

9 December 2020

The Companies Officer
Australian Securities Exchange Ltd
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000

Dear Madam or Sir

FORTESCUE METALS GROUP INVESTOR AND MEDIA DAY

Fortescue Metals Group Ltd (**Fortescue**) (ASX: FMG) today hosts its Investor and Media Day as a virtual event, highlighting Fortescue's vision and strategy, approach to sustainability and commitment to innovation and growth.

Fortescue Chief Executive Officer, Elizabeth Gaines, will be joined by Chief Operating Officer Greg Lilleyman, Chief Financial Officer Ian Wells, Director of Sales and Marketing Danny Goeman and Director of Projects Don Hyma.

"Fortescue delivered record performance in 2020 and yesterday we celebrated an important milestone with the commissioning of the Eliwana mine site, with first ore processed through our innovative, new ore processing facility," Ms Gaines said.

"Eliwana is another key element of our strategic focus on optimising growth and returns through our core iron ore business, underpinned by our operational excellence and balance sheet strength.

"Fortescue is committed to decarbonisation and to advance this objective we are assessing a range of growth and diversification initiatives, including clean energy opportunities such as hydrogen."

Key points covered during the presentation will include:

- Vision and strategy
- Approach to sustainability
- Integrated operations and marketing strategy
- A virtual tour of major projects
- Capital allocation and returns.

The session is being conducted virtually and a recording of the webcast will be available on Fortescue's website at www.fmgl.com.au. A copy of the presentation is attached.

Yours sincerely
Fortescue Metals Group Ltd

Authorised by
Cameron Wilson
Company Secretary

Media contact:
Michael Vaughan, Fivemark Partners
E: mediarelations@fmgl.com.au
M: +61 422 602 720

Investor Relations contact:
Andrew Driscoll, GM Investor Relations
E: investorrelations@fmgl.com.au
P: +61 8 9230 1647



Investor and Media Day

Wednesday, 9 December 2020

Thriving communities | Global force

Elizabeth Gaines

Chief Executive Officer



Forward Looking Statements Disclaimer

Important Notice

The purpose of this presentation is to provide general information about Fortescue Metals Group Ltd (“Fortescue”). It is not recommended that any person makes any investment decision in relation to Fortescue based on this presentation. This presentation contains certain statements which may constitute “forward-looking statements”. Such statements are only predictions and are subject to inherent risks and uncertainties which could cause actual values, results, performance or achievements to differ materially from those expressed, implied or projected in any forward-looking statements. No representation or warranty, express or implied, is made by Fortescue that the material contained in this presentation will be achieved or prove to be correct. Except for statutory liability which cannot be excluded, each of Fortescue, its officers, employees and advisers expressly disclaims any responsibility for the accuracy or completeness of the material contained in this presentation and excludes all liability whatsoever (including in negligence) for any loss or damage which may be suffered by any person as a consequence of any information in this presentation or any error or omission therefrom. Fortescue accepts no responsibility to update any person regarding any inaccuracy, omission or change in information in this presentation or any other information made available to a person nor any obligation to furnish the person with any further information.

Additional Information

This presentation should be read in conjunction with the Annual Report at 30 June 2020 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 21 August 2020. 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.



Agenda

08:30am
(AWST)

Vision and strategy
Approach to sustainability

Elizabeth Gaines
Chief Executive Officer

A fully integrated business

Greg Lilleyman
Chief Operating Officer

Marketing and product strategy

Danny Goeman
Director Sales and Marketing

Followed by a five minute break

09:30am

Projects virtual tour

Don Hyma
Director Projects

Capital allocation and returns

Ian Wells
Chief Financial Officer

10:00am

Investor Q&A

10:45am

Concluding remarks

Elizabeth Gaines
Chief Executive Officer

Our Purpose

Thriving communities | Global force

Fortescue's Values



Safety



Family



Empowerment



Frugality



Stretch targets



Integrity



Enthusiasm



Courage and
determination



Generating
ideas



Humility





Our strategic focus

Underpinned by operational excellence
and balance sheet strength



Sustainability

Ensuring communities benefit
from Fortescue's success



Optimising

Returns and growth in the
iron ore business



Diversifying

Commodities that support
decarbonisation



Pursuing

Green energy opportunities
locally and internationally

Q1 FY21 highlights

Strong start to FY21 with record first
quarter operating performance

2.1 TRIFR

13% improvement

↑44.3 mt shipped

5% higher than Q1FY20

US \$12.74 /wmt

C1 cost

↑US \$106 /dmt

Average realised price
89% of average Platts 62%
CFR Index

↑US \$1.0bn

Net cash

>10 mt sold

FMG Trading Shanghai
since June 2019

Multifaceted relationship with China

China produces more than half of global steel¹

Supplier

First shipment to China in 2008

Procurement

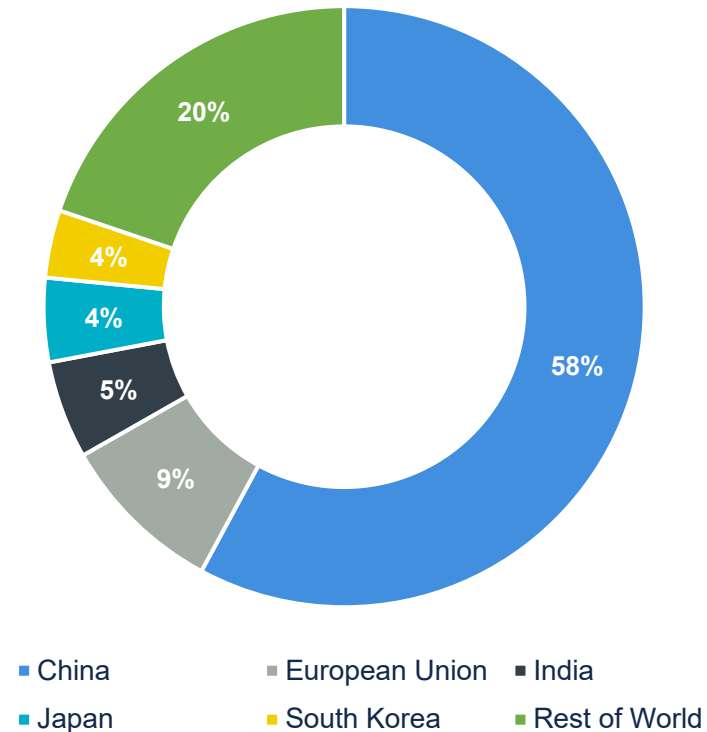
Over US\$1 billion procurement from China

Investment and funding

Significant shareholder, banking relationships

Academic, policy and social engagement

Share of world crude steel production¹



¹Source: World Steel Association (10 months to October 2020)

Diversification

Focus on copper and commodities that support decarbonisation



Western Australia

Extensive tenement footprint

Australia

NSW 3,000km² tenure

SA 15,000km² tenure

South America

Argentina 450,000ha of tenements

Ecuador 135,000ha of tenements

Colombia, Chile, Peru

Other international opportunities

Portugal, Kazakhstan



The global climate change challenge

An ambitious, industry leading emissions reduction target

Net zero

Operational emissions by 2040

26% reduction

Scope 1 and Scope 2 emissions by 2030

Decarbonisation pathway

Energy infrastructure to increase use of renewables

Technology and innovation

Hydrogen and battery electric solutions

Pathway to decarbonisation

Underpinned by practical initiatives that will deliver goals in an economically sustainable manner

Chichester solar gas hybrid project



- US\$100 million investment by Alinta Energy
- 60MW of solar generation
- 60km transmission line linking Chichester operations with Alinta Energy's Newman gas-fired power station
- 35MW battery facility
- Displaces 100 million litres of diesel

Pilbara Energy Connect



- US\$250 million Pilbara Transmission Project
- 275km of high voltage transmission lines
- US\$450 million Pilbara Generation Project
- 150MW of gas fired generation, 150MW of solar PV and large-scale battery storage

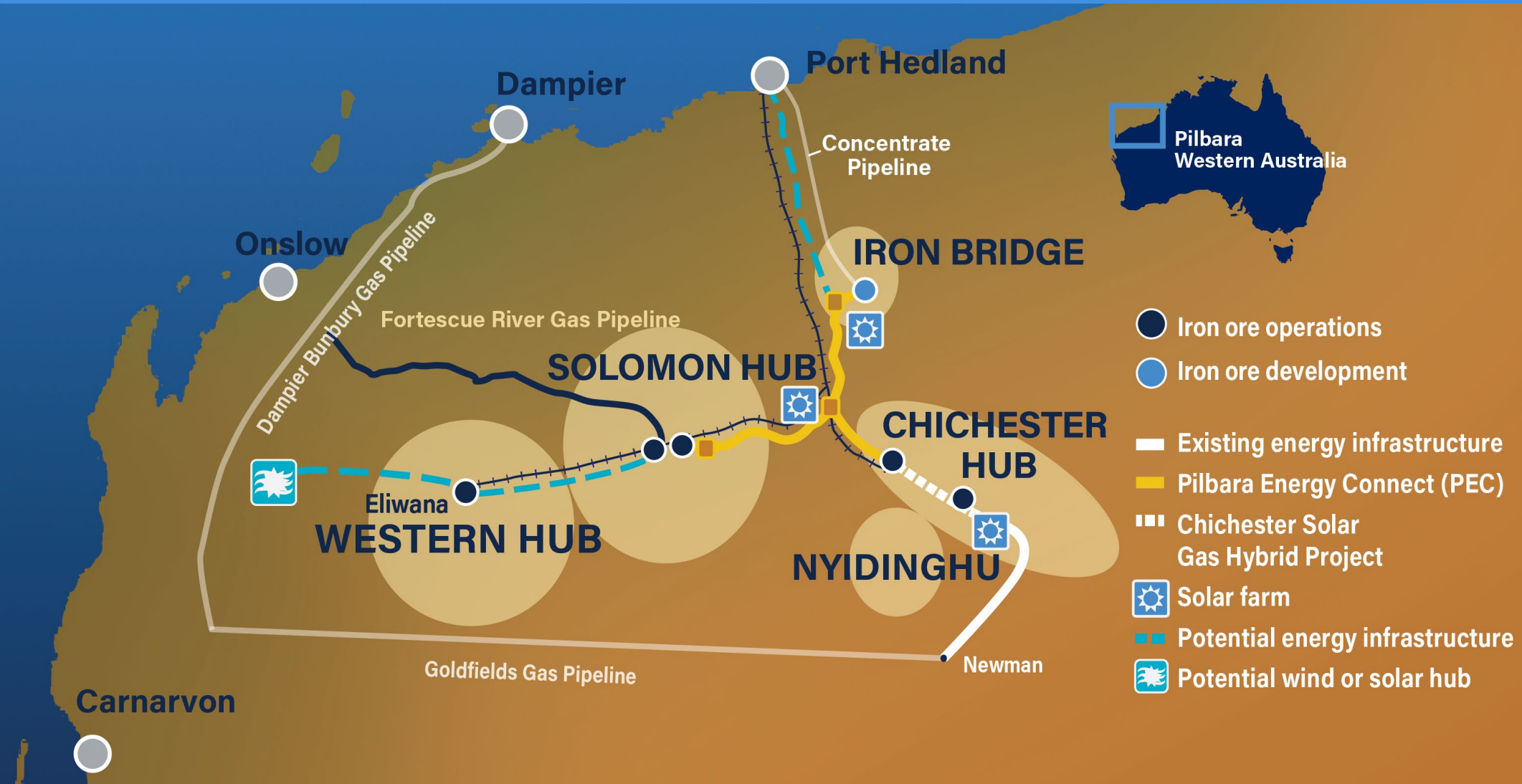
Hydrogen



- Reduce carbon emissions and reliance on diesel in our operations
- Hydrogen mobility and improving domestic energy security
- Export potential of green hydrogen from Australia
- Investment in new hydrogen technologies through key strategic partnerships

Pilbara Energy Project

Future opportunities to increase the use of renewable energy



Fortescue Future Industries

Renewable energy driving new green industries

Assessing

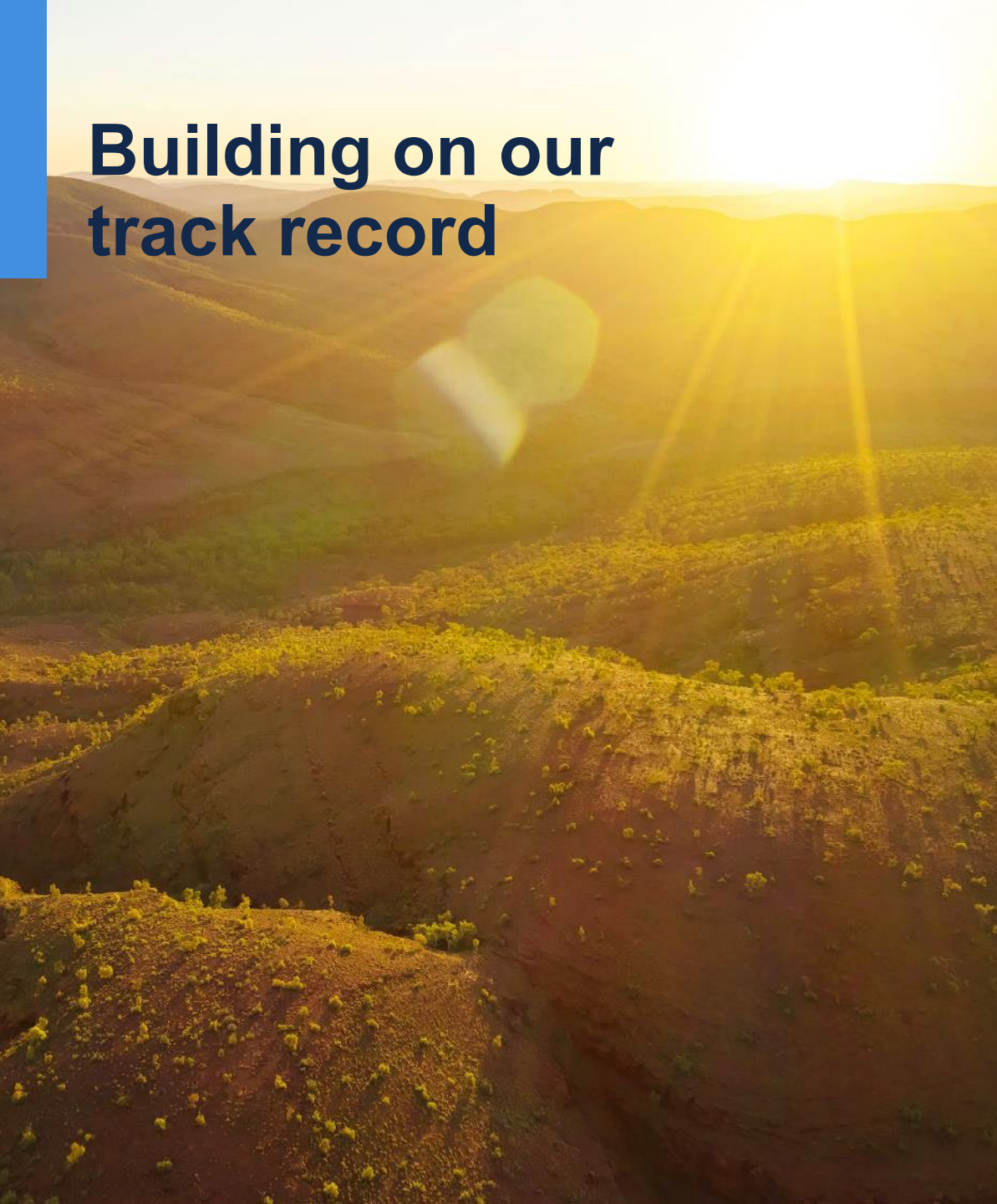
A portfolio of renewable energy and green industry opportunities

