

24 January 2022

ACQUISITION OF UK-BASED WILLIAMS ADVANCED ENGINEERING

Leading provider of high-performance battery and electrification technologies

Fortescue Metals Group Ltd (Fortescue, ASX: FMG), has entered into a share sale and purchase agreement to acquire 100 per cent of Williams Advanced Engineering Limited (WAE) from private equity firm EMK Capital and Williams Grand Prix Engineering Limited for £164 million (approximately US\$223 million). The transaction is expected to conclude by the end of March 2022, subject to the satisfaction of customary conditions precedent including United Kingdom foreign investment approval.

WAE will be vertically integrated into Fortescue's diversified resources and green energy business and will be managed via Fortescue Future Industries (FFI), Fortescue's green energy and green technology division. Fortescue has worked closely with WAE since early 2021 to design and build a prototype battery system to power an electric mining haul truck, an important first step in the decarbonisation of Fortescue's mining haul fleet.

The acquisition of WAE provides critical technology and expertise in high-performance battery systems and electrification and will enable Fortescue to accelerate and support the decarbonisation of Fortescue's mining operations as well as establishing an important new business growth opportunity. Together, Fortescue and WAE will develop battery electric solutions for Fortescue's rail, mobile haul fleet and other heavy mining equipment, to accelerate the rapid abatement of diesel usage to achieve the decarbonisation of Fortescue's mining operations by 2030. In addition, Fortescue and WAE will work together to grow WAE's world-leading green technology and engineering business.

One of the first major projects to be developed will be a world leading battery electric train concept. Fortescue and FFI will announce further details on this early in 2022.

WAE has a demonstrated track record of success working with Tier 1 customers in advanced engineering across the premium automotive and motorsports sectors with revenue of approximately US\$84 million in CY21 (unaudited basis). WAE will bring speed, precision and cutting-edge technology from the racetrack to heavy industry. Fortescue, as a foundation customer, will support the development and manufacturing of battery electric and hydrogen fuel cell power units with the goal for WAE to become a major player in the growing global market for heavy mobile equipment and rail.

Fortescue Founder and Chairman Dr Andrew Forrest AO said, "This is a major milestone in the future of our Company as we welcome WAE to the Fortescue family. FFI and WAE will work together to decarbonise Fortescue - and in turn the global heavy industry and hard to abate sectors - for the good of our planet, and the benefit of our shareholders.

“Today’s announcement builds on our commitment to remove fossil fuel powered machinery from our operations and to replace it with zero carbon emission technology, powered by FFI green electricity, green hydrogen and green ammonia.

“For decades, Sir Frank Williams’ F1 racing business was at the forefront of innovation in engineering and I thank him for his pioneering vision in founding WAE over a decade ago. I was sorry to hear of his passing last year and I pay tribute to him. I have huge respect for him, his family and the Williams’ business,” Dr Forrest said.

Fortescue Chief Executive Officer, Elizabeth Gaines said, “Fortescue and WAE share strong cultural alignment with a focus on technology and innovation to support carbon neutrality, with both companies being leaders in their respective industries. We look forward to working together to apply this technology-first strategy to our emissions reduction pathway while also empowering the highly capable WAE team to achieve growth opportunities in new products, services and markets. The potential global market for WAE is significant and will extend beyond the decarbonisation of Fortescue, further demonstrating our commitment to the diversification of Fortescue to a renewable energy and resources company.”

Craig Wilson, WAE Chief Executive Officer, said, “High performance battery and electrification systems are at the core of what we do at WAE and this acquisition and investment will facilitate the company’s further growth to support the delivery of zero emission products and services across existing sectors – such as automotive, motorsport and off-highway – and new sectors too. This will benefit all of our stakeholders along with current and future customers who are very important to us. My thanks also to EMK Capital for their support during the past two years that has enabled us to accelerate the successful progress of WAE and development of technologies to help tackle climate change.

“We are delighted to play a key role in Fortescue’s decarbonisation strategy, contributing to the delivery of their emissions reduction targets through high performance battery systems, green hydrogen and related technologies. We will also be focusing on addressing the sector-wide challenges in the off-highway sector. Both companies have a shared culture of innovation, setting and achieving stretch targets and a genuine commitment to creating a sustainable future.”

Under Fortescue’s ownership, WAE will continue to service its customers while rapidly expanding its electrification technologies, engineering and manufacturing offerings. As part of this, Fortescue will establish an Advisory Board to guide and empower WAE to achieve its targets. Fortescue’s Lead Independent Director and Deputy Chairman, Mr Mark Barnaba AM, will serve on the Advisory Board.

The acquisition will be funded from Fortescue’s existing liquidity sources, with the consideration payable on close subject to customary working capital adjustments.

ABOUT WAE

WAE is a world-leading technology and engineering services business delivering pioneering innovation to improve performance, efficiency and sustainability to a global customer base.

Combining cutting-edge technological advances and the industry's best engineers with precision and speed to market derived from the ultra-competitive environment of motorsport, WAE's capabilities cover a wide range of disciplines.

The Company provides ground-breaking innovation covering advanced battery and electrification technologies and product development; aided by advanced simulation, testing, rapid prototyping and volume manufacturing. Working in close collaboration with our customers, WAE remains committed to meeting the continued sustainability challenges of the 21st Century.

WAE can trace its foundations back to 2010 when Williams Grand Prix Engineering Limited began diversifying its operations; a division which later became WAE. In December 2019, Williams Grand Prix Engineering (which is owned by private investment firm Dorilton Capital) sold a majority equity stake in WAE to EMK Capital.

WAE has grown from an embryonic business in 2010 to a company which employs approximately 400 people engaged in leading-edge and transformative technologies for a growing list of Tier 1 clients.

Following the acquisition by Fortescue Metals Group, WAE will continue to service its existing customers and commercialise new technology opportunities, in addition to playing a key role in supporting Fortescue's decarbonisation strategy.

WAE was honoured with the [Queen's Award for Enterprise in Innovation 2018](#).

For more information see www.wae.com or follow on [Twitter](#) [LinkedIn](#) and [Instagram](#)

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