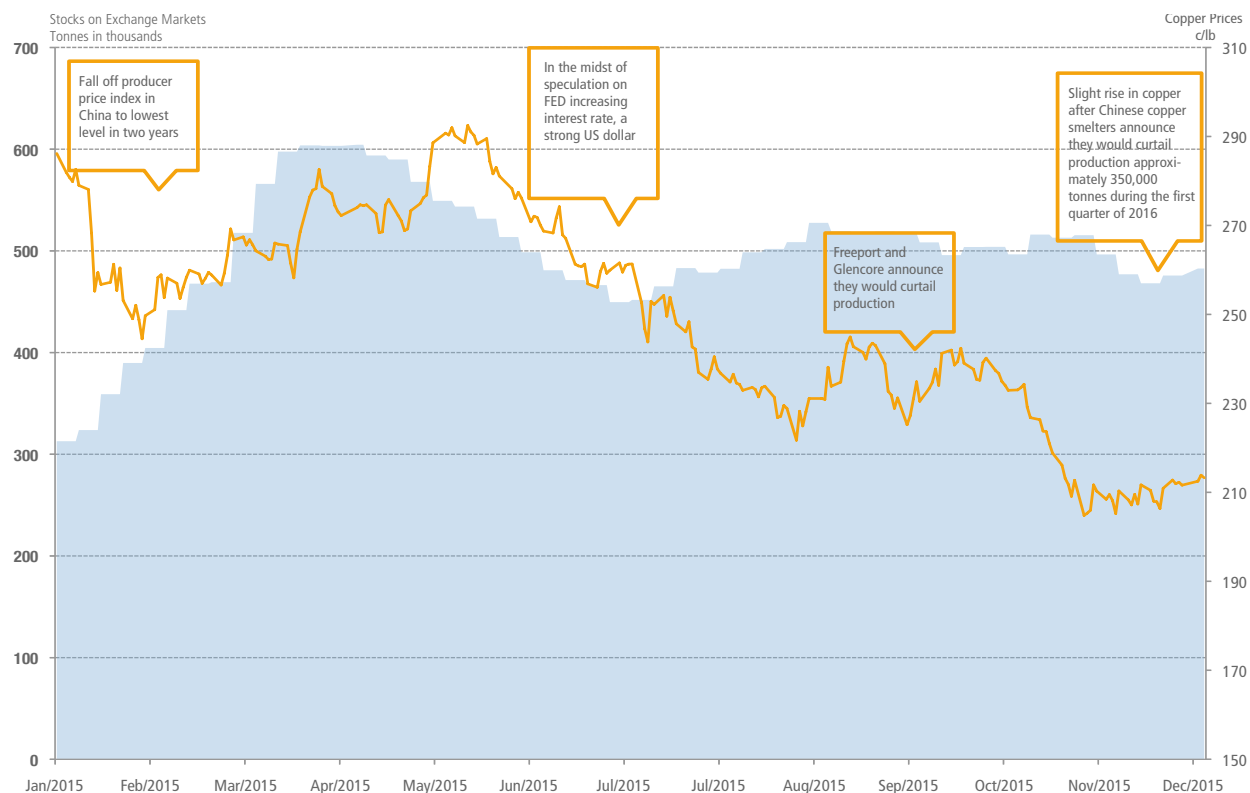
Procurement

- Finally, pessimistic outlook of many investors in the mining sector with regard to copper prices was supported by the net short positions (sales higher than purchases), that maintained the hedge funds in the commodity markets, primarily in China.

Refined copper

Total refined copper held in LME warehouse stocks started the year at about 180,000 tonnes, and rose to 370,000 tonnes at the end of August. Over the course of the last quarter, LME copper warehouses dropped to 236,000 tonnes caused by manufacturers and traders restocking.

