



# Goldman Sachs Asia Materials Virtual Tour

Ian Wells, CFO  
21 May 2020



Global force  
Thriving communities

# Forward Looking Statements

## Disclaimer

### Important Notice

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### Additional Information

This presentation should be read in conjunction with the Annual Report at 30 June 2019 together with any announcements made by Fortescue in accordance with its continuous disclosure obligations arising under the *Corporations Act 2001* and ASX Listing Rules.

Any references to reserve and resources estimations should be read in conjunction with Fortescue's Ore Reserves and Mineral Resources statements released to the Australian Securities Exchange on 2 April 2019 for its Magnetite projects and on 23 August 2019 for its Haematite projects. Fortescue confirms in the subsequent public report that it is not aware of any new information or data that materially affects the information included in the relevant market announcement and, in the case of estimates of mineral resources or ore reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

All amounts within this presentation are stated in United States Dollars consistent with the functional currency of Fortescue Metals Group Ltd, unless otherwise stated. Tables contained within this presentation may contain immaterial rounding differences.

# A world class company

Wholly owned,  
fully integrated  
supply chain

**>1.3 billion tonnes**  
Shipped

**170 - 175mtpa**  
Shipping rate

**Core supplier  
to China**

**Industry leading  
cost position**

# COVID-19 response

Prioritise the health of our people, maintain jobs, sustain our business and protect our communities

Temporary extension of operational roster

Additional bus and air charter services

Temperature testing and health screening

Flexible working arrangements, non-essential site and office teams

Village licensed areas closed

1,300 care packages to Aboriginal communities

# Safety and unique culture

**2.5** TRIFR

Total Recordable Injury Frequency Rate on a 12 month rolling basis

**11%**

Improvement compared to 30 June 2019

Reducing fatality risk profile



# March quarter 2020 highlights

**TRIFR 2.5**

11% improvement from 2.8 in FY19

**US\$73/dmt**

Average price received 82% of 62% Fe Index

**42.3mt shipped**

10% higher than Q3 FY19

**US\$13.27/wmt**

C1 costs 2% lower than Q3 FY19

**Growth projects**

Key milestones achieved

**US\$0.1 billion**

Net cash

# Integrated mine to market infrastructure



# Robust demand in China

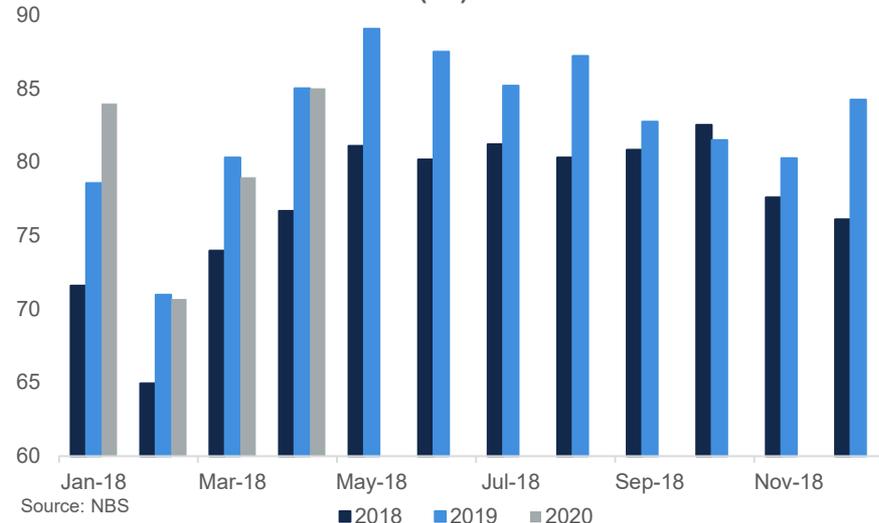
## China's steel production increased 1.3% YoY in four months to 30 April 2020

Fortescue is a core supplier of iron ore to China

China's steel production increased to 319mt in 4M CY20

Steel inventories drawn down as economic activity recovers

China's Crude Steel Production (mt)



