

# FY24 FULL YEAR RESULTS

28 AUGUST 2024

**Net profit after tax of US\$5.7 billion and fully franked FY24 total dividends of A\$1.97 per share, representing a payout ratio of 70 per cent**

## Highlights

- Achieved the lowest ever Total Recordable Injury Frequency Rate (TRIFR) for Metals of 1.3 for the 12 months to 30 June 2024 (FY24), a 28 per cent improvement on 30 June 2023.
- Strong operating performance, including iron ore shipments of 191.6 million tonnes (Mt), contributed to the third highest earnings in the Company's history.
- Underlying EBITDA of US\$10.7 billion, seven per cent higher than FY23, with an Underlying EBITDA margin of 59 per cent.
- Net profit after tax (NPAT) of US\$5.7 billion and earnings per share of US\$1.85 (A\$2.82).
- Net cash flow from operating activities of US\$7.9 billion and free cash flow of US\$5.1 billion after investing US\$2.9 billion in capital expenditure.
- Fully franked final dividend of A\$0.89 per share, increasing total dividends declared in FY24 to A\$1.97 per share, equating to A\$6.1 billion and a 70 per cent payout of NPAT.
- Strong balance sheet with cash of US\$4.9 billion and net debt of US\$0.5 billion at 30 June 2024. Gross debt to last 12 months EBITDA of 0.5 times and gross gearing of 22 per cent.
- Decarbonisation progress included construction of a new solar farm, deployment of electric excavators and the development of battery electric and hydrogen fuel cell haul truck prototypes.
- Fortescue Zero established, significant progress on green technology including first contracts to sell electrolysers and a multi-year deal for battery intelligence software.
- Arizona Hydrogen and the Gladstone PEM50 Projects achieved Final Investment Decisions in FY24 and the Holmaneset and Pecém green energy projects advanced to the feasibility phase.
- Total global economic contribution of A\$27.5 billion in FY24, including A\$6.1 billion in corporate taxes and State royalties.

Fortescue Metals Chief Executive Officer, Dino Otranto said "The team has delivered another year of outstanding performance contributing to the third highest earnings in Fortescue's history and free cash flow of US\$5.1 billion. This was achieved while remaining focused on safety with our lowest ever Total Recordable Injury Frequency Rate of 1.3 across our iron ore operations.

"We celebrated a number of significant milestones including first ore from the Flying Fish and Hall Hub deposits as well as the commissioning of our gaseous and liquid hydrogen plant which is the largest of its kind on a mine site in Australia. We will use the hydrogen from this plant for our Green Metal Project, which we commenced works on earlier this month.

"We also now have several electric excavators operational across our mine sites, and as a demonstration of our Values in action, our aerodrome at Cloudbreak became the first in Australia to have a fully operational, solar-powered airfield lighting system.

"Reflecting our ongoing commitment to delivering shareholder returns, the Board has declared a fully franked final dividend of A\$0.89 per share, bringing total dividends declared for FY24 to A\$1.97 per share. This represents a 70 per cent payout of net profit after tax."

Fortescue Energy Chief Executive Officer, Mark Hutchinson said "We're steadfastly committed to the green energy transition and making solid progress towards our goals, while also maintaining the financial discipline that has made Fortescue a success for the past 20 years.

"This year, Fortescue took our first Energy projects to Final Investment Decision. We turned the soil to launch Arizona Hydrogen, our green hydrogen project in the United States and started work on Gladstone PEM50, a 50MW green hydrogen project utilising Fortescue's own electrolyser technology. Our board has also agreed to fast-track two more projects, with Holmaneset in Norway and Pecém in Brazil progressing to feasibility phase.

"We officially opened our Gladstone Electrolyser Centre in Queensland earlier this year and started selling our electrolyser systems. This technology and our other Fortescue Zero products and solutions are key to everything we are doing. Not only are we using them to decarbonise our own mining operations by 2030, we're also now selling them to other customers, so they too can eliminate emissions.

"These are significant achievements, and we must continue to be focused, move fast, be agile and deliver for our shareholders and our customers."

