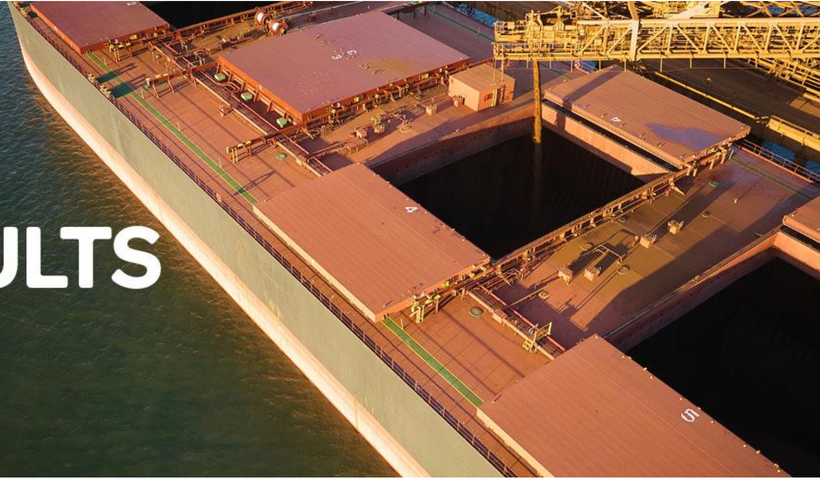
Fortescue

HALF YEAR RESULTS
to 31 December 2024

20 FEBRUARY 2025



Record half year shipments contribute to net profit after tax of US$1.6 billion and a fully franked interim dividend of A$0.50 per share

Highlights

- Improvement across key safety indicators including a reduction in the Total Recordable Injury Frequency Rate (TRIFR) to 1.0 for the 12 months to 31 December 2024.
- Strong supply chain performance contributed to record half year iron ore shipments of 97.1 million tonnes (Mt), three per cent higher than H1 FY24.
- Underlying EBITDA of US$3.6 billion for H1 FY25 and Underlying EBITDA margin of 48 per cent.
- Net profit after tax (NPAT) of US$1.6 billion and earnings per share (EPS) of US$0.51.
- Net cash flow from operating activities of US$2.4 billion and free cash flow of US$0.7 billion after capital expenditure of US$1.8 billion.
- Fully franked interim dividend declared of A$0.50 per share, representing a 65 per cent payout of H1 FY25 NPAT.
- Net debt of US$2.0 billion at 31 December 2024, inclusive of cash balance of US$3.4 billion.
- Significant progress towards decarbonising Fortescue’s mining fleet, including a US$2.8 billion partnership signed with Liebherr, where Fortescue Zero will supply the battery power systems.
- Released an externally verified Climate Transition Plan to reach Real Zero by 2030.
- Billion Opportunities program continued to expand and has now awarded A$6.5 billion in contracts and subcontracts to First Nations businesses since inception in 2011.
- Green Energy project pipeline progressed and refined in a disciplined manner, with timelines reassessed and adjusted to reflect global market conditions and uncertain policy settings.
- In January 2025, a wholly owned subsidiary of Fortescue made offers under an off-market takeover bid for Red Hawk Mining Limited.
- In February 2025, announced that Mr Noel Quinn will be appointed to the Fortescue Board as a Non-Executive Director.
- Guidance for FY25 shipments and C1 cost is unchanged, guidance range for Metals capital expenditure narrowed to US$3.5 - US$3.8 billion and guidance for Energy capital expenditure reduced to US$400 million.

Fortescue Metals Chief Executive Officer, Dino Otranto said “It's been an outstanding operational performance for the first half of FY25 with the team achieving our highest ever half year shipments while keeping costs low. Through the collective effort of the entire team, we continue to record measurable improvements across our key safety indicators, including a 44 per cent improvement in TRIFR over the 12-month period.

"The delivery of our decarbonisation plan is progressing well following a US$2.8 billion partnership signed with Liebherr for zero emissions mining equipment where Fortescue Zero will supply the battery power systems. Our award winning Billion Opportunities program also went from strength to strength, with now A$6.5 billion in contracts awarded to First Nations businesses since 2011.

"In line with our commitment to deliver returns to shareholders, the Board has today declared a fully franked interim dividend of A$0.50 per share, representing a 65 per cent payout of first half net profit after tax."