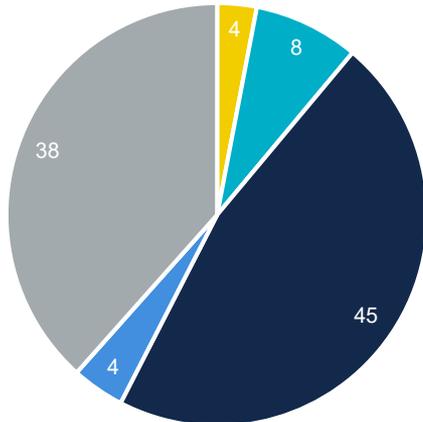
# Enhanced product mix delivers value

Realising the benefits of West Pilbara Fines



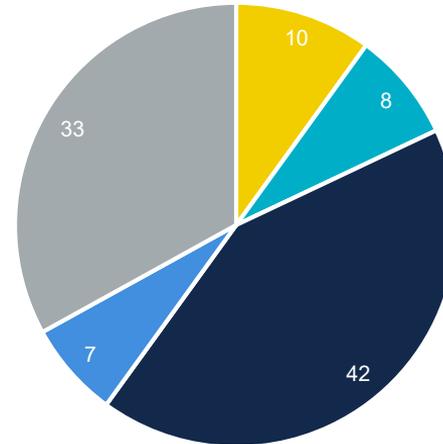
Fortescue's product mix %

9 months to March 2019



■ West Pilbara Fines ■ Kings Fines ■ Fortescue Blend  
■ Fortescue Lump ■ Super Special Fines

9 months to March 2020



■ West Pilbara Fines ■ Kings Fines ■ Fortescue Blend  
■ Fortescue Lump ■ Super Special Fines

# Iron ore prices resilient

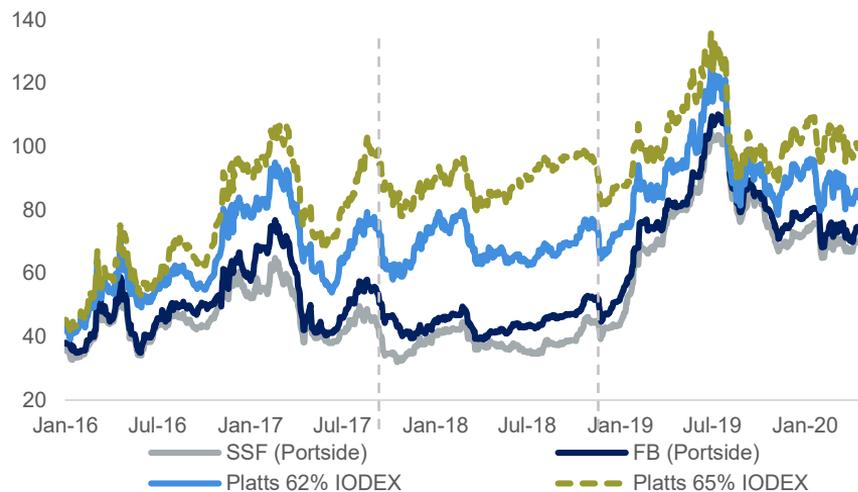
Sustained demand and supply disruptions support the iron ore market