Maintaining

Fortescue's disciplined capital allocation framework and dividend policy

Funding

Separately secured without recourse to Fortescue



Building on our track record

Leveraging Fortescue's value chain and project development capabilities

Rapid development

Ability to safely develop large, complex projects quickly and at low cost

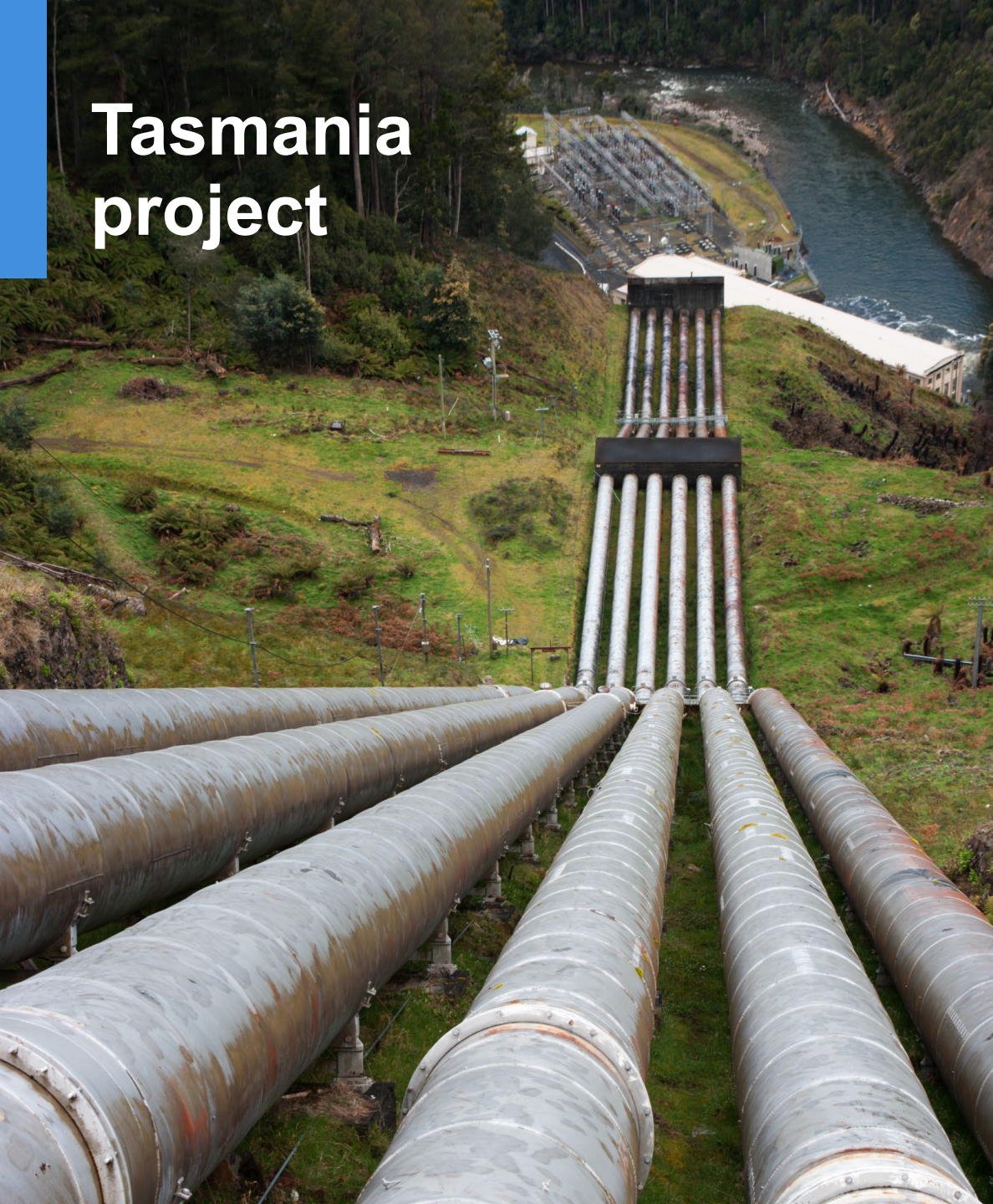
Innovative culture

Adapting technology and innovation to drive safety and productivity improvements

Stakeholder engagement

Working with local stakeholders to ensure communities thrive

Tasmania project



**Large scale green hydrogen
plant in study phase**

250MW

Green hydrogen plant in Bell Bay
Industrial Precinct, Tasmania

250,000 tonnes

Annual green ammonia production capacity
for domestic and international export

Clean energy

Powered by existing renewable energy

Investment decision

Targeted for 2021

Approach to Sustainability

We are a global force, committed to empowering thriving communities

Setting high standards



- Employee health and safety
- Economic contribution
- Workforce diversity
- Protecting Aboriginal heritage
- Ethical business conduct

Safeguarding the environment



- Climate change action and disclosure
- Protecting biodiversity and water resources
- Tailings management

Creating positive social change



- Creating employment and business opportunities for Aboriginal people
- Building sustainable communities
- Human rights

Protecting Aboriginal heritage



**Detailed processes for
engagement and heritage
management**

Seven agreements
with Native Title Groups

Heritage avoidance
Primary objective

~6,000 heritage sites
Protected and avoided

2.7 million ha of land
Ethnographically surveyed

Creating positive social change



Building thriving communities and empowering Aboriginal people through training, employment and business development

900 jobs

to Aboriginal people via VTEC since 2006

Fortescue's Trade Up

Providing an accredited pathway to a trade qualification

Billion Opportunities

A\$2.7 billion in contracts to Aboriginal businesses and joint ventures since 2011

A\$6.6 million

Social investment in communities



FY21 guidance

175 – 180mt

Iron ore shipments

**US\$13.00 –
US\$13.50/wmt**

C1 costs based on assumed
exchange rate of AUD:USD 0.70

**US\$3.0 –
US\$3.4 billion**

Capital expenditure



Greg Lilleyman

Chief Operating Officer

Integrated mine to market infrastructure

3

Mining hubs

>180

Autonomous haul trucks

5

berths

Herb Elliott Port

>620 km

Fastest, heavy haul railway

8

ore carriers

260,000t capacity each

55

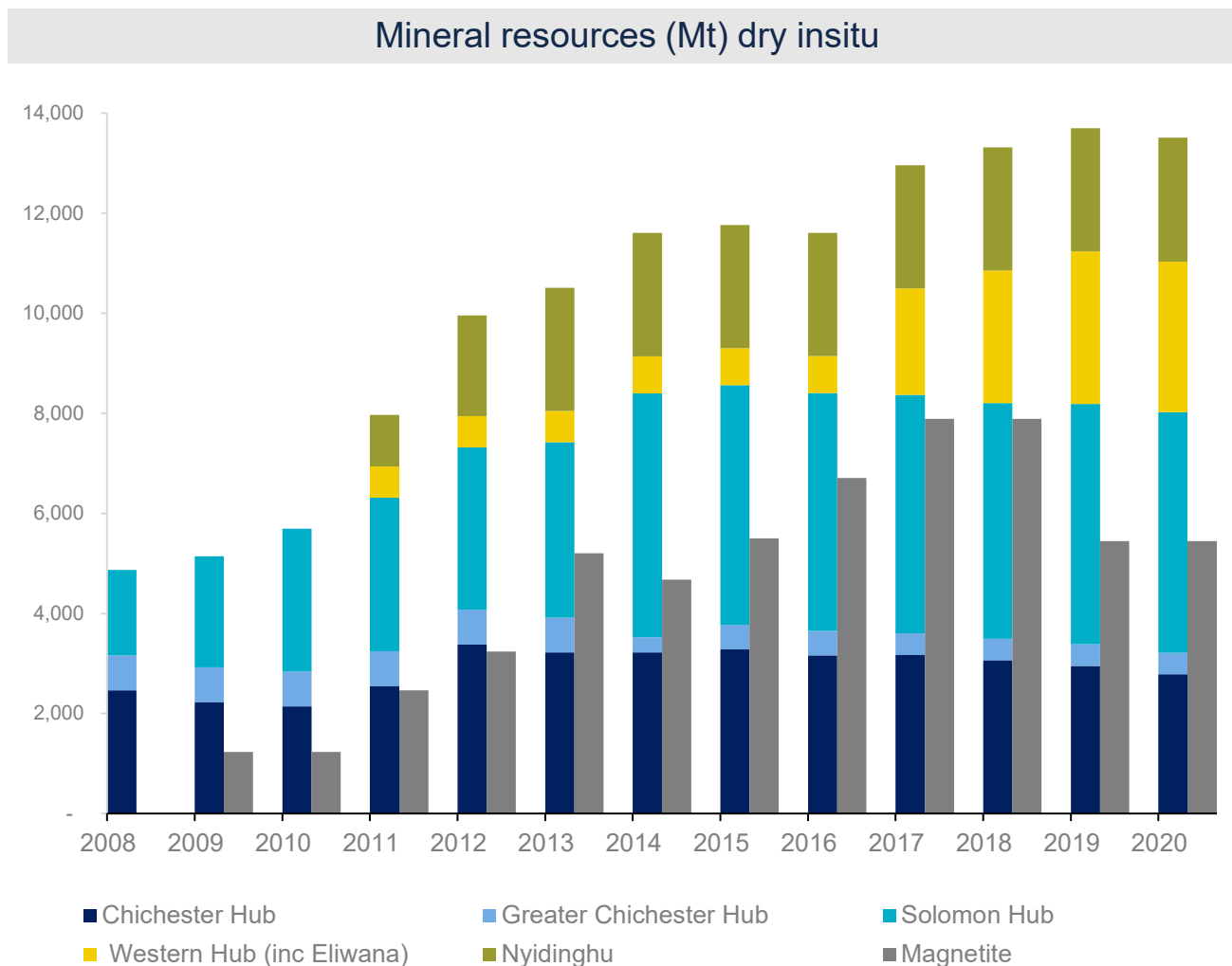
Locomotives





Mineral resources base

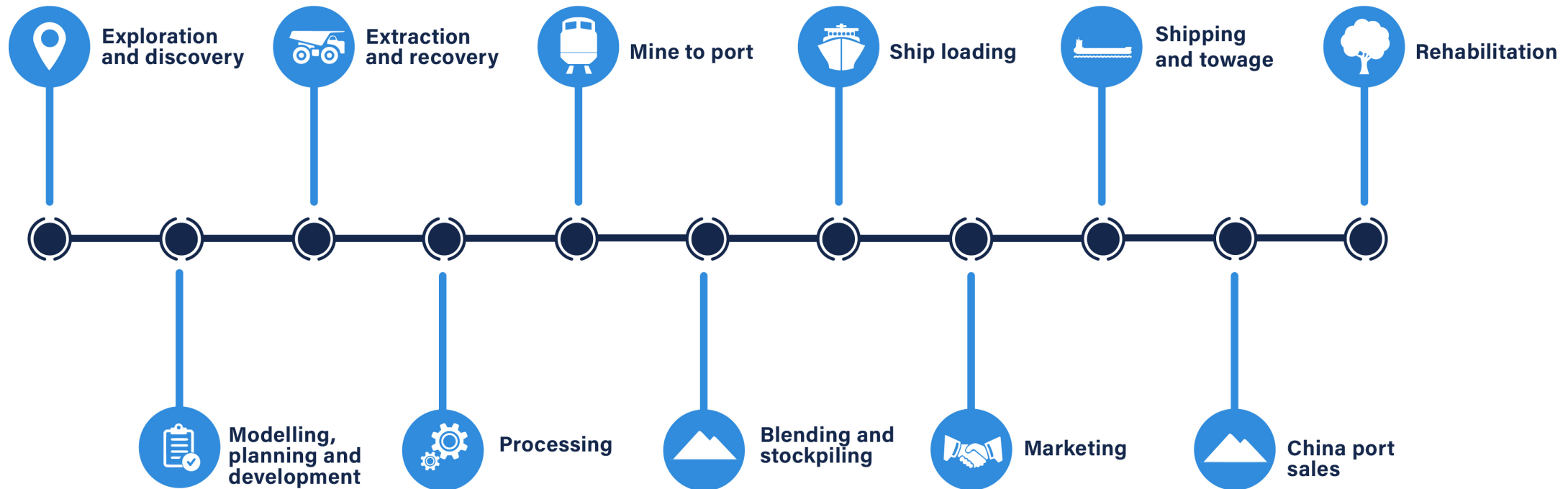
Large footprint enables mine plan optionality