Fortescue Energy Chief Executive Officer, Mark Hutchinson said “We have continued to advance and commercialise our portfolio of green technologies to assist Fortescue’s own decarbonisation goals and help other companies in their transition to Real Zero.

“Our global team is also continuing to progress and refine our green energy projects in a disciplined manner, amid challenging global market conditions. We have not changed our vision or direction and remain committed to producing green electrons and green molecules, however we are adjusting our timelines to ensure any project we work on brings value to our shareholders.”

Operational and financial performance

- Strong supply chain performance contributed to record iron ore shipments of 97.1Mt in H1 FY25, three per cent higher than H1 FY24.
- Revenue of US$7.6 billion in H1 FY25 decreased 20 per cent on H1 FY24 due to the decrease in the Hematite average revenue to US$85/dry metric tonne (dmt).
- Hematite C1 cost of US$19.17/wet metric tonne (wmt) in H1 FY25 was eight per cent higher than H1 FY24 as a result of inflationary pressures and mine plan led cost escalation.
- Underlying EBITDA of US$3.6 billion was 38 per cent lower than H1 FY24 with an Underlying EBTIDA margin of 48 per cent (H1 FY24: US$5.9 billion, 62 per cent margin).
- Attributable NPAT of US$1.6 billion decreased by 53 per cent compared to H1 FY24 (US$3.3 billion). EPS was US$0.51 (A$0.76).

Operations	H1 FY25	H1 FY24	Change (%)
Ore mined (Mt)	119.1	105.2	13
Ore processed (Mt)	99.1	96.4	3
Ore shipped (Mt)	97.1	94.5	3
Ore sold (Mt)	96.7	95.2	2
Hematite average revenue (US$/dmt)	85.24	108.19	(21)
Hematite C1 cost (US$/wmt)	19.17	17.77	8

Volumes stated on a 100 per cent basis and in wet million tonnes. Timing differences may occur between shipments and sales as FMG Trading holds inventory at Chinese ports.

Earnings	H1 FY25	H1 FY24	Change (%)
Revenue (US$ million)	7,638	9,512	(20)
Underlying EBITDA (US$ million)	**3,641**	**5,912**	**(38)**
Underlying EBITDA margin (%)	48	62	(23)
NPAT (US$ million)	1,547	3,334	(54)
Attributable NPAT (US$ million)	**1,553**	**3,337**	**(53)**
Basic EPS (US cents)	51	108	(53)
Basic EPS (AUD cents)	76	166	(54)

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Financial position

- Fortescue has a strong balance sheet structured on low cost, investment grade terms with no financial maintenance covenants.
- Cash balance was US$3.4 billion at 31 December 2024 and gross debt was US$5.4 billion, resulting in net debt of US$2.0 billion (30 June 2024: net debt US$0.5 billion). The FY24 final dividend of US$1.9 billion was paid during H1 FY25.
- Fortescue's credit metrics remain strong with gross debt to the last 12 months EBITDA of 0.6 times and gross gearing of 22 per cent as at 31 December 2024.
- Net cash flow from operating activities was US$2.4 billion and free cash flow was US$0.7 billion, after investing US$1.8 billion in capital expenditure in H1 FY25.
- Total capital expenditure of US$1.8 billion in H1 FY25 comprised US$1.3 billion in sustaining and hub development (inclusive of fleet deposits of US$235 million), US$160 million on exploration and studies, US$27 million on iron ore projects, US$139 million on decarbonisation and US$145 million by Fortescue Energy.
- Guidance range for FY25 Metals capital expenditure is narrowed to US$3.5 - US$3.8 billion (previously US$3.2 - US$3.8 billion), with an increase in sustaining and hub development capital to US$2.4 - US$2.6 billion (previously US$2.0 - US$2.3 billion) due to timing of fleet deposits, a decrease in decarbonisation to US$500 million (previously US$700 - US$900 million) on phasing of spend, and inclusion of the Red Hawk Mining transaction (US$160 million).
- Guidance for FY25 Energy capital expenditure is revised to US$400 million (previously US$500 million) reflecting reduced spend on Green Energy projects.