Strong demand for Fortescue's products

Realisation of 84% of the Platts 62% Index, 9M to 31 March 2020

Draw down of iron ore stocks at Chinese ports

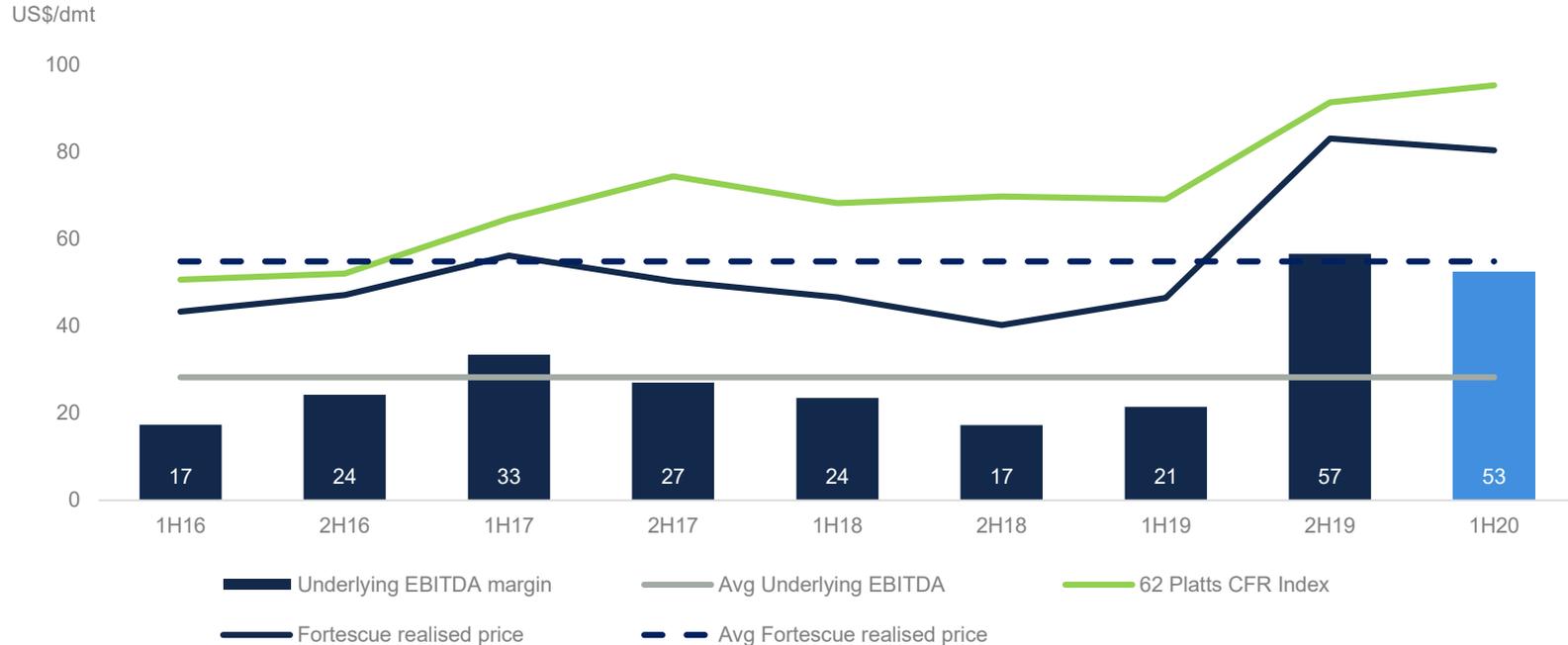
Iron Ore Prices (CFR China), US\$/dmt



Source: Platts

# Price and margins

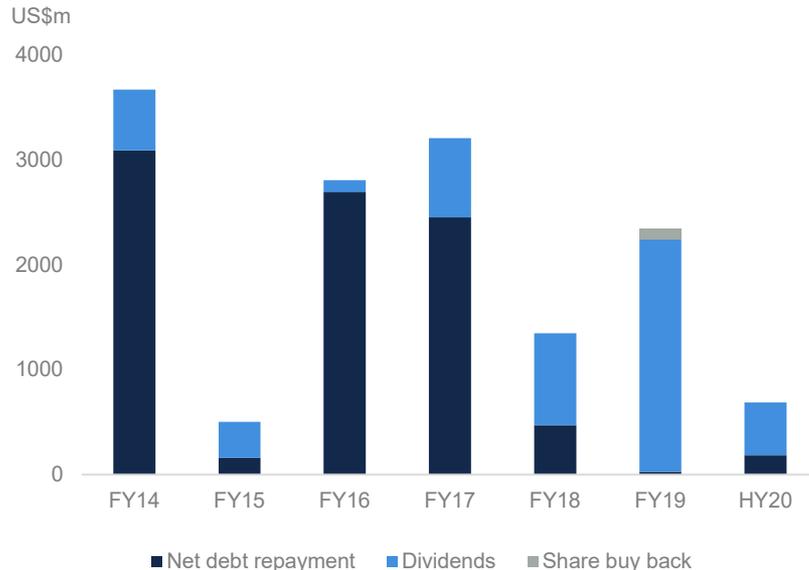
Strong underlying EBITDA margins through all market cycles



