



## *Iron awe at Fortescue*

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### **Body**

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**Fortescue** has declared a \$1.08 a share interim dividend on the back of last year's surge in the iron ore price, with the company declaring a \$US3.3bn net profit for the half.

The dividend represents a payout of 65 per cent of the company's first-half profit, and comes after **Fortescue** booked EBITDA of \$US5.9bn, up 36 per cent on the first half of the previous financial year.

The dividend will deliver a \$1.2bn payout to the commercial and charitable interests of Andrew and Nicola Forrest, whose business and philanthropic affairs remain intertwined despite their separation last year.

**Fortescue's** Energy division booked a \$US320m EBITDA loss for the half, up from \$US302m in the first half of the previous financial year. The energy division now includes UK technology business WAE, which booked revenue of about \$US26m for the year.

**Fortescue's** policy is to pay out 50 to 80 per cent of its net profit in dividends, and the mid-range payment - the same as its total payout ratio across last financial year - comes as the company looks to ramp up spending on its Pilbara iron ore mines and its green energy projects.

The iron ore giant spent \$US1.52bn on capital projects in the first half of the financial year, with about \$US1bn of that on sustaining capital for its existing Pilbara miners. Another \$US165m was spent on **Fortescue** Energy projects across the globe, and another \$US104m on decarbonising the company's iron ore operations.

**Fortescue** says it expects to spend \$US3.3bn to \$US3.7bn in capital for the full financial year, with about \$US500m of that to go towards green energy projects and \$US300m to \$US500m on decarbonisation.

**Fortescue's** first half result comes after the company received an average \$US108 a dry metric tonne for its iron ore shipments in the half, up from \$US87 a tonne in the prior corresponding period, with the company booking \$US9.5bn in revenue, up 21 per cent.

Cash production costs lifted 2 per cent to \$US17.77 a wet metric tonne for the period, as **Fortescue** kept inflationary pressures in the Pilbara largely under control.

## Iron awe at Fortescue

Citi analyst Paul McTaggart said the results had beaten analyst consensus estimates of a \$US5.6bn EBITDA and a \$1.04 dividend. **Fortescue** shares were up 2.9 per cent to \$28.03 in a flat market late on Thursday morning.

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