¹Refer to Fortescue's FY20 Annual Report for details

Value chain

Delivering sustained operational efficiencies



Safety and unique culture

Unwavering focus on health and safety of the Fortescue family

Values and culture

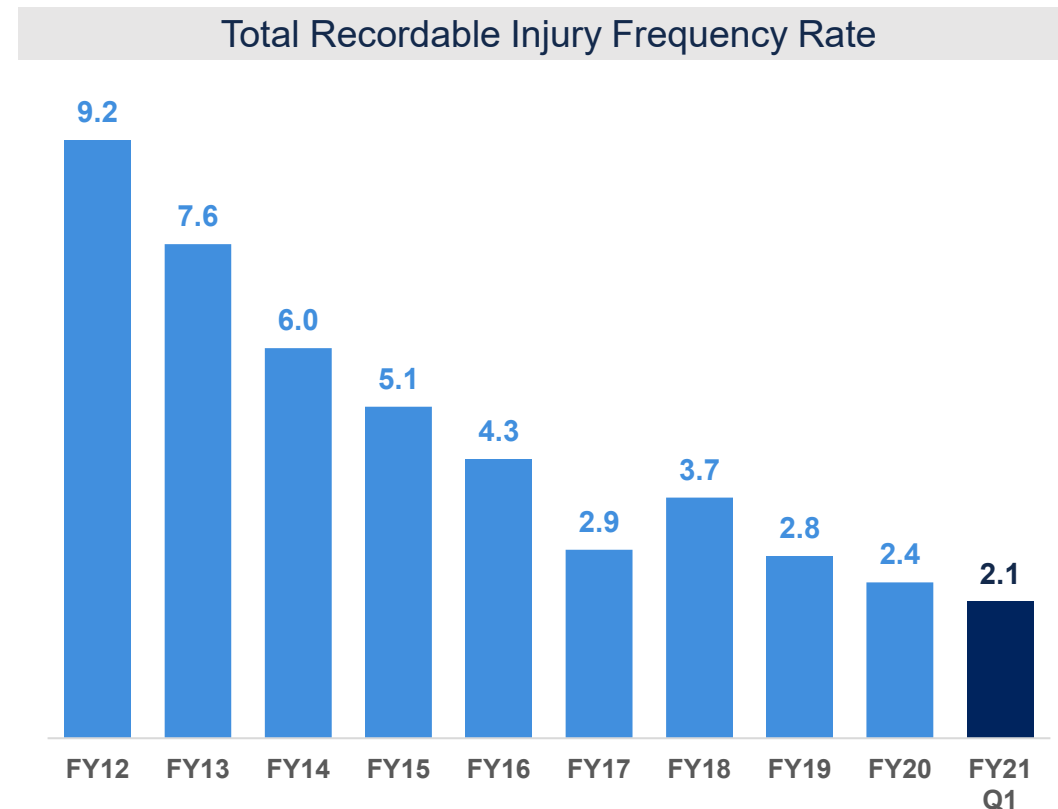
Empowering all team members to take control and look out for their mates

Led by leaders

Setting up their teams for success

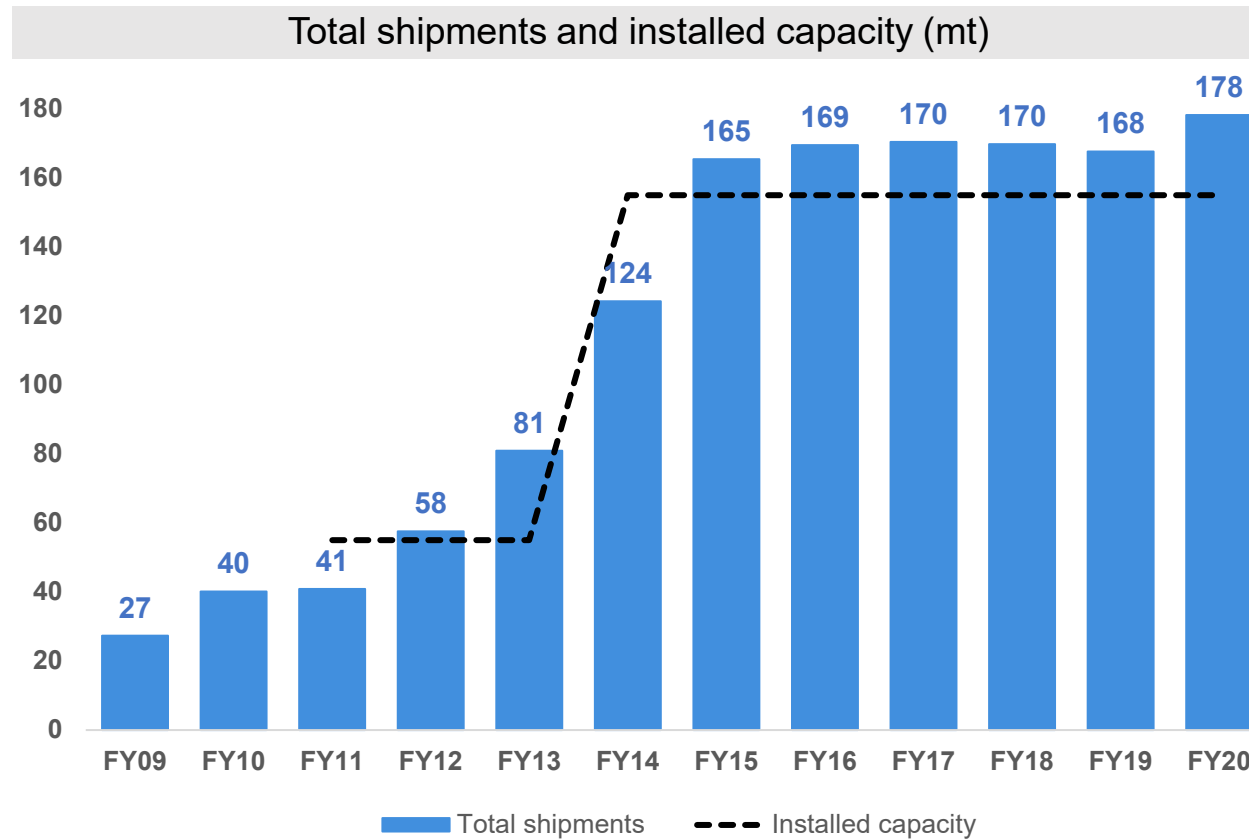
Journey to zero harm

Improving our safety performance through planning and reducing workplace exposures



Production growth

Track record of delivering strong volume growth, optimising assets and achieving guidance

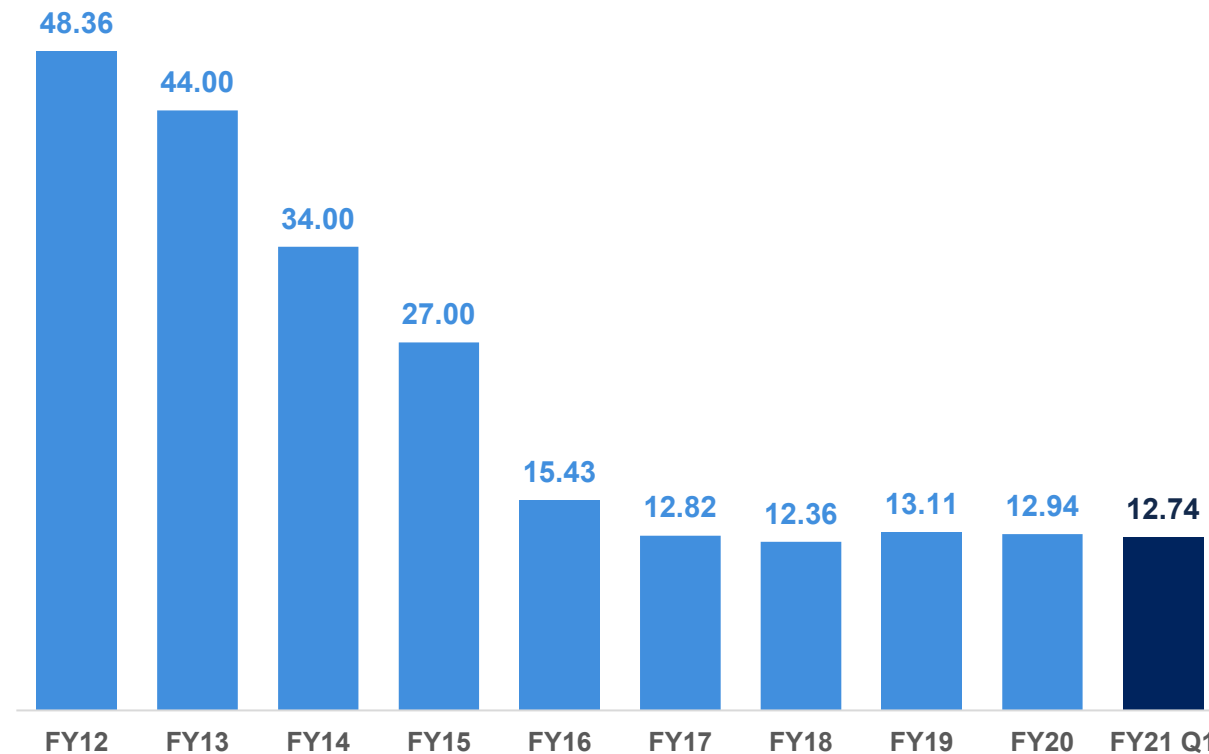




Sustainable low cost producer

Innovation and productivity offsetting ongoing mining cost inflation

C1 cost (US\$/wmt)





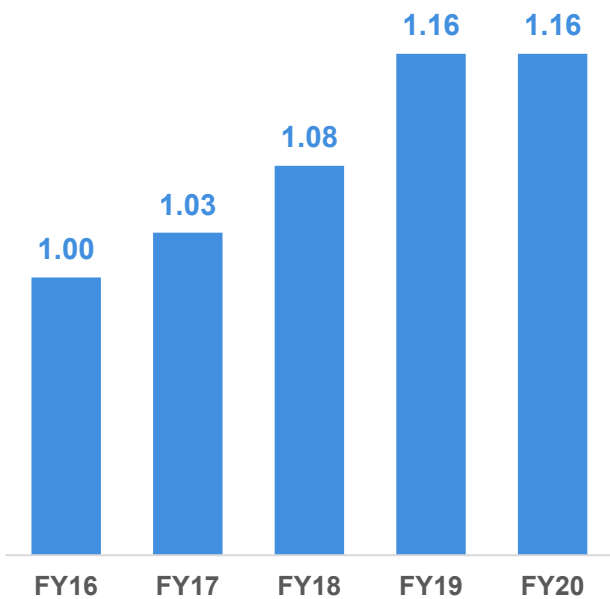
Fleet performance

Consistent improvements and maintenance efficiencies

Available truck time (Indexed¹)



CAT 793F Run hours per annum²

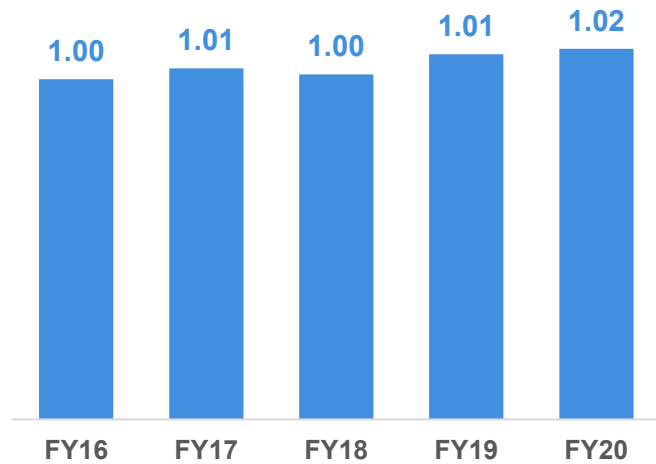


¹Indexed to June 2018 actuals
²Indexed to FY16 actuals, Solomon Mine

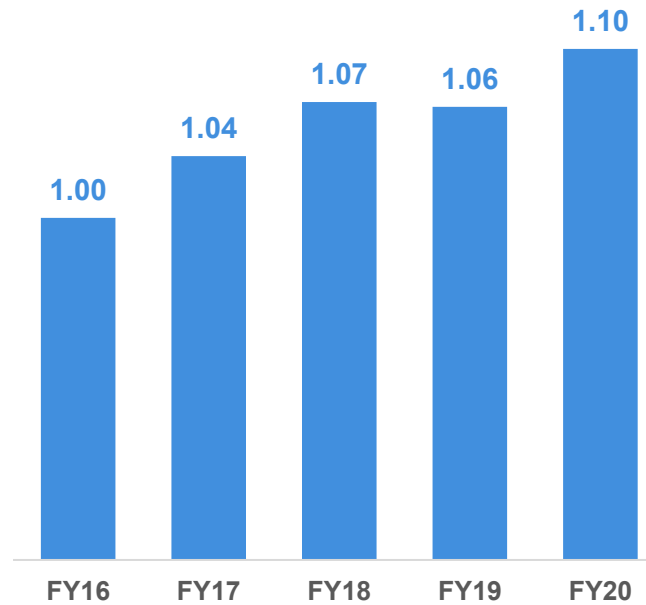
Ore Processing Facility performance

Improvement in production rate and reliability

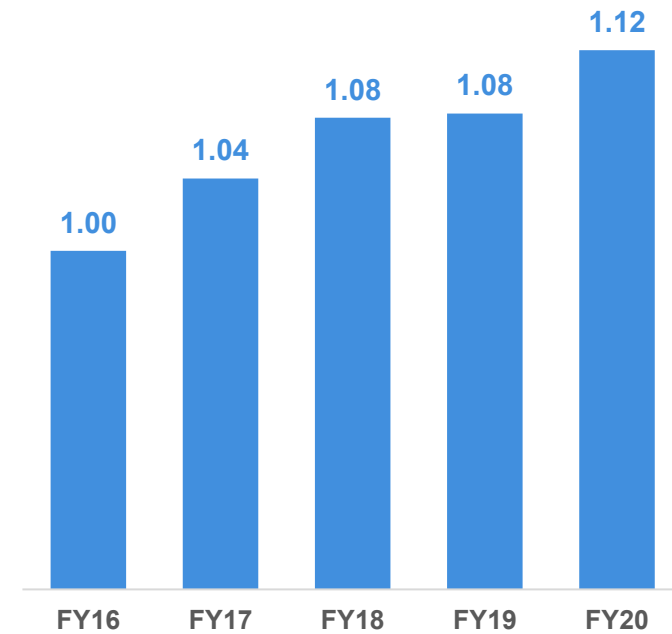
OPF operating time (Indexed¹)



OPF production rate per hour



OPF production



¹Indexed to FY16 actuals

Downhole assay tool



Implementation of innovative technology

Measures

Response to downhole radiation

Calibrated

At multiple operational sites

Improves

Sample quality and scheduling

Lowers costs

And better safety outcomes

Eliwana ore processing facility

Highly efficient design, significantly smaller footprint to comparable facilities