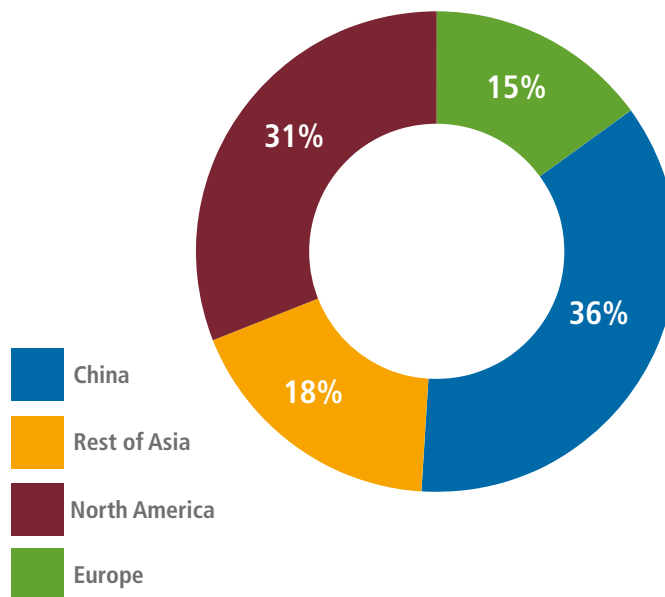
While at the start of April, the Shanghai Stock Exchange (SSE) reached its maximum inventory level, amounting to 246,000 tonnes. During the second quarter we saw significant restocking, taking inventory levels to approximately 100,000 tonnes. At the end of the year, inventories rose to 186,000 tonnes.



New York Mercantile Exchange, Comex, Copper stocks started at 25,000 tonnes in 2015, but fell to 18,000 tonnes at the end of February. During the course of the year, inventories rose, mainly during the last six months, and ended at about 70,000 tonnes.

Total aggregate copper stocks rose from 316,000 tonnes at the end of 2014 to 489,000 tonnes as at 31 December 2015. Based on regional stock distribution, 264,000 tonnes were accumulated in Asia, as at 31 December 2015, equivalent to 54% of total stocks, and followed by the US; LME and COMEX warehouses accounted for 150,000 tonnes; and Europe for 74,000 tonnes at LME warehouses.

Copper stocks in official warehouses (Regional distribution, total %)



Sales

The Company's sales revenue totalled US\$11.694 billion in 2015, from copper and by-products marketing and toll milling services. Copper products accounted for 91% and by-products for the remaining 9% of total sales.

Our own-sourced copper sales and third-party sales totalled US\$ 10,760, equivalent to 2.2 million tonnes of refined copper.

By-products sales totalled US\$ 934 million; molybdenum sales accounted for US\$ 392 million and anode slime, precious metals and sulphuric acid for US\$ 541.8 million.

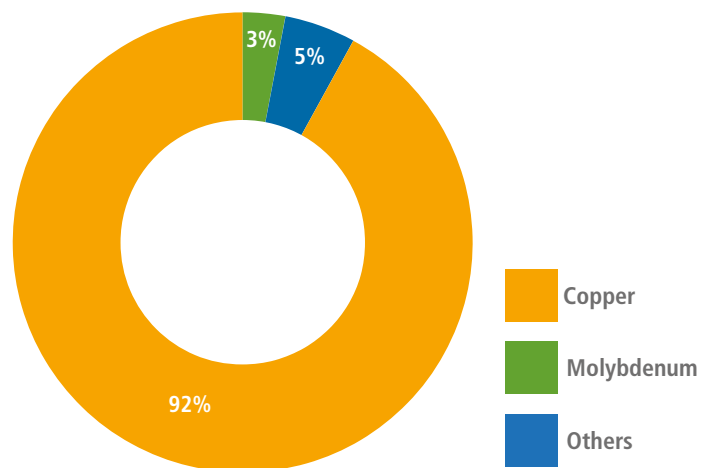
Sales 2015

(US\$ million)	
Copper	10.760
Molybdenum	392
Others	542
TOTAL	11.694

Sales distribution by product and by region

Our copper sales totalled 2.2 million tonnes; copper sales accounted for 67%. In global markets, 64% of our copper products were marketed in Asia, 16% in Europe, 11% in South America and 9% in North America.

Sales 2015 by product



Physical copper sales by product 2015

Blister and anodes	2%
Copper concentrate	31%
Refined copper	67%

Physical copper sales by product 2015

South America	11%
North America	9%
Asia	64%
Europe	16%