

Fortescue Ltd

FMG.AX | Materials | Steel

KEY METRICS

Price	Mkt Cap	Fwd P/E	EV/EBITDA
A\$20.04	Pending	Pending	Pending
52wk Range	Div Yield	Revenue	NPAT
Pending	Pending	Pending	Pending

OVERALL SENTIMENT

Overall Sentiment	-8 DOWNSIDE
External Environment	-2
Company Research	-5

KEY TAKEAWAYS

- The company continues on its current trajectory — neither surprising positively nor negatively.
- If the base case is already priced in, limited upside from here.
- External environment is neutral (score: -2). Macro and sector contributions are incorporated in the three-layer sentiment model.

Marc Duncan | DH Capital Partners

marc@dhcapital.com.au

21 February 2026 | Sydney

COMPANY OVERVIEW

Fortescue Ltd (ASX: FMG) — coverage initiated. Full analysis pending.

NARRATIVE ASSESSMENT

Fortescue Ltd (ASX: FMG) — coverage initiated. Full analysis pending.

MARKET CONTEXT

Macro Environment: NEUTRAL (external signal: -2)

Indicator	Value	Change
ASX 200	9,101.3	+3.2% 1mo
AUD/USD	0.7066	-0.8% 5d
RBA Cash Rate	4.10%	cutting gradually
VIX	19.6	

SECTOR CONTEXT

Model: MATERIALS IRON ORE | Sector signal: -13 (commodity)

Commodity Overlay

Commodity	Price	5d Change
Iron Ore 62	99.74 USD/dmt	-1.1%
Gold Usd	4,994.80 USD/oz	-1.5%
Copper	5.78 USD/lb	-2.8%
Brent	70.44 USD/bbl	+1.5%

COMPETING HYPOTHESES

Dominant Narrative: T2: Iron Ore Structural Decline (survival probability: 40%)

T2: Iron Ore Structural Decline [DOMINANT]	40%
The company continues on its current trajectory — neither surprising positively nor negatively.	
Watch: Margin trends and competitive dynamics.	
- Evidence gathering in progress.	
T1: Cost Leader Resilience	40%
This is the bull case — Fortescue Ltd delivers on its key initiatives and the market rewards it.	
Watch: Next earnings result and forward guidance.	
- Evidence gathering in progress.	
T3: Green Energy Pivot Succeeds	20%
This is the bear case — something goes wrong and the stock de-rates.	
Watch: Cost pressures, competitive threats, or macro headwinds.	
- Evidence gathering in progress.	
T4: Forrest Governance & Capital Misallocation	35%
An external force — technology, regulation, or competition — fundamentally alters the business.	
Watch: Industry disruption signals and regulatory changes.	
- Evidence gathering in progress.	

DIAGNOSTIC EVIDENCE

The following evidence items have the highest discriminating power between hypotheses:

Evidence matrix pending - no active evidence items recorded.

C = Consistent, I = Inconsistent, N = Neutral. Diagnosticity = ability to discriminate between hypotheses. HIGH/CRITICAL items are most informative.

KEY DISCRIMINATORS

Key discriminator analysis pending - will be populated as evidence items are assessed.

TRIPWIRES

Condition	Trigger	Action
Margin trends and competitive dynamics.	Per hypothesis thresholds	Reassess T2 narrative
Next earnings result and forward guidance.	Per hypothesis thresholds	Reassess T1 narrative
Cost pressures, competitive threats, or macro headwinds.	Per hypothesis thresholds	Reassess T3 narrative

TECHNICAL PICTURE

Technical analysis pending - signals will be incorporated when the TA agent is deployed.

ANALYTICAL GAPS

The following information would materially improve the confidence of this analysis:

- Management guidance on forward P/E and revenue trajectory - required to validate Growth/Recovery hypothesis.
- Independent market share data - needed to assess competitive dynamics and test downside scenarios.
- Balance sheet composition and net debt position - required to stress-test valuation under rate scenarios.
- Analyst consensus estimates and revision trends - to calibrate sentiment score against market positioning.
- Customer cohort data or NPS trends - to validate operational execution claims in company guidance.

UPCOMING CATALYSTS

Catalyst calendar pending. Key items to monitor:

- Next results date: Pending (monitor ASX announcements)
- Monitor hypothesis tripwires for narrative-change signals.

IMPORTANT INFORMATION

This document is prepared by DH Capital Partners Pty Ltd for informational purposes only. It does not constitute financial advice, a recommendation, or an offer to buy or sell any securities.

METHODOLOGY

This analysis uses the Analysis of Competing Hypotheses (ACH) framework, originally developed by Richards Heuer at the CIA for intelligence analysis and adapted here for equity research. ACH evaluates multiple competing explanations against diagnostic evidence, ranking hypotheses by the fewest inconsistencies rather than the most confirmations. This approach is designed to reduce confirmation bias and anchoring effects common in traditional equity research.

Sentiment scores are generated by a three-layer decomposition model separating macro environment, sector/commodity factors, and company-specific research. The 40/60 rule ensures company-specific research always contributes at least 60% of the overall sentiment, maintaining focus on idiosyncratic stock drivers.

LIMITATIONS

- Hypothesis scores are model outputs, not price targets or investment recommendations.
- Evidence assessment involves subjective judgement and may contain errors.
- Past price performance is not indicative of future returns.
- This analysis does not account for individual investor circumstances, risk tolerance, or tax position.
- Data sources include ASX announcements, broker research, company filings, and market data. Errors in source data will propagate.

CONFLICTS

DH Capital Partners and/or its principals may hold positions in securities discussed in this document. Positions may change without notice.

CONTACT

Marc Duncan

DH Capital Partners

marc@dhcapital.com.au

Sydney, Australia

(c) 2026 DH Capital Partners Pty Ltd. All rights reserved.