Fortescue's iron ore record hopes intact

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Fortescue is holding on to hopes of shipping record iron ore volumes in 2023-24 after it reported a 41 per cent rise in first-half net profit to $US3.33 billion ($5.1 billion) on the back of stronger-than-expected iron ore prices.

But its goal of setting a fifth consecutive record looks to be challenged, with the miner shipping 2 per cent less ore in the six months to December 31 than in the same period last year.

A train derailment in December added to the challenge, and ***Fortescue*** mining boss Dino Otranto said the fallout from the accident had continued to affect productivity in January.

The result was slightly better than analysts expected and came with a fully franked $1.08 interim dividend to be paid on March 27.

The dividend was equivalent to 2022-23's payout ratio of 65 per cent, but 44 per cent higher than the 75¢ declared this time last year.

The dividend is worth $1.22 billion to the family interests of ***Fortescue*** chairman Andrew Forrest and Nicola Forrest, who separated last year.

Barrenjoey analyst Glyn Lawcock had expected ***Fortescue*** to report a $US3.2 billion interim profit.

Speaking from Libreville in Gabon, Mr Otranto refused to give up on ***Fortescue***'s goal of shipping between 192 million and 197 million tonnes in the year to June. ***Fortescue*** is developing an iron ore project in Belinga, Gabon, on the west coast of Africa.

"The remaining 4½ months are big months for us, we acknowledge that, but nothing we haven't achieved before," he said. ***Fortescue*** shipped 192 million tonnes last year.

Fortescue's nascent clean energy division reported $US26 million of revenue in the period and lost $US320 million at the earnings before interest, tax, depreciation and amortisation level.

Fortescue expects to spend $US500 million on clean energy projects in the year to June, while the clean energy division will also spend about $US800 million on operating expenditure.

The division had promised to put five projects before the ***Fortescue*** board for a final investment decision before Christmas.

That process saw the commissioning of a $US550 million green hydrogen refuelling station near Phoenix, Arizona, and a $US150 million plant that will make green hydrogen beside ***Fortescue***'s electrolyser factory near Gladstone.

A $US50 million "trial" plant to make green iron in the Pilbara was also commissioned by ***Fortescue*** last year.

Asked about the lack of approval for ***Fortescue*** clean energy projects in Kenya, Brazil and Europe, clean energy boss Mark Hutchinson said shareholders could take comfort from the fact that not all projects were getting the green light.

"We are going to maintain our financial discipline," he said. "We will come to market when we are ready.

"We have a great pipeline over the next two years. We are accelerating a couple of very important projects, one in Norway and one in Brazil. I think the next cab off the rank is going to be Norway."

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