



Fortescue ups dividend, profits jump despite lower iron ore shipments

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Highlight: Andrew Forrest's **Fortescue** has reported a boost in earnings and profits despite shipments and production of iron ore from its key Pilbara operations falling.

Body

Andrew Forrest's **Fortescue** Metals Group has boosted earnings and profits despite shipments and production of iron ore from its key Pilbara operations falling marginally over the past half-year, due to increased maintenance at its sprawling network of mines.

Fortescue Metals' chief executive officer Dino Otranto labelled the first half performance "excellent", saying the miner's shipments, while slightly lower than a year ago, were still the company's second highest in history. Costs had been kept low, he said.

[Link to Image](#)

Trevor Collens

Fortescue reported underlying earnings of \$US5.9 billion (\$9 billion), 36 per cent above the previous half-year period, as it declared a fully franked interim dividend of \$1.08 per share, 44 per cent higher, and a net profit of \$US3.3 billion (\$5.06 billion).

"Whether it's through our first green energy projects, our diversification into the high-grade segment of the iron ore market through Iron Bridge, or expansion of our global footprint with the Belinga iron ore project in Gabon, we remain committed to creating value for all our stakeholders," Otranto said.

Shipments of hematite ore fell to 95 million tonnes, about three million tonnes below the previous period, and the amount of ore mined decreased by 10 million tonnes to 105 million tonnes. The volume of ore processed also fell slightly. **Fortescue** attributed the drop to infrastructure maintenance activities and an increase in waste mining.

Fortescue's shares started the year at a record high as ore prices peaked above \$US140 a tonne in anticipation [China would unleash a fresh wave of stimulus](#) to fix its ailing economy, but the miner's shares followed iron ore's downward trajectory in intervening weeks.

The metal, still at a 10-year-high, is now sitting around \$US125. **Fortescue**'s shares rose about 2 per cent to \$27.79 in trade by midday.

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UBS analyst Lachlan Shaw said the result was "solid and clean," and off the back of elevated iron ore prices and tight discounting. Softer shipments of ore in January because of bad weather and a train derailment meant **Fortescue** will need a stronger second half to meet its shipping forecasts.

"This is not unusual seasonally, but we will need to monitor for disruptions over coming months," Shaw said.

At Iron Bridge, **Fortescue** had planned to produce five million tonnes of high-grade magnetite ore this financial year as it ramped up the \$5.9 billion project to its full capacity of 22 million tonnes a year. The project [hit a snag recently](#) from continual leaks in the higher pressure section of a 240-kilometre pipeline that supplies water to the processing plant.

Nevertheless, the company said it reached six million tonnes of mined ore over the first half at Iron Bridge and shipped 84 thousand tonnes. It also shipped its first iron ore from its Belinga project in Gabon, the first time it has exported outside of Australia.

The Market Recap newsletter is a wrap of the day's trading. [Get it each weekday afternoon.](#)

Graphic

Andrew Forrest's **Fortescue** Metals Group has boosted earnings and profits.

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