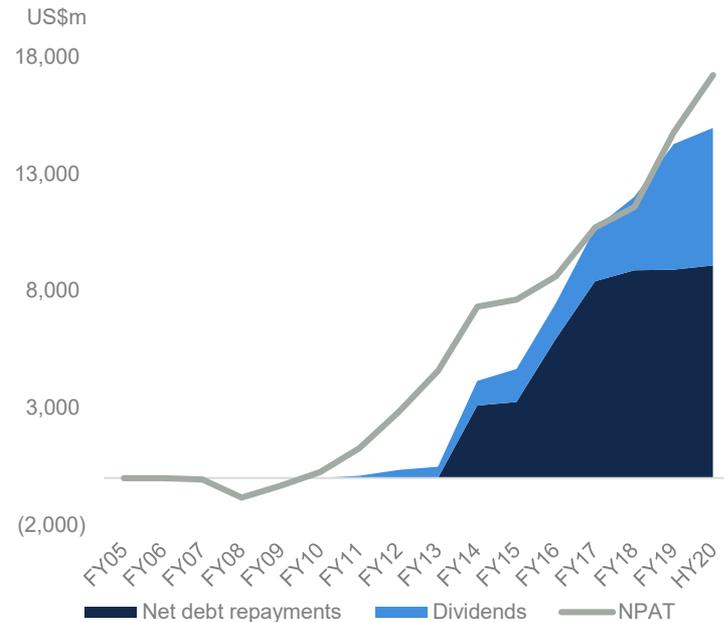
# Capital allocation

As at 31 December 2019, Fortescue has generated NPAT of US\$17bn and allocated US\$9bn of capital to debt repayment and US\$6bn to dividends<sup>1</sup>

Capital allocation to debt and dividends



Cumulative Allocation of NPAT: FY05-HY20



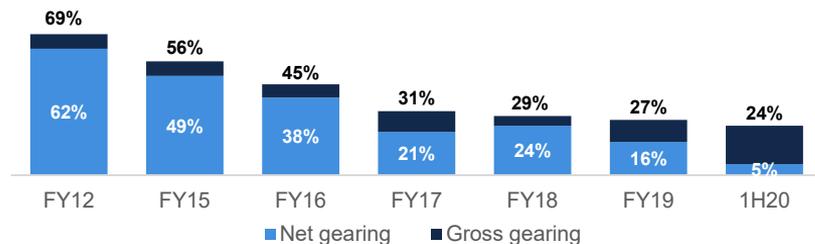
<sup>1</sup> Excludes US\$1.6bn dividend paid 6 April 2020

# Credit metrics

Target investment and credit metrics

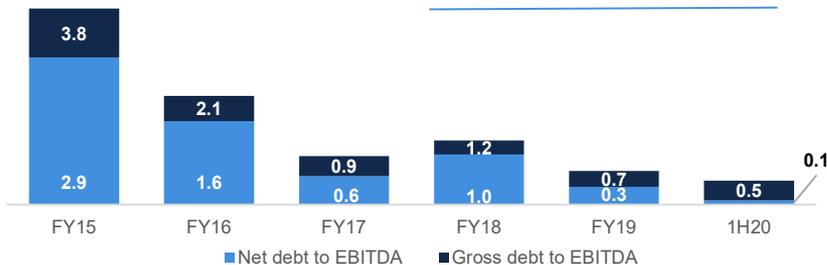
Gearing %

Target 30 – 40 % (Gross debt)

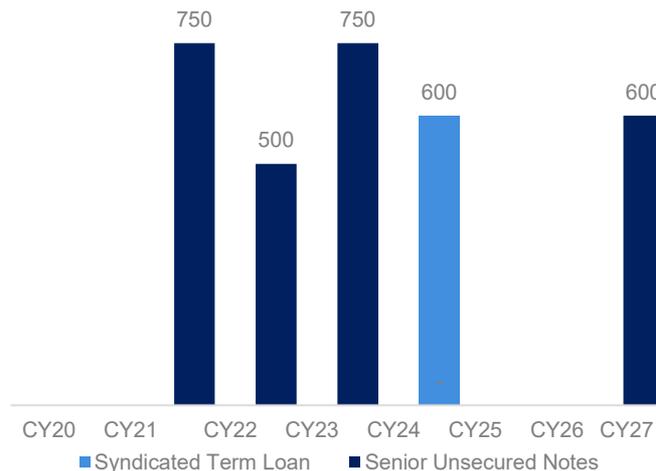


Debt to EBITDA (x)