Next generation mobile fleet

A pathway to decarbonisation

Emissions reduction

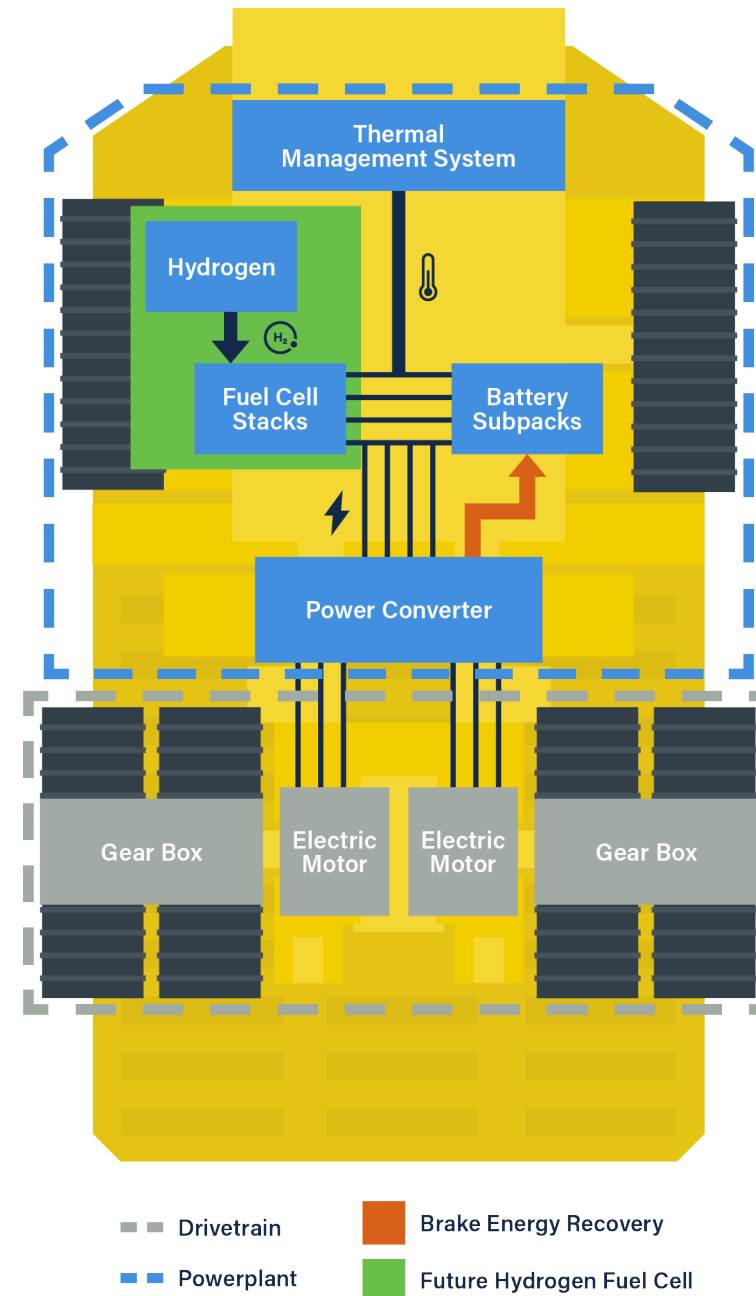
Truck haulage represents around a quarter of Fortescue's Scope 1 and 2 emissions

240t prototype truck

Phase 1 focussed on battery electric power train and phase 2 to consider hydrogen fuel cells

Investment underway

Program schedule is targeted to align with the replacement cycle of existing haul trucks



Optimising Fortescue's value chain



Performance focus

Key metrics of safety, budget, schedule and cost

Market strength

Robust demand for Fortescue's products

Maximising value

Successful execution of integrated operations and marketing strategy



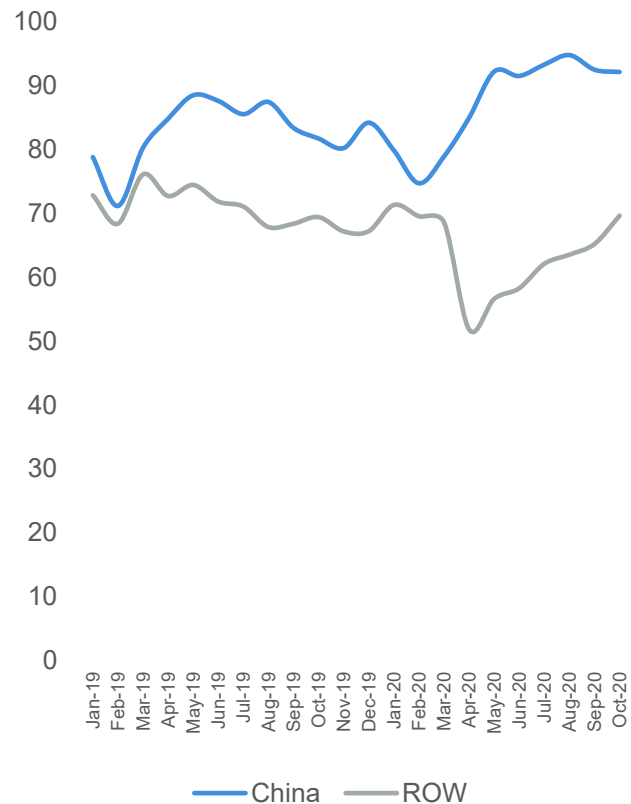
Danny Goeman

Director Sales and Marketing

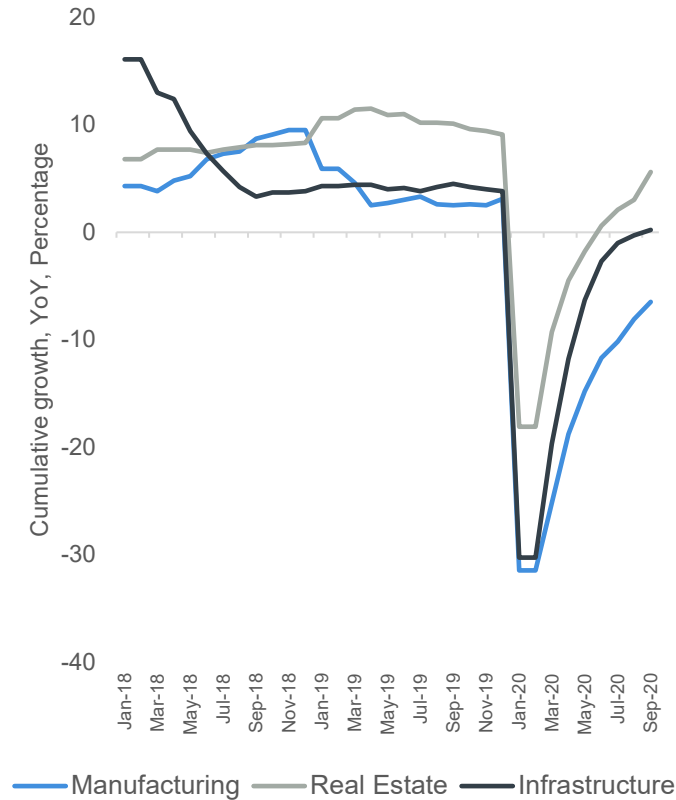
Global crude steel production is recovering

Supported by strong production in China, and a gradual recovery in rest of world

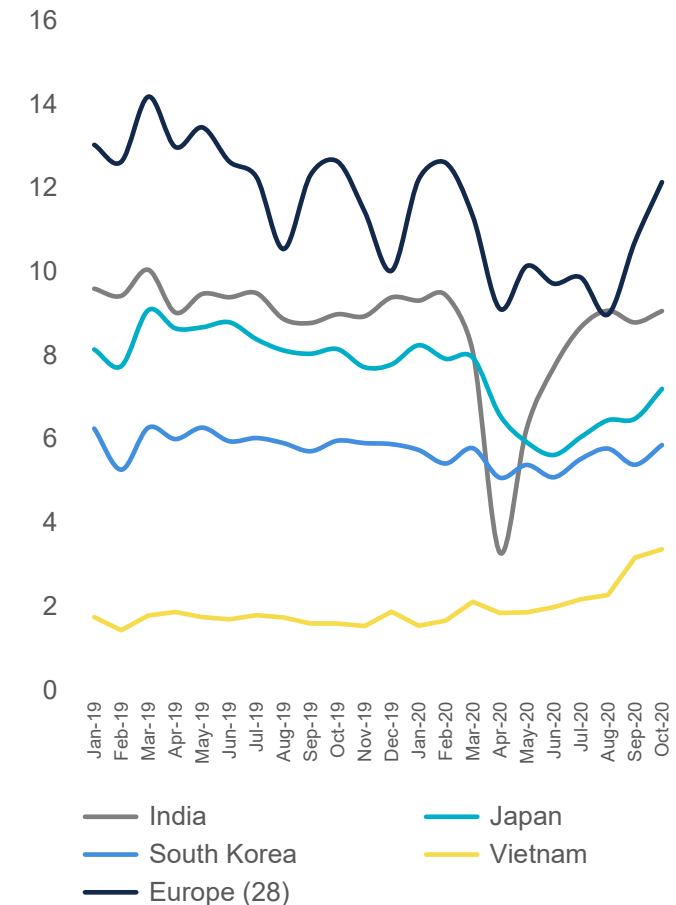
Global crude steel production (mt)



China investment by sector



RoW crude steel production (mt)

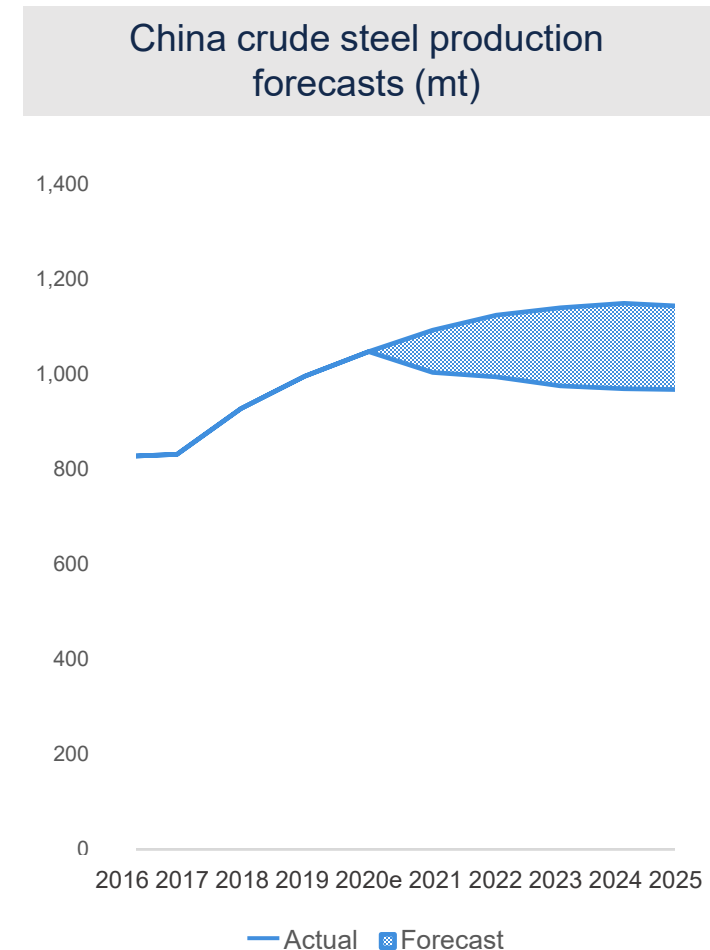
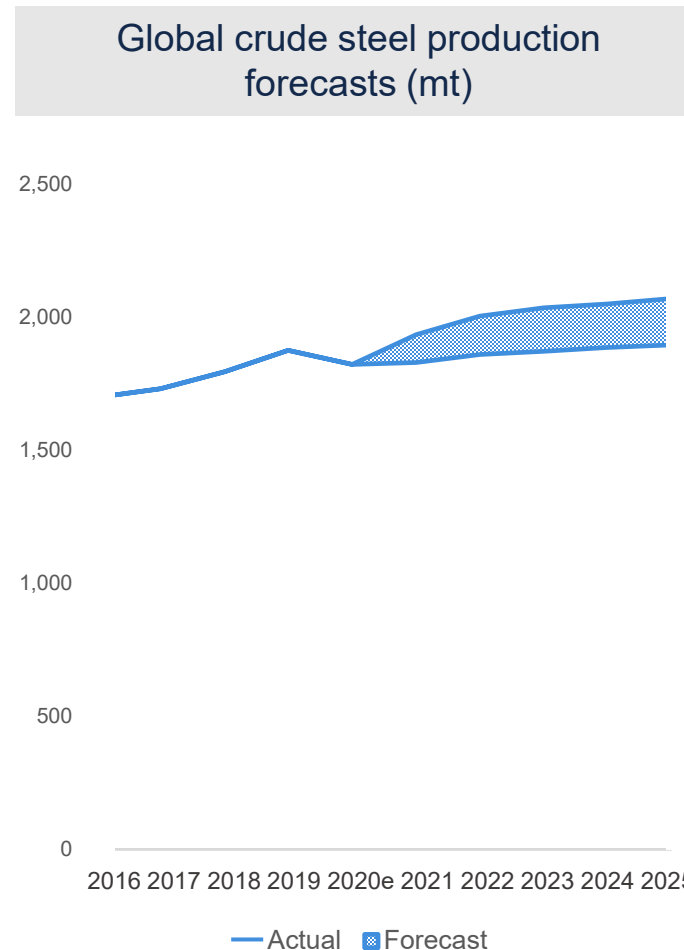


