



BMO

Conference 2020

24 February 2020

Elizabeth Gaines, Chief Executive Officer



**Global force
Thriving communities**

Forward Looking Statements

Disclaimer

Important Notice

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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

>1.3billion tonnes
Shipped

~170 - 175mtpa
Shipping rate

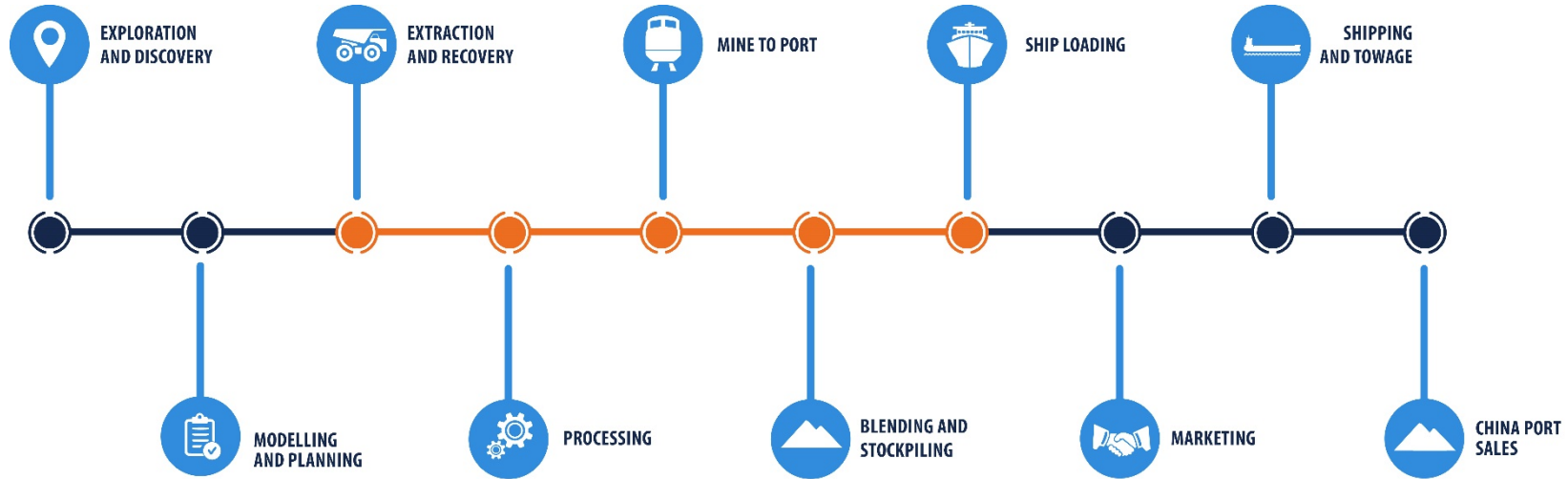
**Core supplier to
China**

**Industry leading
cost position**



Fully integrated supply chain

Supported by a culture of innovation



REMOTELY CONTROLLED FROM INTEGRATED OPERATIONS CENTRE (IOCC)