Target 1-2x (Gross debt)



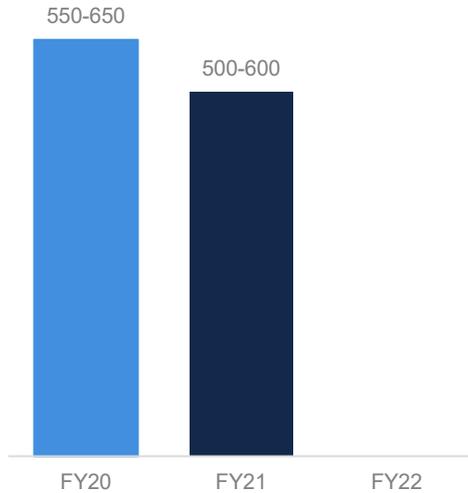
Debt maturities profile (US\$m)  
(excluding leases)



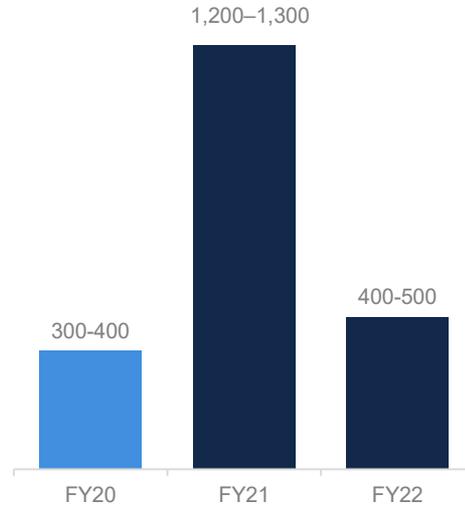
# Investing in growth



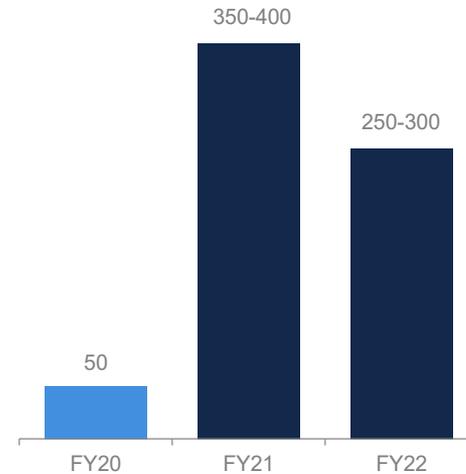
Eliwana Mine and Rail (US\$m)



Iron Bridge Magnetite (US\$m)



Pilbara Energy Connect (US\$m)



# Eliwana project

US\$1.275 billion capital investment,  
Progressing on schedule and budget

## Stage 1 earthworks

on 143km railway completed

## First steel erection

of 30mtpa dry OPF

**Aerodrome and village**  
completed, first charter June 2020

**Construction peak**  
mid-2020

# Iron Bridge Magnetite Project

US\$2.6 billion investment delivering enhanced returns to shareholders and JV partners

**22 mpta, 67% Fe product**

First ore on ship mid-2022

**Detailed engineering**

passed halfway mark

**First blast at OPF site**

Allowing earthworks to commence

**Site construction**

will commence second half of CY20

# Energy infrastructure

US\$800<sup>1</sup> million investment providing 25–30 per cent of stationary energy requirements from solar

## Pilbara Transmission project

275km of high voltage transmission lines

## Pilbara Generation project

150MW gas, 150MW solar PV

## Large scale battery storage

## Chichester Solar Gas Hybrid

Displacing around 100 million litres of diesel at Chichester Hub

<sup>1</sup> Fortescue US\$700m PEC and Alinta Energy's Chichester Solar Gas Hybrid investment

# FY20 Guidance

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**175-177mt**

Shipments

**US\$12.75-\$13.25**

C1 cost / wmt

**US\$2.0-2.2 billion**

Capital investment

# Our Vision

The safest, lowest cost, most profitable mining company

# Fortescue's Values

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 Safety	 Family	 Empowerment	 Frugality	 Stretch targets
 Integrity	 Enthusiasm	 Courage and determination	 Generating ideas	 Humility



Fortescue

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