Global crude steel production growth expected beyond 2021

Despite the potential moderation in China's crude steel production growth

Supported by growth in emerging markets such as South East Asia and India

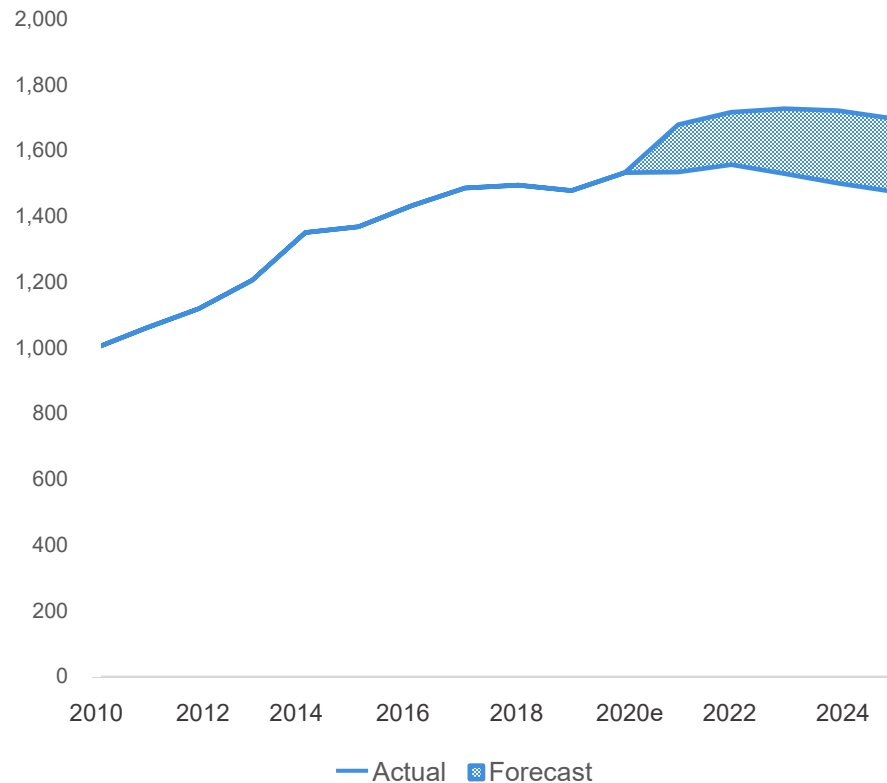
With Chinese crude steel production forecast to peak during this decade



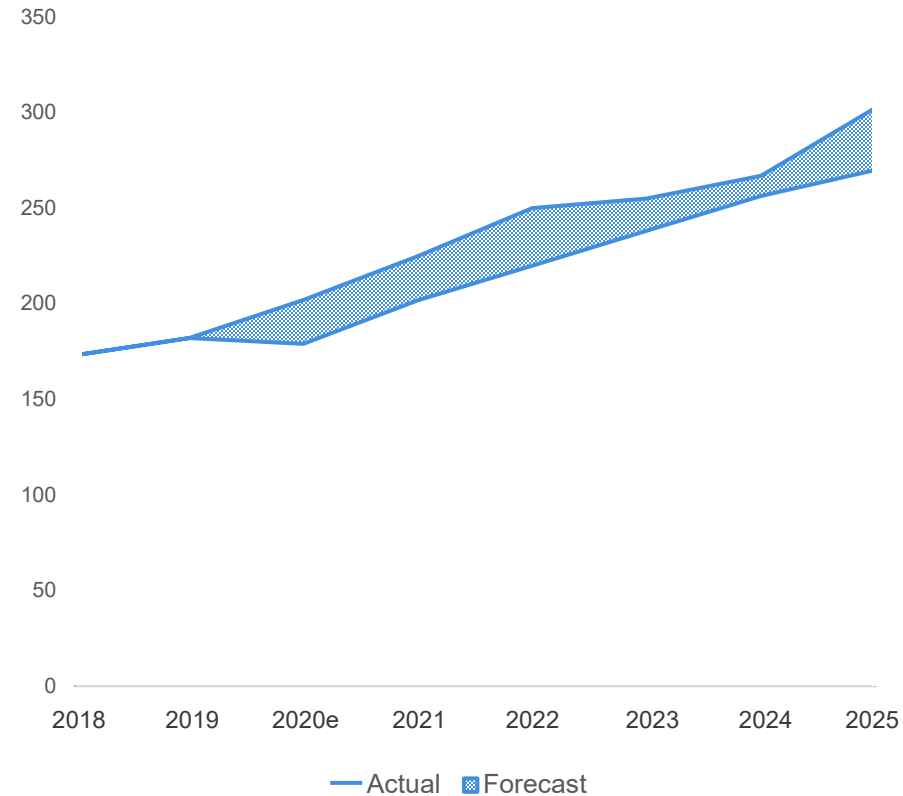
Supporting seaborne iron ore demand well into this decade

Notwithstanding a projected increase in future scrap availability

Seaborne iron ore imports (mt)



China scrap consumption (mt)



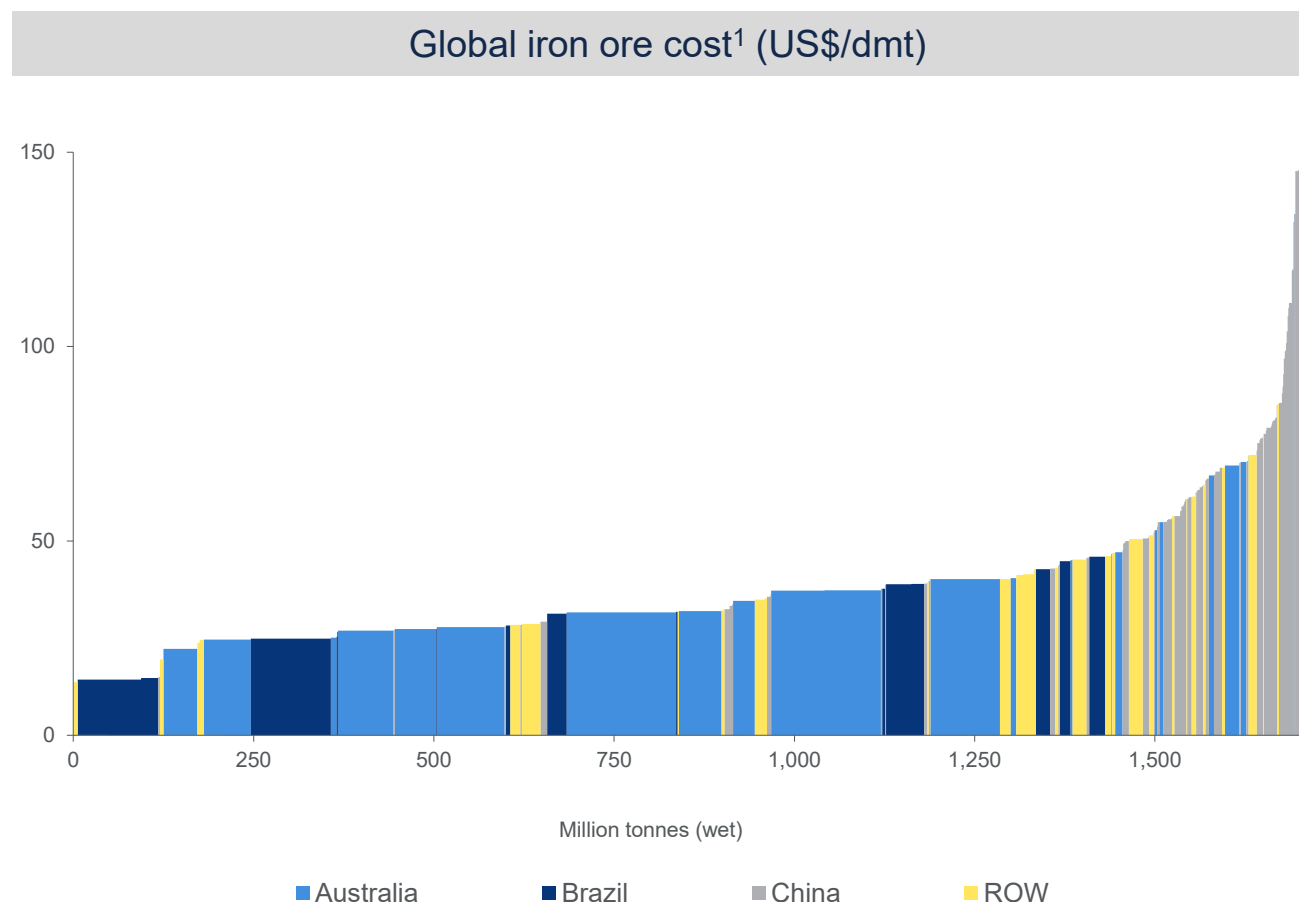
Additional supply is expected in the medium term, but challenges and uncertainties persist

With Brazilian recovery, mine depletion and potential exits to impact supply

Pace of supply recovery in Brazil

Extent of Australian mine depletions

Exits of high cost non-traditional and Chinese domestic supply





Marketing strategy aligned with needs of customers and market

Creating value through supply chain optimisation

Integrated operations and marketing

Timely and coordinated supply chain response to customer needs in a dynamic market

Commercial excellence

Strong analytical capability driving deep market insights and value-added decision making

Direct customer engagement

Aligning our products with what our customers need and value most

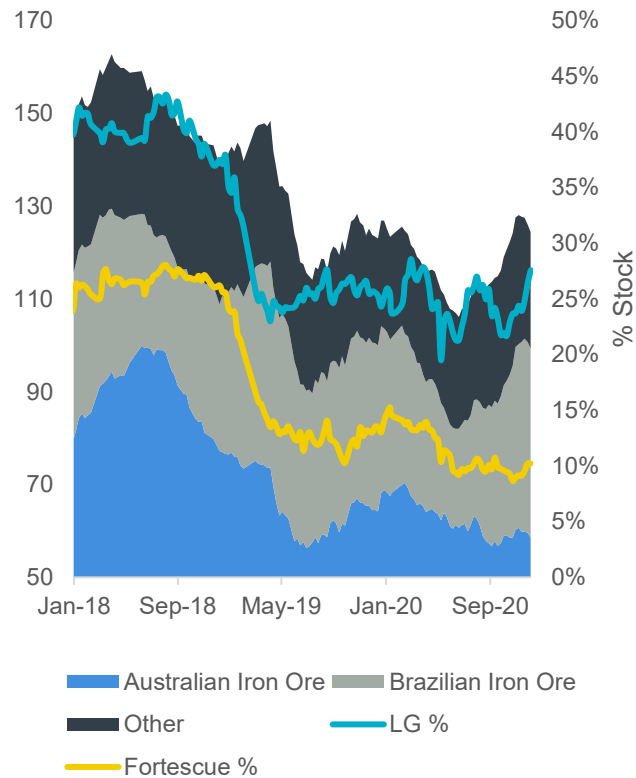
Technical collaboration

Deepening our understanding and ability to respond to current and emerging industry trends

Commercial excellence delivers tangible business outcomes

With timely market insights supporting portfolio optimisation

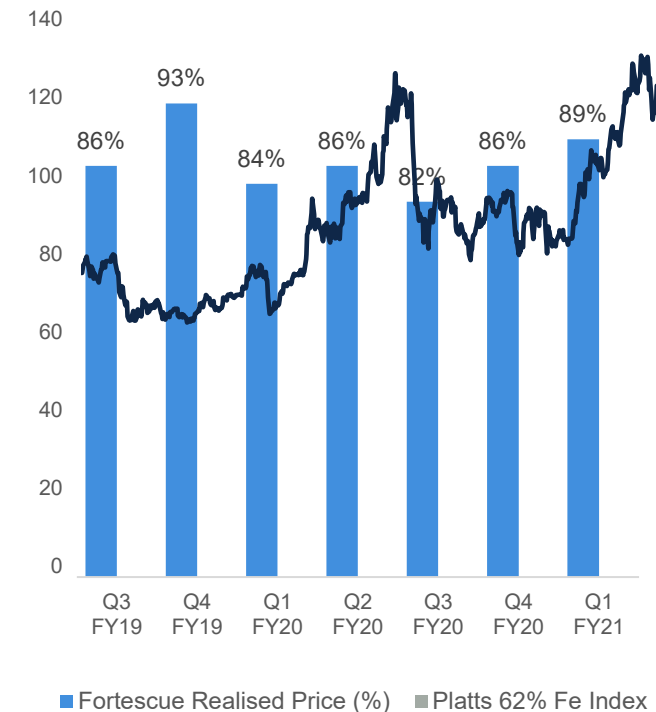
China port stocks (mt)



Seaborne v port prices (US\$/t)



Fortescue realised price and Platts Index (US\$/dmt)



Source: Mysteel, Platts, Fortescue Analysis October 2020

Platts 62% Seaborne Index – Mysteel equivalent portside index arbitrage opportunity (\$US\$/t)

Fortescue realised prices (%) v Platts 62% Fe Index

Sales channels support our increasingly diversified customer base

Whilst providing supply chain optionality

Offering a range of sales channels

- Long Term Contracts**
providing baseload offtake stability
- Spot Contracts**
providing customers with the flexibility to purchase products on short notice
- Port RMB Sales**
offering customers greater procurement flexibility
- Other opportunities**
complement our existing distribution channels

Creating value through the supply chain

Mine to market flexibility
through a range of delivery options from Capesize vessels to small portside parcels

Customer diversification within and outside of China



Source: Fortescue Analysis October 2020

Deep technical collaboration remains critical to success

Focused on consistent product quality and emerging industry trends

Technical engagement

Integrated operations and marketing

facilitating the timely delivery of quality products

Reducing variability

ensuring the right product to the right customer

Technical collaboration

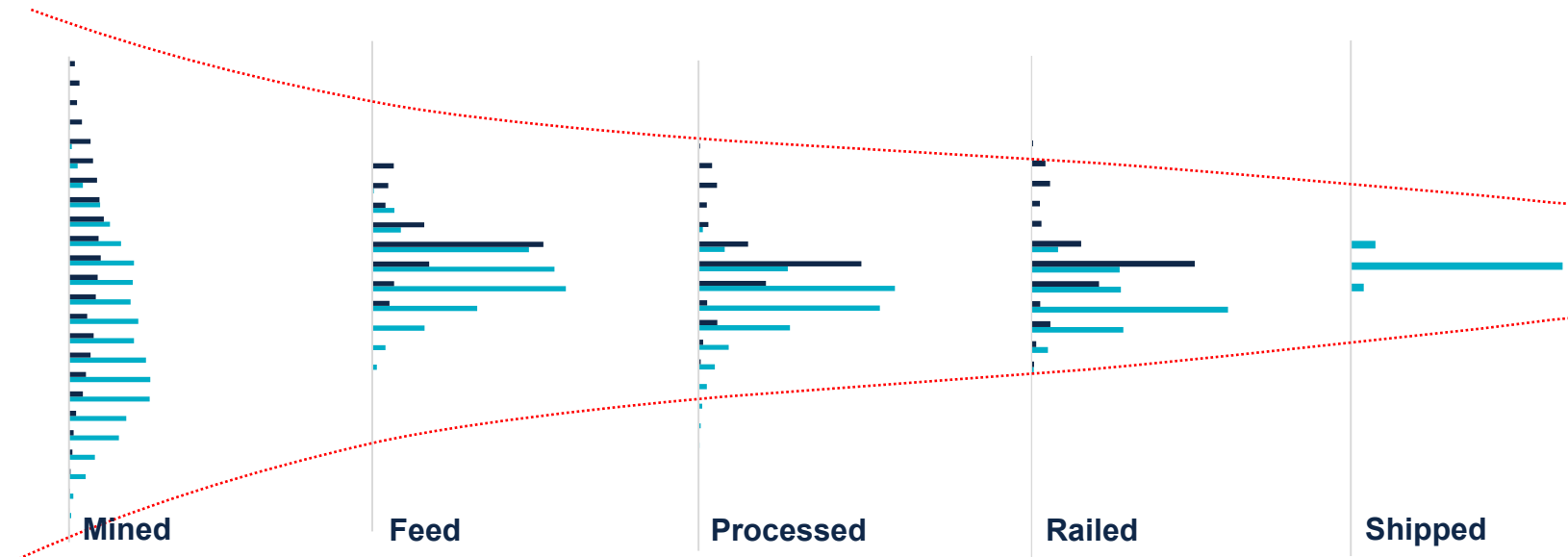
Working with customers and research facilities

on product development

Collaborating with steel industry stakeholders

on emissions reductions and emerging industry trends

Blending of ore occurs at each step in the process from mining through to ship loading¹



