



**PRESS RELEASE**

## Fortress Minerals reports record performance for FY2021; EBITDA up 117.3% to US\$26.6 million

- Revenue increased 84.1% year-on-year (“yoy”) to US\$47.7 million as the Group continues to grow production output with record volume sold of 452,756 DMT and higher average realised selling price of iron ore concentrate to US\$105.43/DMT.
- Robust gross profit margin of 76.4% against 66.7% for FY2020, driven by strong customer demand, coupled with strength in iron ore prices and lower unit cost through higher productivity.
- The Group’s net profit after income tax (“NPAT”) increased 180.8% yoy to US\$18.2 million, exceeding FY2020 by US\$11.7 million.
- Interim Dividend of 1.0 Singapore cents per share for FY2021, amounting to S\$5.0 million and representing a 20.6% dividend payout ratio, to reward shareholders for their continued support.

**SINGAPORE, 21 April 2021** – **Fortress Minerals Limited** (the “Company” or “Fortress Minerals” and together with its subsidiaries the “Group”), a high-grade iron ore concentrate producer and exporter from Malaysia, today announced the financial results for the financial year ended 28 February 2021 (“FY2021”).

**Financial Highlights**

	FY2021	FY2020	Change %
<b>Sales volume (DMT*)</b>	452,756	269,615	67.9
<b>Average realised selling price (US\$/DMT)</b>	105.43	95.93	9.9
<b>Average unit cost (US\$/WMT#)</b>	22.62	28.81	(21.5)
<i>(US\$'000)</i>			
<b>Revenue</b>	47,718	25,925	84.1
<b>Gross profit</b>	36,466	17,280	111.0
<b>Gross profit margin</b>	76.4%	66.7%	8.8
<b>Other operating income</b>	412	687	(40.0)
<b>Selling &amp; distribution expenses</b>	4,911	2,081	136.0
<b>Other operating expenses</b>	7,273	4,531	60.5
<b>Administrative expenses</b>	1,274	1,775	(28.3)
<b>Finance costs</b>	62	43	45.2
<b>Net profit after income tax (NPAT)</b>	18,245	6,497	180.8
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	26,560	12,222	117.3

\* DMT denotes Dry Metric Tonnes

# WMT denotes Wet Metric Tonnes

## **Operational and Financial Review**

Fortress Minerals had delivered an outstanding set of financial results in FY2021 that reflects the resilience and quality of the Group's people, portfolio and operations.

The Group achieved record revenue of US\$47.7 million, which was an 84.6% increase yoy. Strong operational performance and resilient demand from regional markets enabled the Group to take advantage of the rising price environment to boost iron ore deliveries by 67.9% yoy, with 452,756 DMT of iron ore concentrate sold at higher average realised selling price of US\$105.43/DMT, up 9.9% yoy.

Solid production achieved for FY2021 further trimmed average unit cost of sales by 21.5% yoy or US\$6.19/WMT to US\$22.62/WMT. Strong gross profit margin of 76.4% for FY2021 is reflective of favourable market factors coupled with the lower unit cost of sales achieved.

For FY2021, the Group achieved superior EBITDA of US\$26.6 million and EBITDA margin of 55.7%. The Group's NPAT increased almost two-fold, increasing by 180.8% yoy or US\$11.7 million to US\$18.2 million with a NPAT margin of 38.2%. Earnings per share for FY2021 increased 178.6% yoy to 3.65 US cents.

The Group continued to grow its business portfolio in FY2021 through the acquisition of Monument Mengapur Sdn. Bhd and its subsidiaries ("**MMSB Group**")<sup>1</sup>, which comprise the entire tenements covering approximately 935.1 hectares held by its subsidiaries, save for the third-party iron ore interests.

The Group's operations generated robust underlying profits and its balance sheet remains strong with strong operating cash flow of US\$16.0 million. The Group's net asset value per share was 9.68 US cents as at 28 February 2021 compared to 5.92 US cents as at 29 February 2020, demonstrating the Group's strengthening balance sheet and healthy financial performance.

The Board is pleased to declare a one-tier tax exempt interim dividend of 1.0 Singapore cents per share for FY2021 amounting to S\$5.0 million, to reward shareholders for their support. The dividend payout ratio of 20.6% for FY2021 is above the 20% dividend payout ratio previously targeted by the Group. The book closure date for the Interim Dividend will be on 30 April 2021 and the Interim Dividend will be paid on 10 May 2021.

## **Outlook and Future Plans**

Demand for iron ore continued to grow in 2021 as global crude steel production increased in January and February by 4.8% and 4.1% yoy, respectively.<sup>2</sup> The Group remains positive on the outlook of high-grade iron ore, of which prices continue to steadily increase, up 7.6% year-to-date.<sup>3</sup> This is supported by the expected recovery of the economy, with the International Monetary Fund increasing global growth estimates to 6% for 2021 in April from 5.5% in its earlier forecast in January<sup>4</sup>, as well as policymakers signalling commitment to growth and to re-establishing normality of supply chains.

The Group will continue to focus on increasing its mineral resource through exploration at the Bukit Besi mine, as well as its efforts to optimise its processing capabilities to improve its overall production tonnage and cost efficiencies, which have improved significantly in FY2021. The Group's strong relationships

---

<sup>1</sup> For further details on the acquisition, please refer to the announcement dated 11 January 2021 released by the Company on SGXNET.

