



JPMorgan sells down \$1.9bn stake in Fortescue

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Body

An "undisclosed" vendor was offloading \$1.9bn worth of shares in the Andrew Forrest-backed **Fortescue** Metals on Monday night in a trade handled by JPMorgan, extending the sell-off in the company since it stepped back from its green energy -strategy.

The Australian understands the block was put on the market by an institutional investor offloading its position, with fingers pointing to The Capital Group after JPMorgan last month worked on a \$1.1bn selldown for the group with that deal priced at a 6 per cent discount to **Fortescue**'s last closing price.

The understanding is that the price was being described as "a clean-up trade" for the seller.

Shares on Monday night were being offered at a price range of between \$18.55 and \$19.10 a share - well below **Fortescue**'s Monday closing price, with bids being accepted in 5c increments. The book at the bottom of the range was covered on Monday night.

The price equates to a discount of between 8.8 per cent and 6.1 per cent to the last traded share price of \$20.35.

On offer was about 100 million securities, or about 3.2 per cent of the shares on issue and equalled about \$1.9bn in value.

The book build was due to close at 8pm AEST for Australian and Asia investors. Dr Forrest, the billionaire **Fortescue** Metals founder, owns about 36.7 per cent of **Fortescue** Metals, which has a \$63bn market value.

Fortescue shares are now down almost 10 per cent since the company announced a major restructure on July 17, which will see about 700 staff depart the company in a mass wave on redundancies, as **Fortescue** signalled a backdown from the most aggressive of its green hydrogen and ammonia targets - including a plan to be producing 15 million tonnes of green hydrogen a year by 2030.

Macquarie analysts noted last week that **Fortescue**'s slowdown on its green energy ambitions could lead to a selldown by ESG-minded funds, saying that - despite widespread criticism of the lack of financial details of the company's strategy - it had helped **Fortescue** break free of its traditional link to iron ore prices.

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"ETFs seeking hydrogen exposure, or 'long onlys' with strong energy transition mandates may seek to reduce positions on these developments and a slowing of **Fortescue's** -external green energy business trajectory," Macquarie analysts said in a client note.

Macquarie said **Fortescue's** green energy strategy could be worth as much as \$4.70 a share.

But the iron ore major also delivered a disappointing June quarter report last week with the company falling short of its annual export guidance for the year, -despite record shipments in the June period.

While the export miss was relatively minor, analysts also noted that **Fortescue's** spending on its green projects was actually projected to rise for the current financial year, despite the company's announcement that it planned to cut jobs and costs and reshape its green strategy towards green iron production and renewable energy infrastructure.

Overseeing the block trade on Monday was JPMorgan's Jonas Troeber, who has been made the sole head of equity capital markets for JPMorgan in Australia.

It comes after his ECM co-head, Simone Haslinger, has opted to leave the bank following a period of parental leave.

Other changes include Sunil Dhupelia and Peihao Huang, currently co-heads of Asia ex-Japan ECM, becoming co-heads of ECM for Asia Pacific. **Fortescue** shares have tumbled almost 30 per cent since the start of January.

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