¹Indicative of quality distributions

Product strategy

Responsive to changing market dynamics, product suite meets a variety of customer needs

Benefiting all sinter blends through

Coarse sizing

attractive metallurgical properties

Increased consumption

of finer ores

Meeting a unique need in the market

Fortescue Blend

versatile product that can be substituted for all Pilbara ores

Super Special Fines

blended with high grade material, forms a base load sinter blend with attractive value in use

Kings Fines

a low alumina product, in strong demand in non-China markets

West Pilbara Fines

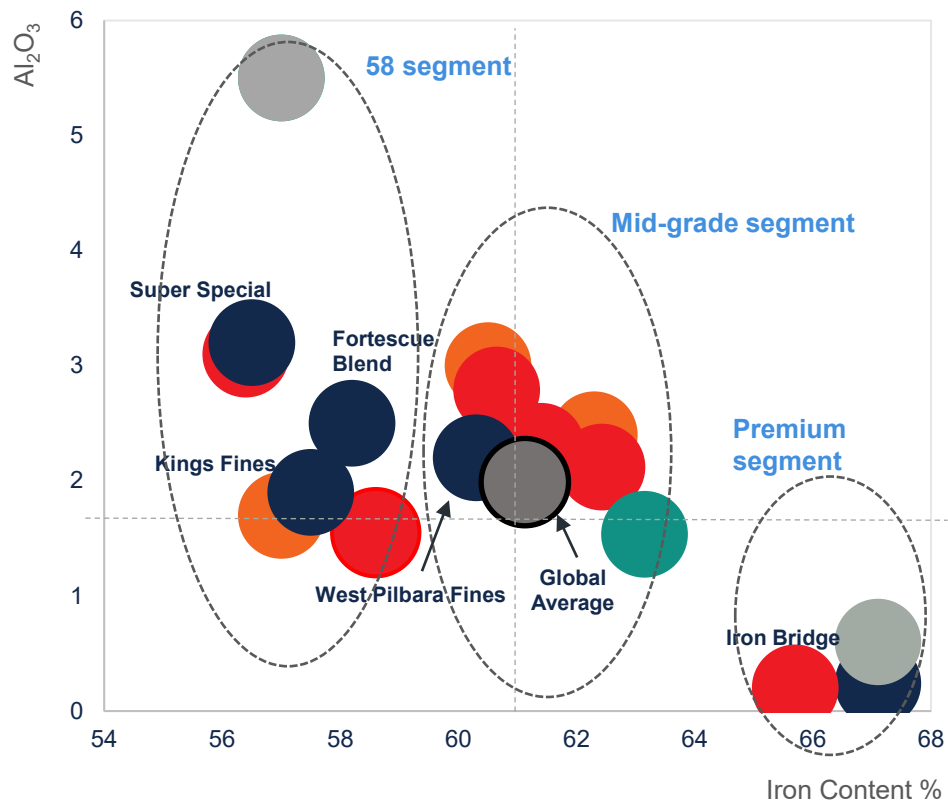
mid-grade product, with lower phosphorus and alumina

Our products play a fundamental role in the market

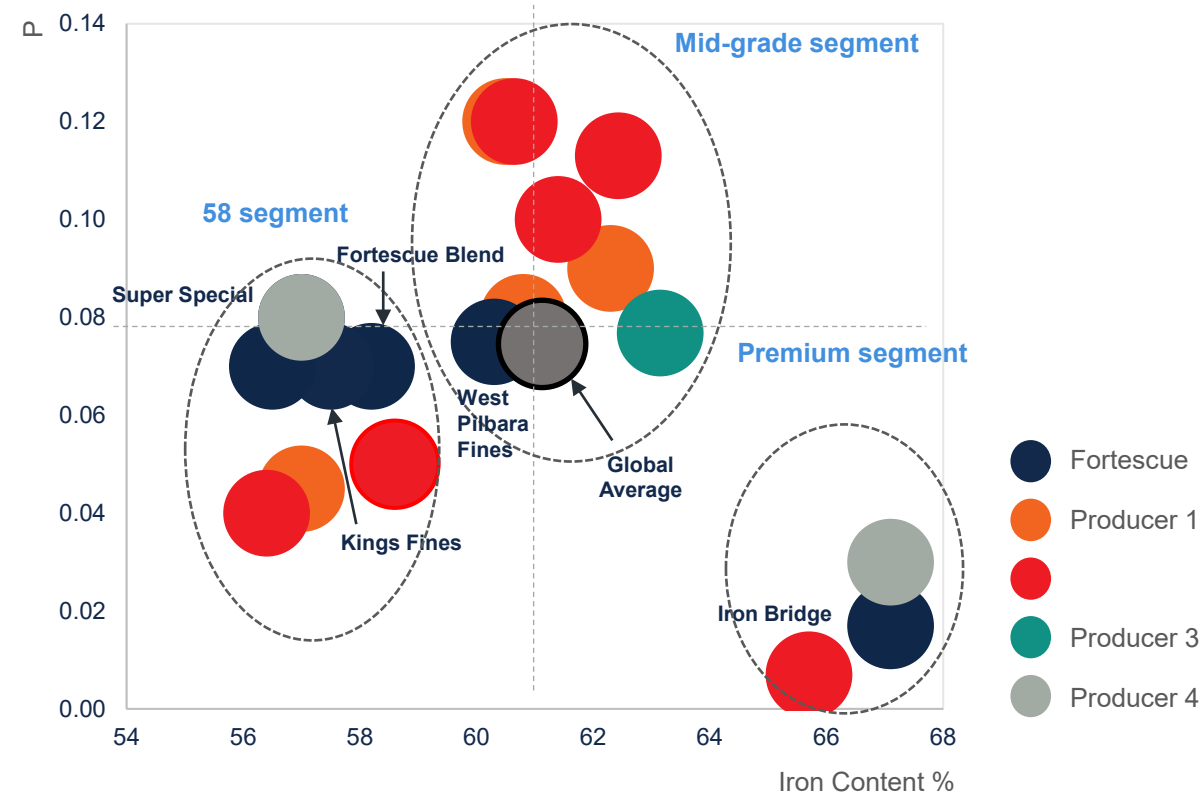
Iron Bridge is a premium magnetite product with superior pelletising and sintering characteristics

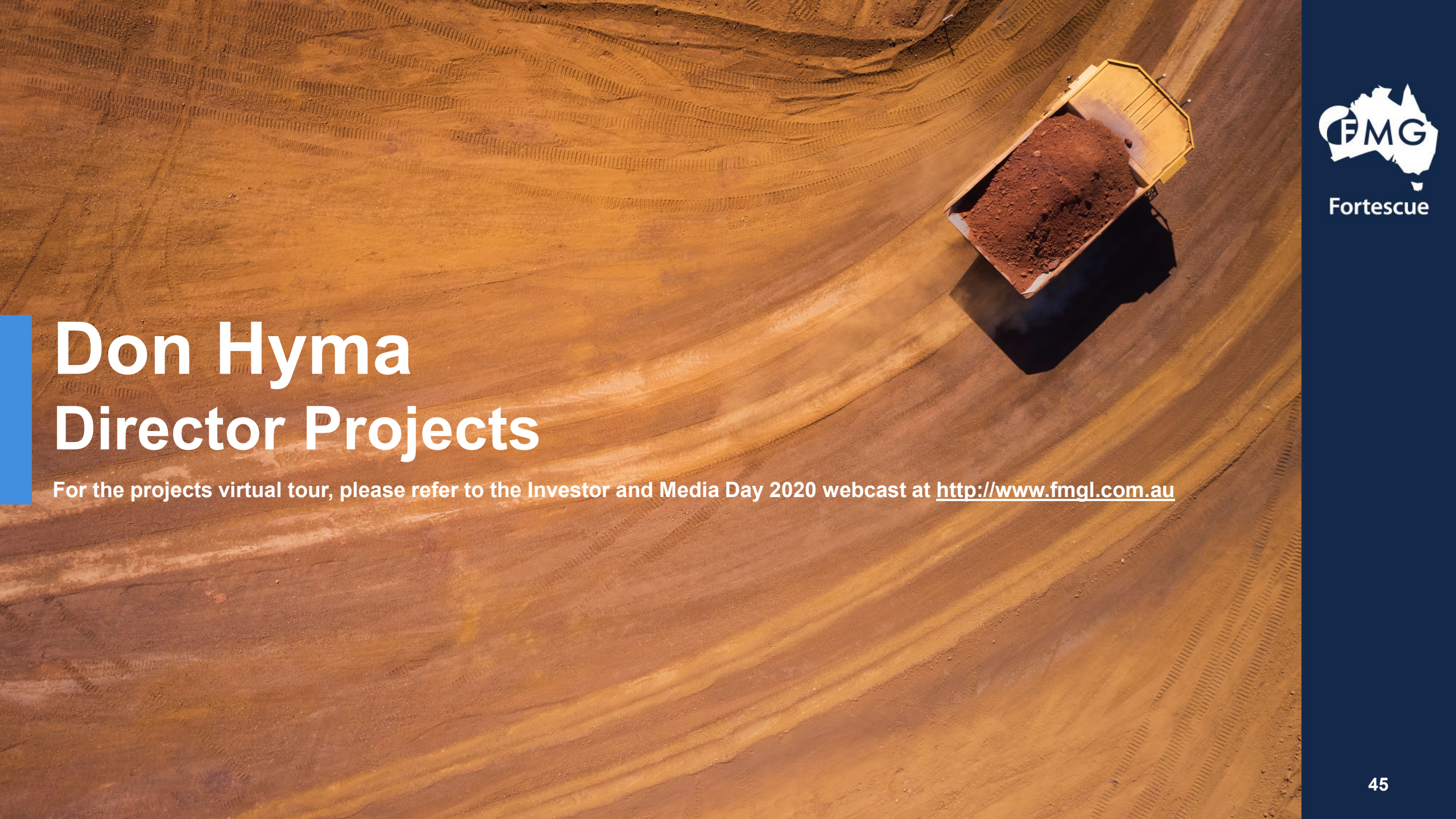
Iron Content %

Fines product positioning: Fe vs Al_2O_3



Fines product positioning: Fe vs P





Don Hyma Director Projects

For the projects virtual tour, please refer to the Investor and Media Day 2020 webcast at <http://www.fmgl.com.au>