## Sustainability

- Sustainability has been at the heart of Fortescue since it was founded in 2003. Fortescue's FY24 Sustainability Report, along with the FY24 Annual Report and Corporate Governance Statement are available on the Company's website at [www.fortescue.com](http://www.fortescue.com).
- The emphasis on sustainability is reflected in Fortescue's Values, with safety a core priority. In FY24, a TRIFR of 1.3 was achieved across the Company's iron ore operations, marking two consecutive years of improvement. This focus extends to psychosocial safety. In 2024, Fortescue was included in the ParityLIST™ for a fifth consecutive year.
- Fortescue's commitment to inclusion in the workplace is yielding tangible results as the Company works towards our diversity commitment of 40:40:20. Steady growth has been achieved in female participation and female leadership. Women represent approximately 24 per cent of the Company's workforce, 29 per cent of leadership roles and 37 per cent of senior leadership roles. Additionally, Fortescue's First Nations' workforce is growing, with over 1,500 First Nations Australians in the workplace, representing 15 per cent of the Company's Pilbara workforce and 11 per cent of its Australian workforce.
- Fortescue strives to ensure that communities benefit from its growth and development. In FY24, Fortescue's total global economic contribution, which includes payments to employees, suppliers, government and shareholders, totalled A\$27.5 billion. This includes more than A\$86 million of voluntary social investment programs and partnerships.
- The Company remains focused on practical initiatives that drive economic and employment opportunities. The award-winning Billion Opportunities program, which aims to build the capability of businesses run by First Nations Australians, has now awarded A\$5 billion in contracts to more than 200 First Nations businesses, since it was established in 2011.
- Fundamental to Fortescue's approach is care for the environment. The Company aims to achieve Real Zero, which means no fossil fuels and no offsets. Fortescue has set a target to achieve Real Zero for Scope 1 and 2 terrestrial emissions across its Australian iron ore operations by 2030. This decarbonisation plan includes eliminating fossil fuels by developing renewable power and replacing existing equipment with zero emissions solutions.

## Operational and financial review

- Strong operational performance across Fortescue's hematite supply chain and first shipments from Iron Bridge contributed to total iron ore shipments of 191.6Mt in FY24.
- Revenue of US\$18.2 billion increased eight per cent on FY23 as the Hematite average revenue increased by eight per cent to US\$103/dry metric tonne (dmt).
- Hematite C1 cost of US\$18.24/wet metric tonne (wmt) was four per cent higher than FY23, primarily reflecting an increase in labour rates and mine plan driven cost escalation, partly offset by a continued focus on cost control.
- Underlying EBITDA of US\$10.7 billion was seven per cent higher than FY23, reflecting the increase in revenue, and the Underlying EBITDA margin was 59 per cent.
- Underlying NPAT of US\$5.7 billion was three per cent higher than FY23, reflecting the increase in EBITDA, partly offset by an increase in depreciation and amortisation expenses due to higher capital expenditure and commissioning of assets including Iron Bridge in FY24.

| Operations summary                  | FY24   | FY23  | Change (%) |
|-------------------------------------|--------|-------|------------|
| Ore mined (M wmt)                   | 216.9  | 219.3 | (1)        |
| Ore processed (M wmt)               | 189.9  | 192.4 | (1)        |
| Ore shipped (M wmt)                 | 191.6  | 192.0 | (0)        |
| Ore sold (M wmt)                    | 191.3  | 192.4 | (1)        |
| Hematite average revenue (US\$/dmt) | 103.01 | 94.74 | 9          |
| Hematite C1 cost (US\$/wmt)         | 18.24  | 17.54 | 4          |

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

| Earnings summary                                   | FY24          | FY23          | Change (%) |
|----------------------------------------------------|---------------|---------------|------------|
| Revenue (US\$ million)                             | <b>18,220</b> | <b>16,871</b> | 8          |
| <b>Underlying EBITDA (US\$ million)</b>            | <b>10,708</b> | <b>9,963</b>  | <b>7</b>   |
| Underlying EBITDA margin (%)                       | 59            | 59            | (0)        |
| Impairment expense after tax (US\$ million)        | -             | 726           | -          |
| NPAT (US\$ million)                                | 5,664         | 4,796         | 18         |
| Underlying NPAT (US\$ million)                     | 5,664         | 5,522         | 3          |
| <b>Underlying attributable NPAT (US\$ million)</b> | <b>5,683</b>  | <b>5,524</b>  | <b>3</b>   |
| Underlying EPS (US cents)                          | 185           | 180           | 3          |
| Underlying EPS (AUD cents)                         | 282           | 267           | 6          |

## Financial position

- Fortescue has a strong balance sheet structured on low cost, investment grade terms with no financial maintenance covenants.
- Cash balance was US\$4.9 billion and gross debt was US\$5.4 billion, resulting in net debt of US\$0.5 billion at 30 June 2024.
- Fortescue's credit metrics remain strong with gross debt to the last 12 months EBITDA of 0.5 times and gross gearing of 22 per cent as at 30 June 2024.
- Net cash flow from operating activities of US\$7.9 billion increased seven per cent and free cash flow of US\$5.1 billion increased 18 per cent on the prior year.