Financial position (US$ million)	31 December 2024	30 June 2024	Change (%)
Borrowings	4,848	4,585	6
Lease liabilities	591	815	(27)
Total debt	**5,439**	**5,400**	**1**
Cash and cash equivalents	3,409	4,903	(30)
Net debt	**2,030**	**497**	**308**
Equity	19,193	19,531	(2)
Cash flow (US$ million)	**H1 FY25**	**H1 FY24**	**Change (%)**
Net cash flow from operating activities	2,430	4,170	(42)
Capital expenditure	(1,792)	(1,523)	18
Net cash flow from investing activities	(1,769)	(1,515)	17
Free cash flow	**661**	**2,655**	**(75)**

Dividend

- The Board has declared a fully franked interim dividend of A$0.50 per share. The ex-dividend date is 26 February 2025, and the dividend will be paid to shareholders on 27 March 2025.
- The interim dividend represents a 65 per cent pay out of H1 FY25 NPAT. This is consistent with Fortescue's dividend policy to payout 50 to 80 per cent of full year Underlying NPAT.

Dividend summary	H1 FY25	H1 FY24	Change (%)
Attributable NPAT (US$ million)	1,553	3,337	(53)
Basic EPS (US cents)	51	108	(53)
Basic EPS (AUD cents)	76	166	(54)
Interim dividend (AUD cents)	**50**	**108**	**(54)**
Dividend payout ratio (%)	65	65	-

Iron Bridge operation

- Iron Bridge continued to ramp up in H1 FY25 and is on track to achieve FY25 guidance for shipments of 5 - 9Mt (100 per cent basis) and cash operating expenditure excluding shipping and royalites of approximately US$500 million (Fortescue share).
- The schedule for operating at nameplate capacity of 22Mt per annum is under review (previously September 2025) with an assessment underway to optimise the performance of the air classification circuit and downstream aerobelt conveyor. This assessment is anticipated to be completed in Q4 FY25.
- Iron Bridge is an unincorporated joint venture between FMG Magnetite Pty Ltd (69 per cent) and Formosa Steel IB Pty Ltd (31 per cent).

Green Energy projects

- Fortescue Energy remains committed to producing green electrons and green molecules at scale. It is continuing to progress and refine its green energy project pipeline in a disciplined manner, with timelines adjusted to reflect global market conditions and policy settings.
- Market conditions are uncertain, with the Trump Administration instructing federal agencies to pause grant payments under the Inflation Reduction Act, questions over the implementation of Renewable Energy Directive III (RED III) in Europe and pending global elections, including in Australia.
- As a result, the development timeframes of Fortescue's Arizona Project and Gladstone PEM50 Project are being reconsidered. Fortescue anticipates having greater clarity on the impact of these external factors by the end of the financial year.
- Fortescue retains a portfolio of green energy projects which show significant potential. Feasibility studies and planning approvals continue to progress for the Holmaneset Project in Norway and the Pecém Project in Brazil.

FY25 guidance

- Iron ore shipments of 190 - 200Mt, including 5 - 9Mt for Iron Bridge (100 per cent basis).
- C1 cost for Hematite of US$18.50 - US$19.75/wmt.
- Fortescue Metals capital expenditure of US$3.5 - US$3.8 billion.
- Fortescue Energy net operating expenditure of approximately US$700 million and capital expenditure of approximately US$400 million.

Guidance is based on an assumed FY25 average exchange rate of AUD:USD 0.68.

This announcement was authorised for lodgement by Navdeep (Mona) Gill, Company Secretary.

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Appendix

Earnings reconciliation (US$ million)	H1 FY25	H1 FY24	Change (%)
Operating sales revenue	7,638	9,512	(20)
Cost of sales excluding depreciation and amortisation	(3,389)	(3,174)	7
Net foreign exchange loss	(21)	(43)	(51)
Administration expenses	(233)	(186)	25
Research expenditure	(279)	(224)	25
Other (expenses) / income	(62)	36	(272)
Share of loss from equity accounted investments	(13)	(9)	44
Underlying EBITDA	**3,641**	**5,912**	**(38)**
Finance income	103	97	6
Finance expenses	(200)	(186)	8
Depreciation and amortisation	(1,216)	(922)	32
Exploration, development and other expenses	(40)	(41)	(2)
Net profit before tax	**2,288**	**4,860**	**(53)**
Income tax expense	(741)	(1,526)	(51)
NPAT	**1,547**	**3,334**	**(54)**
- Attributable to equity holders	**1,553**	**3,337**	**(53)**
- Attributable to non-controlling interest	(6)	(3)	100

Reconciliation of Underlying EBITDA and NPAT under the Australian Accounting Standards.
Underlying EBITDA is earnings before interest, tax, depreciation and amortisation, exploration, development and other expenses.