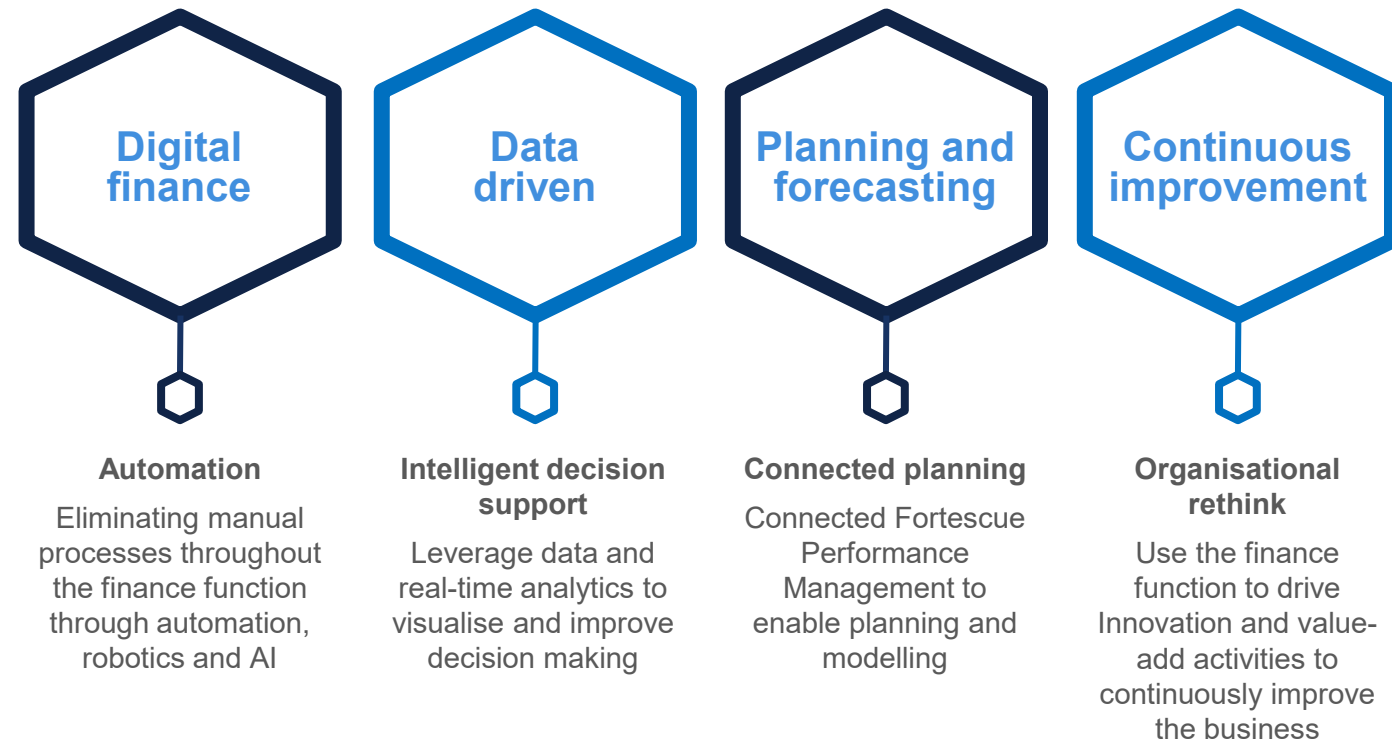


Ian Wells

Chief Financial Officer

Integrated financial management

Data analytics and integrated planning systems

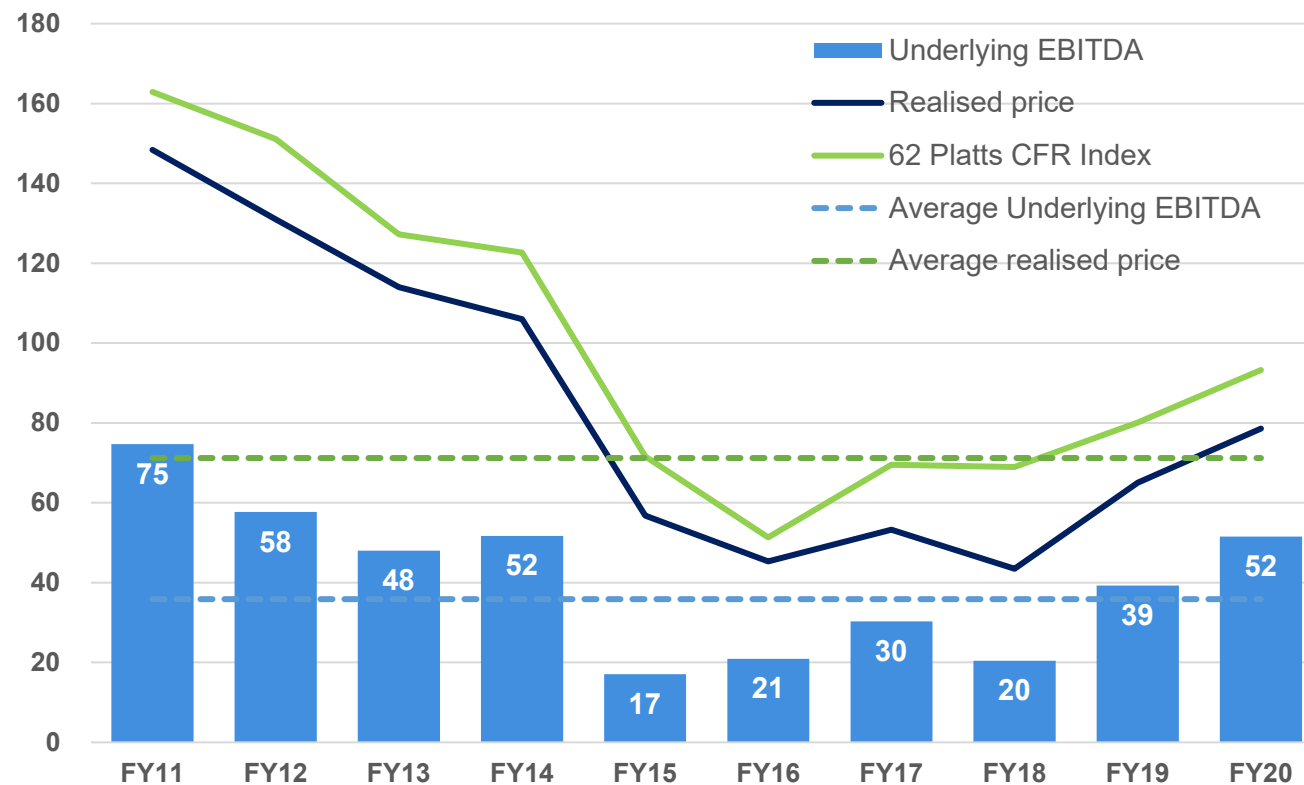




Focus on margins

Profitable through the cycle

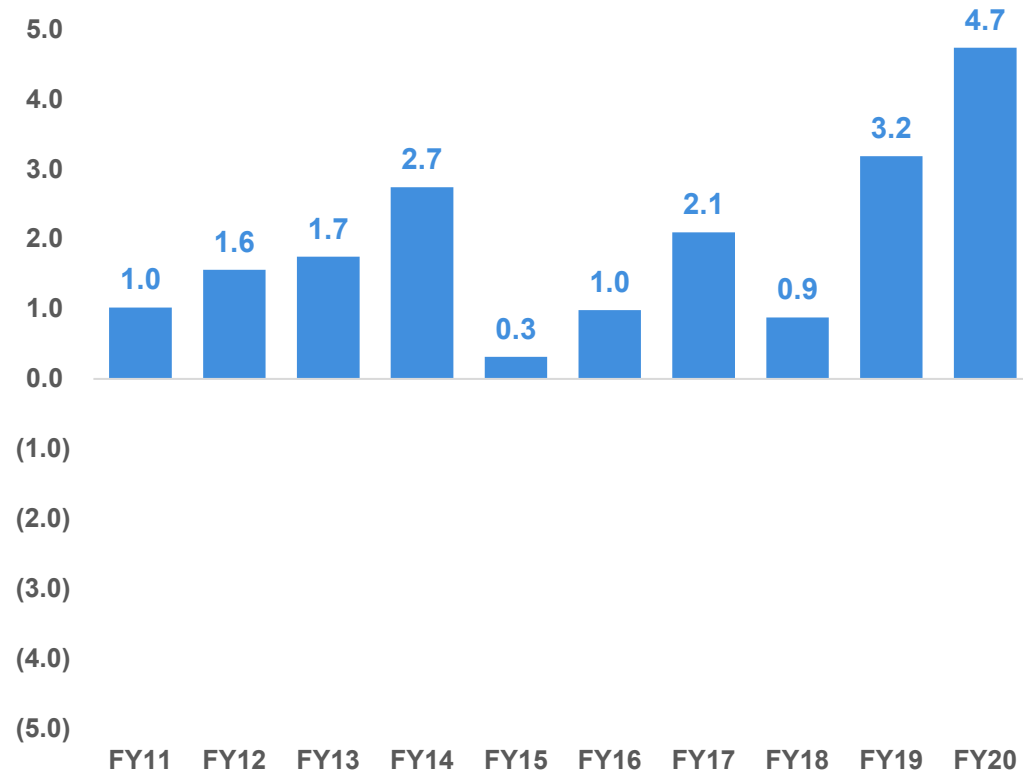
Prices and EBITDA margin (US\$/dmt)



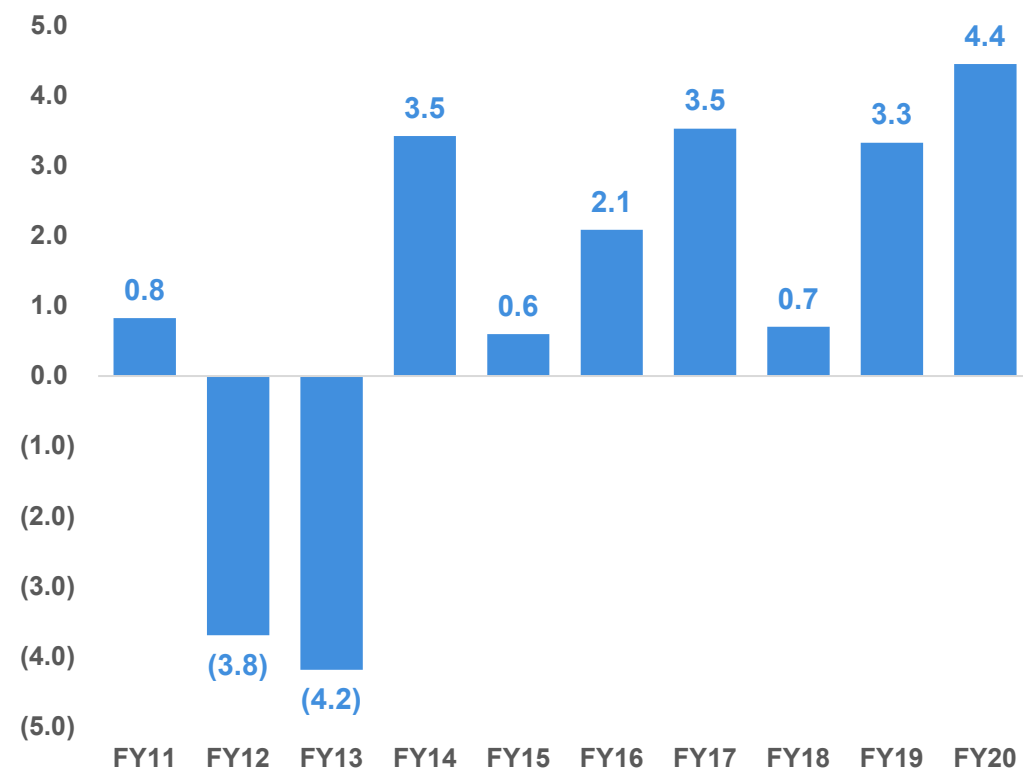
Earnings convert to cash

Alignment of cashflow generation with earnings

NPAT (US\$bn)

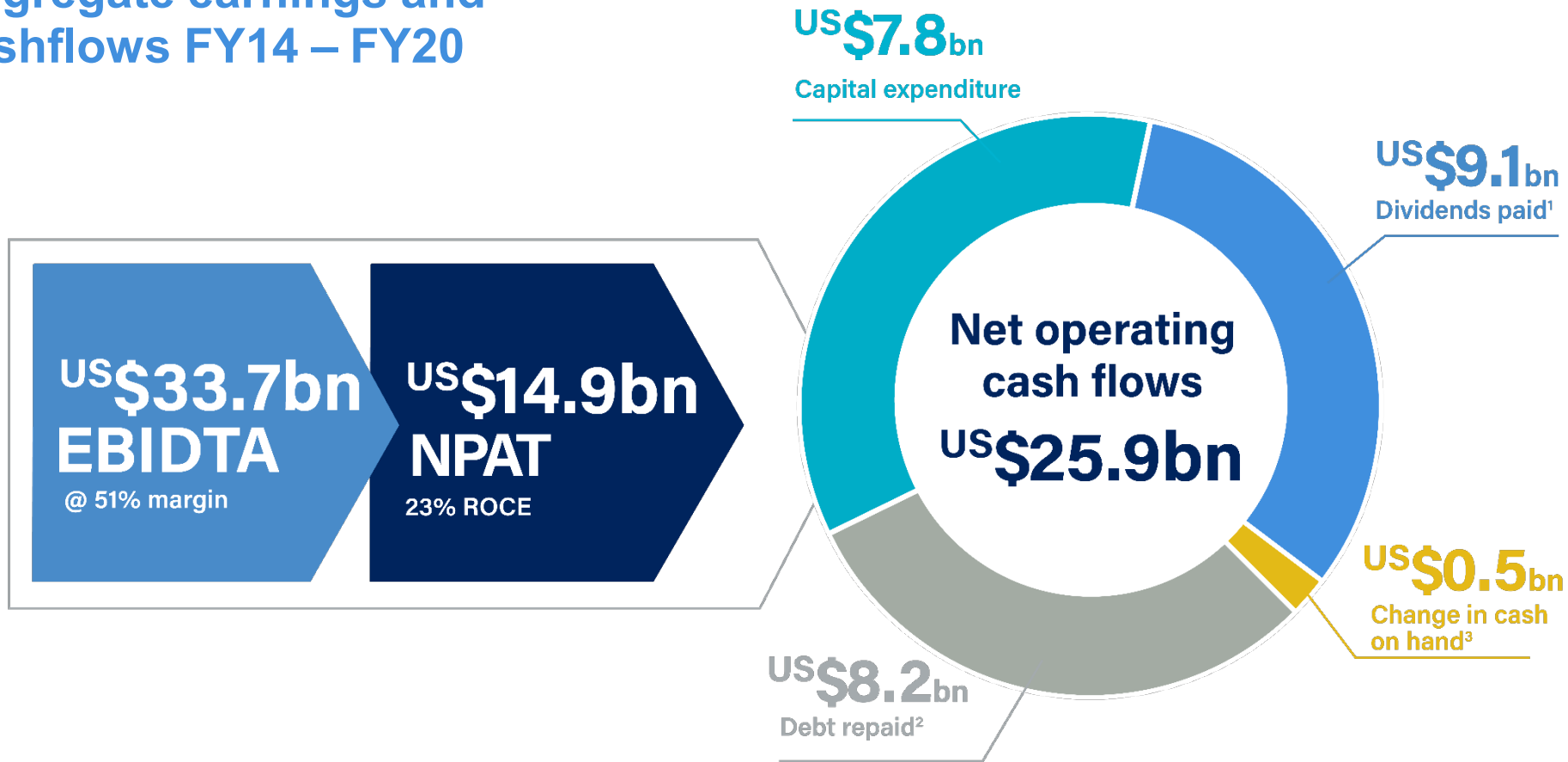


Free cashflow (US\$bn)



Disciplined capital allocation

Aggregate earnings and cashflows FY14 – FY20



¹ Includes share buyback and FY20 final dividend of US\$2.2 billion paid in October 2020

² From peak debt of US\$12.7 billion at 30 June 2013 and includes FY20 lease payments

