

Fortescue shipments fall in September quarter as costs rise sharply; green energy momentum flatlines



## **Fortescue shipments fall in September quarter as costs rise sharply; green energy momentum flatlines**

Proactive Investors (AU)

October 24, 2024 Thursday 01:50 AM EST

Copyright 2024 Proactive UK Ltd All Rights Reserved



**Length:** 390 words

**Byline:** Susanna Nelson

### **Body**

---

**Fortescue** Metals Group's earnings results are out for the first quarter of the current financial year and they point to a failure to maintain momentum following the last quarter of 2024's strong finish.

#### **Slowing shipments**

In particular, the Pilbara-based iron ore giant reported a considerable slowing of shipments - with just 47.7 million tonnes of iron ore shipped during the three months ending September 30, 2024, a 4% increase compared to the same period last year but an 11% decline from the previous quarter.

Despite the downturn, **Fortescue** argued that the shipment volume represented a record for the first quarter, supported by a 1.6-million-tonne contribution from its Iron Bridge Magnetite Project.

Yet the company continues to face challenges at the project, which has experienced delays and operational issues in the past.

#### **Investors underwhelmed**

Analysts at Citi noted that **Fortescue**'s shipment figures were in line with market expectations, but investors responded negatively, sending the stock down 4% in early trading to A\$18.98.

**Fortescue** also reported that its production costs for wet tonnes of haematite ore surged 12% over the quarter to US\$20.16.

Fortescue shipments fall in September quarter as costs rise sharply; green energy momentum flatlines

The company attributed the increase to inflationary pressures and a higher strip ratio at its mines.

Chief executive Dino Otranto said he was confident the company remained on track to meet its full-year shipment guidance of between 190 million tonnes and 200 million tonnes, with Iron Bridge expected to contribute between 5 million tonnes and 9 million tonnes.

Environmentally conscientious investors were left disappointed by the lack of significant updates from **Fortescue's** renewable energy division.

**Fortescue** Future Industries chief executive Mark Hutchinson reported only that the company continued to make progress on its green energy projects across Australia, the US, Norway and Brazil.

The renewable division posted a loss of US\$970 million at the end of the 2024 financial year, with further cost increases expected this year, pushing combined net operating and capital expenditure to around US\$1.2 billion.

**Fortescue's** cash reserves stood at US\$3.4 billion as of the end of September, down from US\$4.9 billion at the end of June.

The company's debt remains at US\$5.5 billion after payouts of US\$1.9 billion in dividends and investments of US\$780 million in capital expenditure.

**Load-Date:** October 23, 2024