<sup>2</sup> World Steel Association: [January](#) and [February](#) 2021 crude steel production

<sup>3</sup> Platts: 65% Fe CFR North China Index, January – March 2021

<sup>4</sup> International Monetary Fund: [World Economic Outlook, Managing Divergent Recoveries](#), April 2021

within the regional mining ecosystem, secured offtake agreement with a third-party domestic steel mill in Malaysia, strong sales order book, as well as healthy working capital cycles, continue to support its success.

The Board and management have considered the uncertainties and challenges arising from the Covid-19 pandemic on the Group's operations and assessed that the receivables of the Group remain healthy and that there are no indications that the credit quality of receivables have deteriorated. With the present price of iron ore and the cash reserves of the Group, the Group is of the view that adequate funds are available for its operating requirements for the purposes of meeting its debt obligations for the next 12 months. In view of the above, the Board and management do not see any going concern issue and there are no indications that would require the impairment of the assets. So far, neither the Company nor any of its counterparties have exercised temporary relief, force majeure clauses or termination of contractual obligations for material contracts.

The Company had on 7 April 2021 completed the acquisition of the entire issued and paid-up share capital of the MMSB Group. Following the completion of the acquisition, MMSB Group has become a wholly-owned subsidiary of the Group.

As part of the Group's growth strategy to increase its mineral resource, the acquisition is another significant step towards becoming a multi-disciplinary premier iron ore player in the region. Following the completion of the acquisition of MMSB and taking into account the Mineral Resource estimates of the Bukit Besi mine as at 28 February 2021, the Group's Inferred Mineral Resource has increased to 16.22 million tonnes with grading 37.86% Fe in addition to the Bukit Besi Indicated Mineral Resource of 0.28 million tonnes grading 42.57% Fe, all from within magnetite mineralisation domains.

The assets held by the MMSB Group exhibit the same strategic qualities that the Group seeks in an asset in terms of the quality and quantity of its mineral resource, the asset life and its efficient location, which provide considerable growth opportunities. The Board believes that paralleled exposure to the same key mineral resource in iron ore will create synergies by leveraging existing downstream distribution lines to deliver greater volumes on an accelerated basis to meet growing demand. This creates significant value through cost savings and other volume-driven benefits.

The MMSB Group has existing plants and machineries which will enable the Group to commence operations quickly. Leveraging the Group's expertise and experience, the Group will be able to expedite processing plant modifications and the time required to commence mining operations at Mengapur.

Notwithstanding the acquisition, the Group continues to explore various opportunities to acquire and/or enter into joint ventures to expand its portfolio of mining assets as well as provide mining contracting service. The Company will make the necessary announcement(s) via SGXNET if and when there are any material developments on the aforementioned.

Dato' Sri Ivan Chee, Executive Director and Chief Executive Officer of Fortress Minerals, commented on the FY2021 performance and outlook of the Group, *"In this extraordinary year of FY2021, we have continued to build up our capabilities as evidenced by our growing iron ore deliveries and strong earnings, which have resulted in another milestone year for Fortress Minerals. Coupled with the quality of our team and assets, our business continues to be resilient, adding to our positive track record. With the strong iron ore prices, we were able to deliver a robust EBITDA of \$26.6 million for FY2021 and as a result, the Board has declared an interim dividend of 1.0 Singapore cents per share for FY2021 to reward shareholders for their continued support and trust."*

*In our aim to become a multi-disciplinary premier iron ore player in the region, we continued to grow our asset portfolio with the acquisition of the MMSB Group. Through our extensive expertise and experience with the Bukit Besi mine, as well as our strong relationships within the regional mining ecosystem, we expect to be able to efficiently develop the large-scale Mengapur project to meet the increasing demand of our customers, create jobs in the communities we operate in, and unlock value for our shareholders.”*

**\*\* End\*\***

*This press release should be read in conjunction with the related announcements uploaded by Fortress Minerals Limited on SGXNet.*

*This press release has been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the “**Exchange**”) and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document. The Sponsor has also not drawn on any specific technical expertise in its review of this announcement.*

*The contact person for the Sponsor is Ms. Jennifer Tan, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, [sponsorship@ppcf.com.sg](mailto:sponsorship@ppcf.com.sg)*

#### **About Fortress Minerals Limited (SGX: OAJ)**

Fortress Minerals is a high-grade iron ore concentrate producer based in Malaysia. The Group is principally in the business of exploration, mining, production and sale of iron ore concentrates. The Group presently produces magnetite iron ore concentrates with TFe grade of 65.0% and above, mined from the East, Valley and West Deposits in its Bukit Besi Mine, and sells its iron ore concentrates primarily to steel mills and trading companies in Malaysia.

For more information, please visit: <https://fortress.sg/>

Media & Investor contact:

Dato’ Sri Ivan Chee

Email: [corporate@fortress.sg](mailto:corporate@fortress.sg)

Tulchan Communications LLP

Email: [fortressminerals@tulchangroup.com](mailto:fortressminerals@tulchangroup.com)

Tel: +603 5630 1993