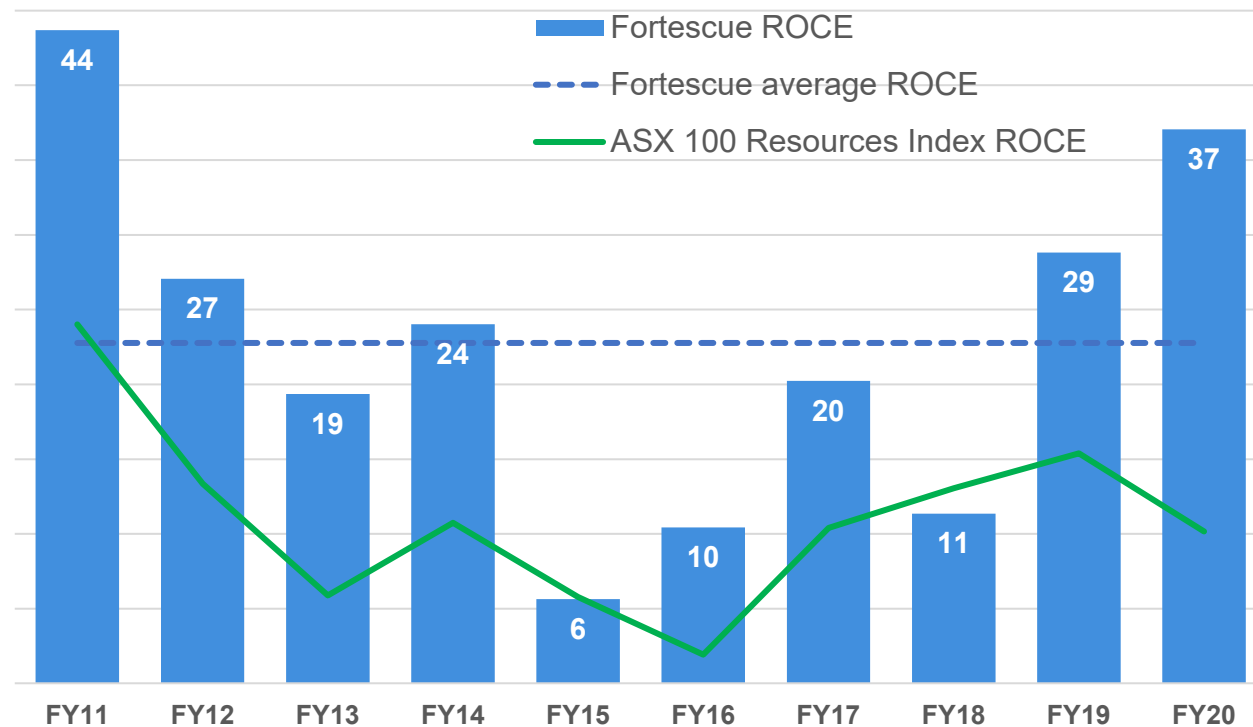
³ FY20 cash balance adjusted for the final dividend payment, excludes US\$0.3 billion of other adjustments



Generating superior returns

A profitable and capital efficient business

Return on capital employed, ROCE¹ (%)

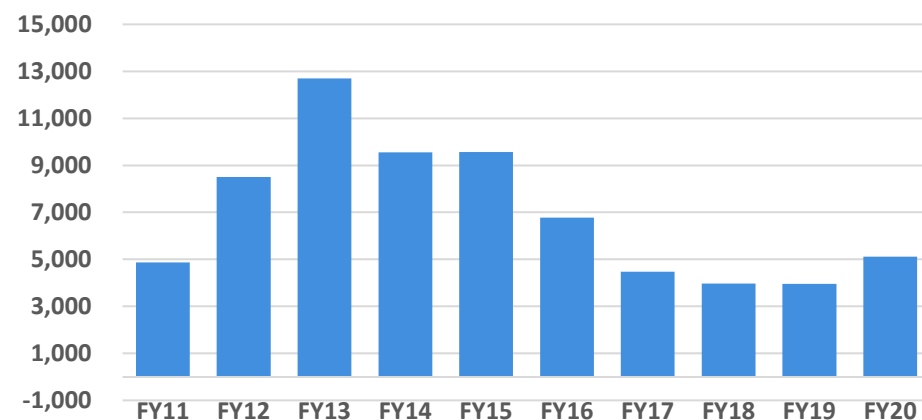


¹ROCE is calculated as earnings before interest and tax divided by average capital (total assets minus current liabilities)
Source: Bloomberg, fiscal year ending 30 June

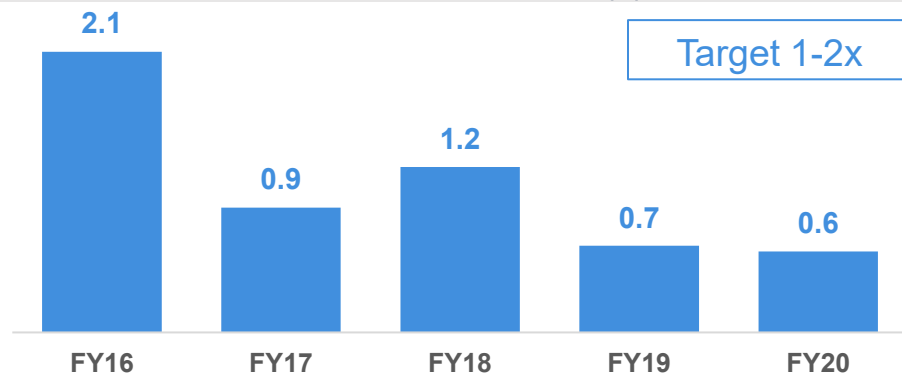
Balance sheet an asset

Maintain targeted investment grade credit metrics

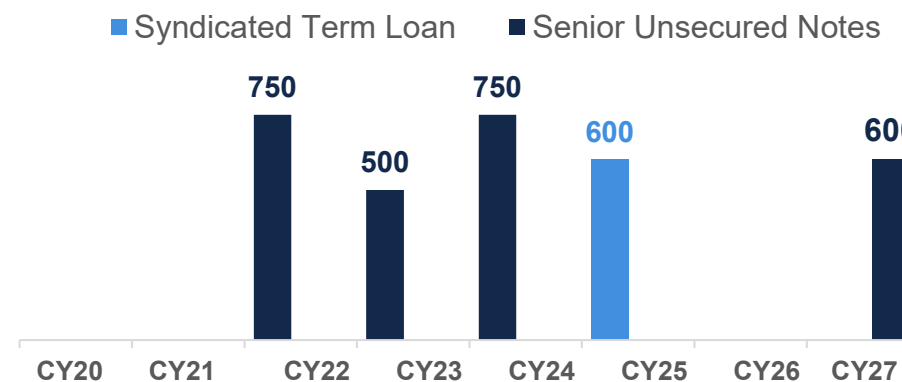
Gross debt (US\$m)



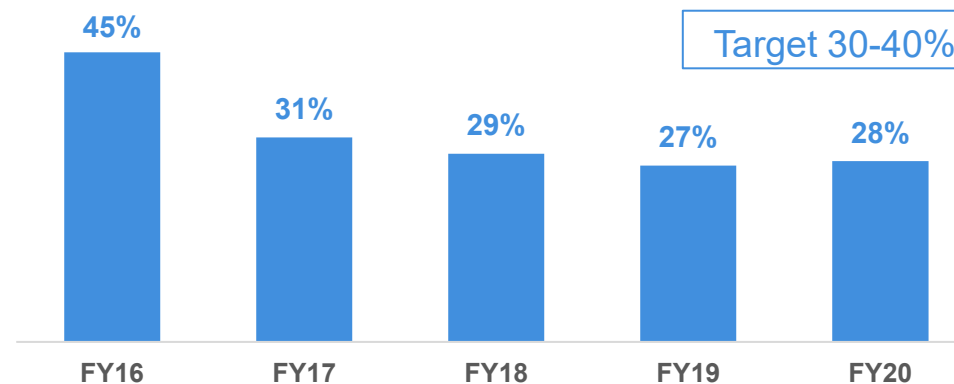
Gross debt to EBITDA (x)



Debt maturity profile, excluding leases and RCF¹ (US\$m)



Gross gearing (%)

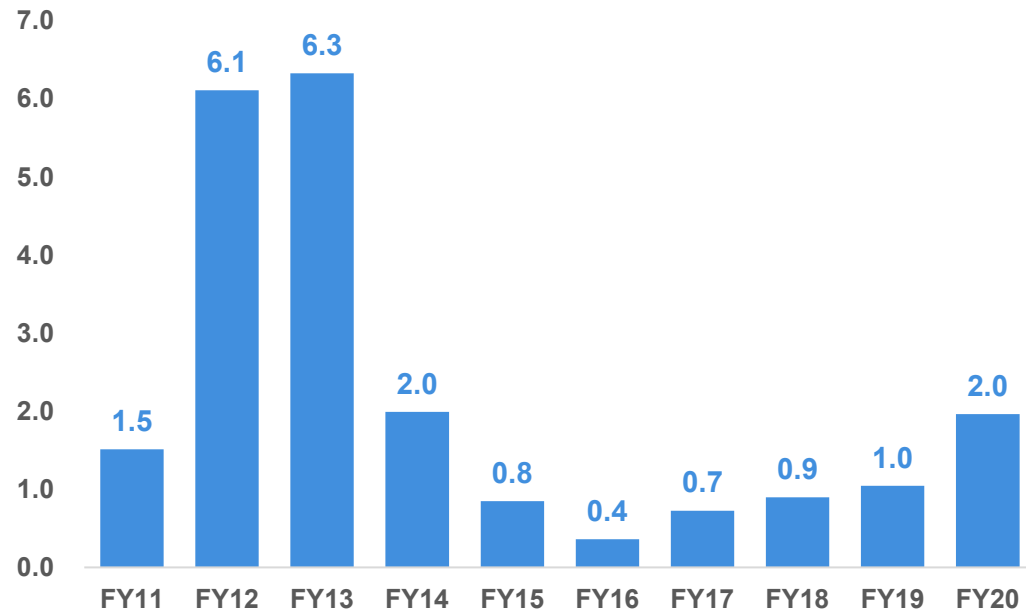


¹ Revolving Credit Facility (RCF) of US\$1,025 million was repaid in July 2020

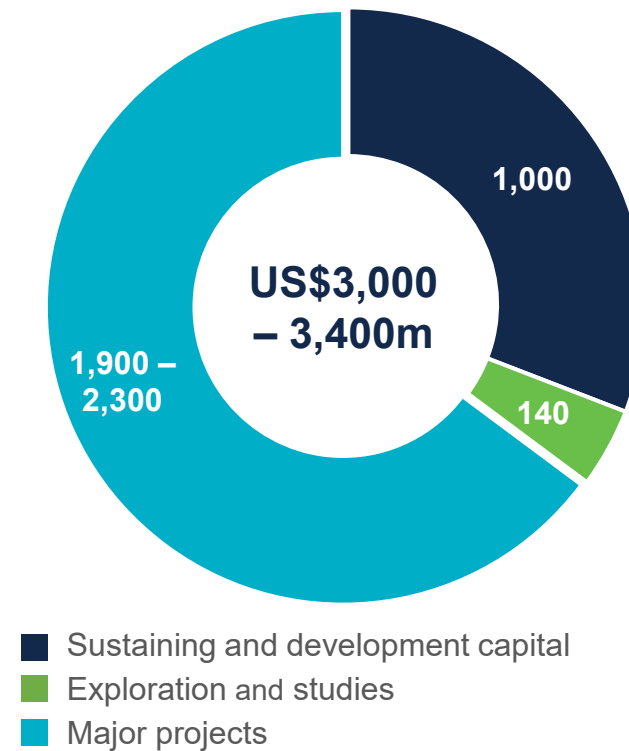
Capital expenditure

Investing in the business and in growth

Capital expenditure (US\$bn)



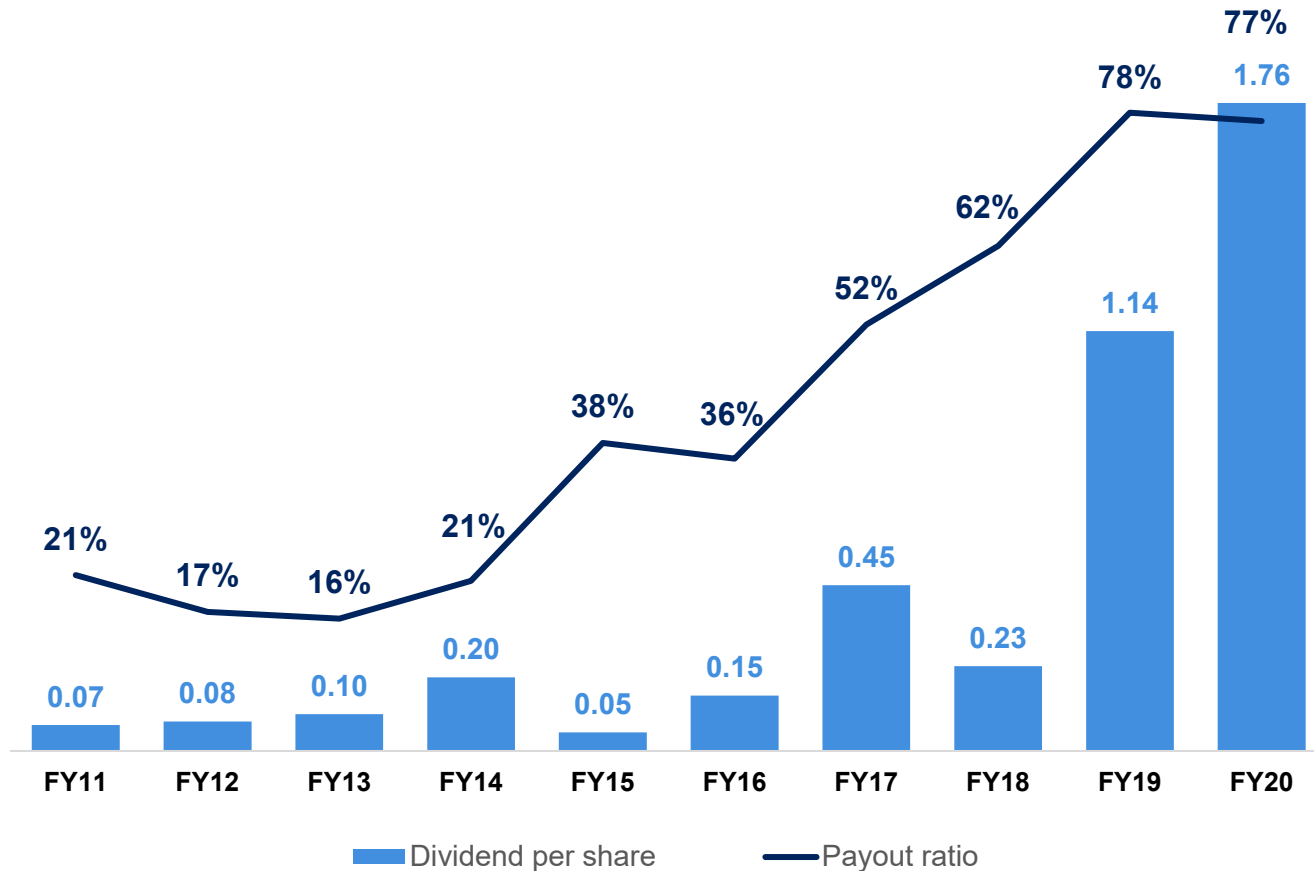
FY21 Capital expenditure guidance (US\$m)



Capital returns a priority

Dividend policy to payout 50-80 per cent of full year net profit after tax

Dividends (A\$/share) and payout ratio (%)





Investor Q&A

Concluding remarks





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 FortescueNews

