



## **Davos speed-dating for Forrest recruit; Analysis**

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### **Body**

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At the World Economic Forum annual meeting in Davos, only one Australian company had its own office in the jamboree's central hotel, sitting cheek-by-jowl with those of the big global banks and accounting firms.

Occupying a prime corner, with a big placard warning about lethal humidity at the door, is **Fortescue** Metals Group. Andrew Forrest has become a highly visible Davos regular, and for the past two years has been joined by **Fortescue** Future Industries chief Mark "Hutch" Hutchinson.

This year, though, they brought a third **Fortescue** exec with them: Robert Tichio, who has been part of Team Twigg for all of eight weeks.

It wasn't the Wall Street financier's first time at Davos, but on this trip he had a new mission: to speed-date institutional investors, educating them about Forrest's latest initiative: **Fortescue** Capital, which Tichio has been recruited to run.

Taking a breather in the **Fortescue** office, he describes to The Australian Financial Review what the **Fortescue** master schedule might look like on a given day at Davos.

"Andrew Forrest is Andrew Forrest - his calendar is like nobody else's, and it involves extraordinary visits with people who are shaping the way that, frankly, the world will move over the next decade," he says.

"Hutch will spend an incredible amount of time working with project partners and large corporates - whose identities wouldn't surprise you - who may be partners, who may be suppliers, who may be governments, who are going to be instrumental in helping **Fortescue** projects achieve escape velocity. And then I've been spending my time entirely with allocators ... sovereigns, pensions, endowments, global investment banks."

A lot of northern hemisphere financial giants don't really know **Fortescue** well. And even if they do, they certainly need a steer on **Fortescue** Capital - because Forrest, Hutchinson and Tichio are trying to do something that nobody else has quite done before.

## Davos speed-dating for Forrest recruit Analysis

Essentially, not everything in Forrest's vastly ambitious slate of green energy projects can be funded from the iron ore miner's balance sheet. But rather than send **Fortescue** Metals Group to the private markets, Forrest has delegated the job of finding the funds to Tichio and his rapidly growing team.

**Fortescue** Capital has a foot in both camps: it works inside the company to get projects ready to pitch for external funding; and then it raises and manages those funds. It's like an in-house asset manager or investment bank.

But this puts Tichio in an interesting position. From the outside, it looks very much like Forrest exercises pretty unfettered authority inside **Fortescue**. Shareholders can either like that or lump it.

Those shareholders who have stuck with Forrest have been amply rewarded. But he can't take that attitude with the private markets. Institutional investors, running the risk-o-meter over specific **Fortescue** projects, will demand a tighter straitjacket.

And **Fortescue** Capital, as the middle man, serves two masters. It raises the capital for its parent company, but it has fiduciary duties to its investors. It looks as if Tichio is a man who might sometimes have to say "no" to Forrest. Or at least "yes, but".

It's a role he acknowledges is "delicate". "No one will unmoor the chairman, he's an extraordinary visionary. I wouldn't have come to do this if I didn't believe in the way that he sets out a vision, particularly in categories that are unmarked, that are uncharted," Tichio says.

"He has an extraordinary ability to see long-term vision and make decisions that oftentimes really require the education of the market versus the other way around. And we're not going to change that."

He rejects the idea that he will be some kind of Dr No. He describes **Fortescue** Capital as "a voice in the room about what third-party capital will want to see in a project", helping decide whether a project is best suited to external or internal funding.

"Those are conversations we're having now daily. And I think it has been a really remarkable early series of exchanges, robust exchanges, on this," he says.

Tichio has spent his early weeks visiting various parts of the **Fortescue** empire, learning about the projects that might ultimately come to his unit for funding. He was in Norway before Davos, and heads to the WAE operation in Britain afterwards.

"This has been a ramp period for us to work with the industrial teams, particularly on the energy side, to ensure that decisions that are getting made around how these projects are being framed, sized, de-risked ... [are made] with third-party equity investors in mind," he says.

Although, of course, not every project will end up going externally for funding - some "just may not be ready or appropriate".

Meanwhile, back at **Fortescue** Capital in New York, his colleagues are assembling "a Wall-Street-deep team" of people from the likes of JPMorgan, BlackRock and Goldman Sachs.

The plan is not to raise capital for a pooled fund, in the style of Brookfield or Macquarie Asset Management, where the money manager gets wide discretion about what to do with the cash.

Instead, Tichio and his team will hawk "diligenced, ringfenced assets or investment offerings" for investors to consider on an individual basis. Those offerings will come in the next three years, although probably not in 2024.

"If you were a fly on the wall of this room in Davos, there have been a lot of conversations with allocators to start to introduce to them what they might expect to see from us, because of what we know is coming in the pipeline."

### Davos speed-dating for Forrest recruit Analysis

If Tichio can navigate his tricky job successfully, it sounds like he will be finding his way back to Davos again next year.

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