- Total capital expenditure and investments in FY24 was US\$2.9 billion, comprising US\$1.9 billion of sustaining and hub development, US\$271 million of exploration and studies, US\$155 million in iron ore projects, US\$224 million in decarbonisation and US\$317 million by Fortescue Energy.

| Financial position (US\$ million)       | 30 June 2024 | 30 June 2023 | Change (%)  |
|-----------------------------------------|--------------|--------------|-------------|
| Borrowings                              | 4,585        | 4,587        | (0)         |
| Lease liabilities                       | 815          | 734          | 11          |
| <b>Total debt</b>                       | <b>5,400</b> | <b>5,321</b> | <b>1</b>    |
| Cash and cash equivalents               | 4,903        | 4,287        | 14          |
| <b>Net debt</b>                         | <b>497</b>   | <b>1,034</b> | <b>(52)</b> |
| Equity                                  | 19,531       | 17,998       | 9           |
| Cash flow (US\$ million)                | FY24         | FY23         | Change (%)  |
| Net cash flow from operating activities | 7,919        | 7,432        | 7           |
| Capital expenditure                     | (2,895)      | (3,170)      | (9)         |
| Net cash flow from investing activities | (2,811)      | (3,115)      | (10)        |
| <b>Free cash flow</b>                   | <b>5,108</b> | <b>4,317</b> | <b>18</b>   |

## Dividend

- The Board has declared a fully franked final dividend of A\$0.89 per share. The ex-dividend date is 4 September 2024, and the dividend will be paid to shareholders on 27 September 2024.
- Including the interim dividend of A\$1.08 per share, the total dividends declared for FY24 are A\$1.97 per share, representing a payout ratio of 70 per cent of FY24 NPAT. This is consistent with Fortescue's dividend policy to payout 50 to 80 per cent of full year Underlying NPAT.

| Dividend summary                  | FY24       | FY23       | Change (%) |
|-----------------------------------|------------|------------|------------|
| NPAT (US\$ million)               | 5,664      | 4,796      | 18         |
| Underlying NPAT (US\$ million)    | 5,664      | 5,522      | 3          |
| Underlying EPS (US cents)         | 185        | 180        | 3          |
| Underlying EPS (AUD cents)        | 282        | 267        | 6          |
| Interim dividend (AUD cents)      | 108        | 75         | 44         |
| Final dividend (AUD cents)        | 89         | 100        | (11)       |
| <b>Total dividend (AUD cents)</b> | <b>197</b> | <b>175</b> | <b>13</b>  |
| Dividend payout ratio (%)         | 70         | 65         | 8          |

## 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\$3.2 - US\$3.8 billion.
- Fortescue Energy net operating expenditure of approximately US\$700 million and capital expenditure of approximately US\$500 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)                | FY24          | FY23         | Change (%) |
|-------------------------------------------------------|---------------|--------------|------------|
| Operating sales revenue                               | 18,220        | 16,871       | 8          |
| Cost of sales excluding depreciation and amortisation | (6,575)       | (6,109)      | 8          |
| Net foreign exchange (loss) / gain                    | (31)          | 48           | (165)      |
| Administration expenses                               | (416)         | (288)        | 44         |
| Research expenditure                                  | (495)         | (553)        | (10)       |
| Net other income                                      | 26            | 2            | 1,200      |
| Share of loss from equity accounted investments       | (21)          | (8)          | 163        |
| <b>Underlying EBITDA</b>                              | <b>10,708</b> | <b>9,963</b> | <b>7</b>   |
| Finance income                                        | 218           | 149          | 46         |
| Finance expenses                                      | (386)         | (275)        | 40         |
| Depreciation and amortisation                         | (2,144)       | (1,744)      | 23         |
| Exploration, development and other expenses           | (96)          | (170)        | (44)       |
| Impairment expense                                    | -             | (1,037)      | -          |
| Income tax expense                                    | (2,636)       | (2,090)      | 26         |
| NPAT                                                  | 5,664         | 4,796        | 18         |
| <b>Underlying NPAT</b>                                | <b>5,664</b>  | <b>5,522</b> | <b>3</b>   |
| <b>- Attributable to equity holders</b>               | <b>5,683</b>  | <b>5,524</b> | <b>3</b>   |
| - Attributable to non-controlling interest            | (19)          | (2)          | 850        |

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.