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FORTESCUE FUTURE INDUSTRIES AND TREE ENERGY SOLUTIONS PARTNER TO DEVELOP WORLD LEADING GREEN HYDROGEN ENERGY IMPORT FACILITY IN GERMANY

Fortescue Metals Group Ltd (Fortescue, ASX: FMG) advises that Fortescue Future Industries (FFI) has entered a global strategic collaboration with energy infrastructure developer Tree Energy Solutions (TES) which aims to accelerate the development of a world leading green hydrogen and green energy import facility in Germany. The investment of €130 million (US\$127 million) will be funded by FFI's unutilised capital commitment and provides FFI with a pathway for access to critical infrastructure to execute its strategy.

Through the agreement, FFI subsidiary Netherlands Fortescue Future Industries Holdings B.V. will invest €30 million (US\$29 million) to become a shareholder in Tree Energy Solutions B.V. as well as invest €100 million (US\$98 million) in the construction of the TES terminal in Wilhelmshaven, Germany, and be a major shareholder with a 30 per cent stake in Deutsche Grüngas und Energieversorgung GmbH (a subsidiary of TES), the project company that will build the TES Green Energy Hub in Wilhelmshaven, Germany.

TES is developing a portfolio of terminals globally that will enable transportation of green energy. The first phase of this partnership is to jointly develop and invest in the supply of 300,000 tonnes of green hydrogen with final locations being currently agreed, and a financial investment decision targeted in 2023.

The first delivery of green hydrogen into TES' terminal in Wilhelmshaven, Germany is anticipated to take place in 2026. Initial collaboration projects will be focused on Australia, Europe, the Middle East and Africa.

The new strategic collaboration demonstrates FFI's and TES' commitment to reducing global emissions by accelerating the import and production of green molecules as a lower cost alternative to fossil fuels. FFI joins a group of investors in TES comprised of international financial institutions and multinational energy companies including E.ON, HSBC, UniCredit and Zodiac Maritime.

The collaboration will combine FFI's market leading expertise in developing large scale renewable energy production, with TES's unique sustainable business model and access to the European green hydrogen market.

In accordance with Fortescue's capital allocation framework, the investment will be funded by FFI's unutilised capital commitment at 30 June 2022 of US\$1.1 billion. To reflect this investment, guidance for FFI's anticipated capital expenditure in FY23 is revised to US\$230 million (from US\$100 million). The guidance for FFI's anticipated operating expenditure of US\$500 - US\$600 million is unchanged.

Fortescue Executive Chairman, Dr Andrew Forrest AO said, "The United Kingdom and Europe urgently need green solutions to replace fossil fuels and this investment will enable Europe to do exactly that. Not in 2050, but in four years from now.

“From the beginning of FFI, our philosophy was to drive performance across the entire new renewable GH₂ value chain while delivering returns to our shareholders. This investment reinforces this commitment and is a significant step forward in FFI’s journey to become one of the world’s largest green energy producers.”

FFI CEO Mark Hutchinson said, “This investment supports the delivery of Fortescue’s supply agreement with E.ON, Germany’s largest energy distributor, following our announcement in March this year to supply five million tonnes of green hydrogen to Germany, with supply commencing from mid-decade.”

TES CEO, Marco Alvera’ said, “We are delighted to announce this partnership which marks a new milestone in delivering scalable, affordable green hydrogen as well as securing renewable energy production. This agreement is another stepping stone in building TES as one of the leading hydrogen players in the world to accelerate the energy transition with the most cost-effective, bankable and scalable green alternative to today’s fossil fuels.”

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