Safety and unique culture

2.5 TRIFR

Total Recordable Injury Frequency Rate
on a 12 month rolling basis

38%

Improvement compared to 31 December 2018

Reducing fatality risk profile



Communities benefit from our growth and development

Setting high standards

Safeguarding the environment

Creating positive social change



1H20 Highlights

88.6 million tonnes
Shipped

US \$6.5 billion
Revenue with average realised
price of US\$80

US \$4.2 billion
Underlying EBITDA

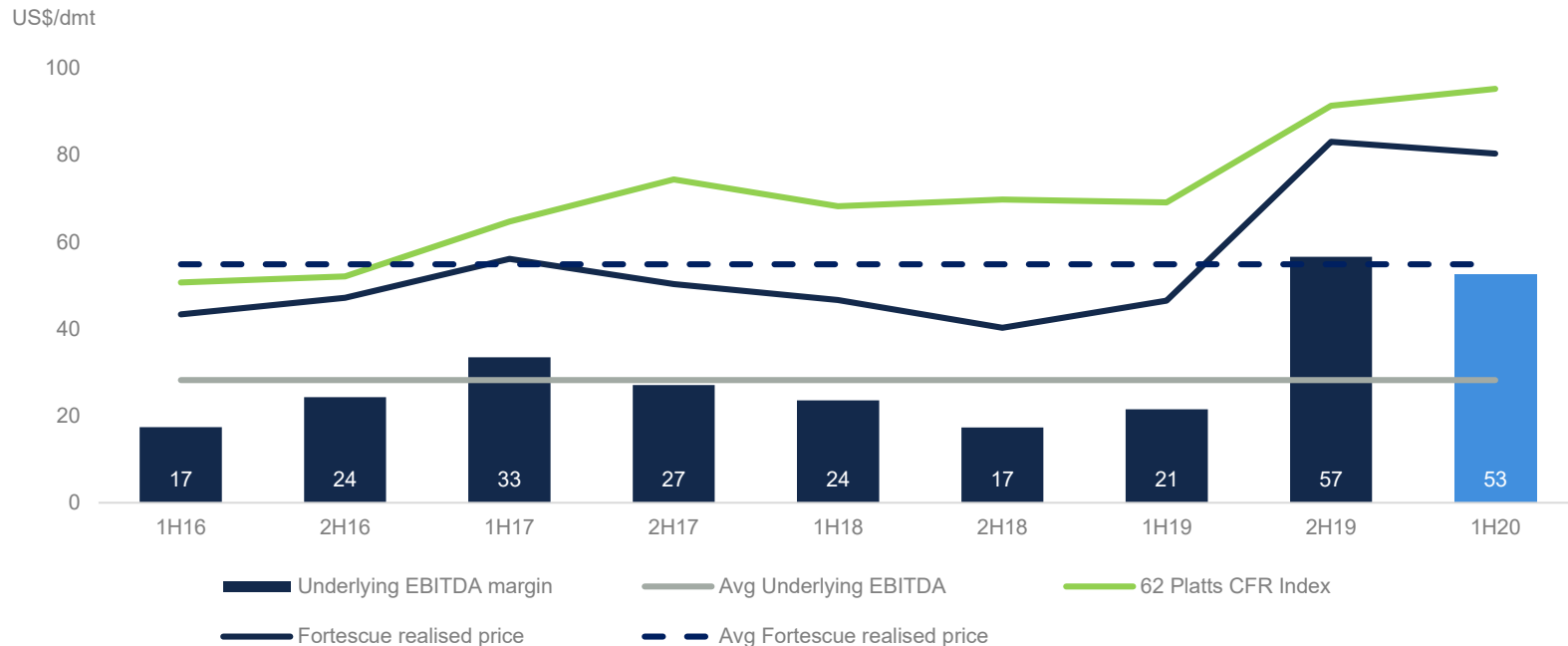
65%
EBITDA margin

US \$2.5 billion
Net profit after tax (NPAT)

US \$0.7 billion
Net debt at 31 December 2019

Price and margins

Strong underlying EBITDA margins through all market cycles



Shareholder returns

Dividend policy of a ratio of 50 to 80 per cent of full year NPAT

A **\$0.76** per share

Fully franked interim dividend

65% of 1H20 NPAT

Dividend pay-out ratio

A **\$1.60** per share

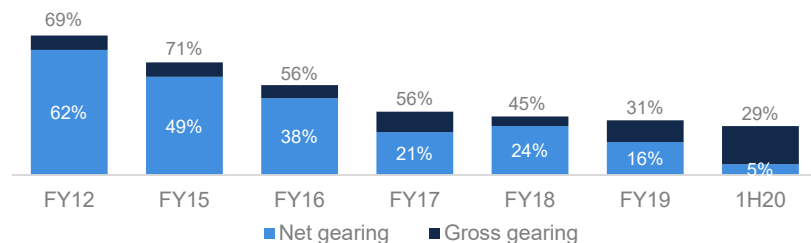
Declared in the last 12 months

Credit metrics

Target investment and credit metrics

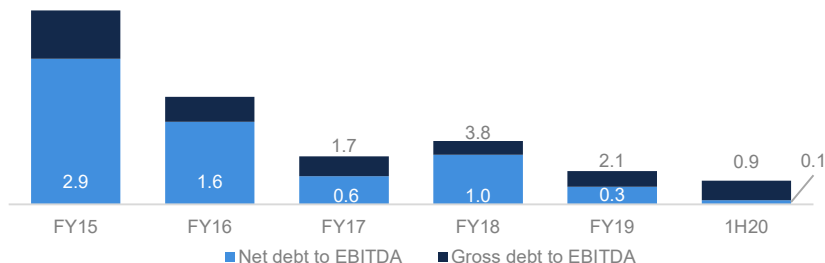
Gearing %

Target 30 – 40 % (Gross debt)

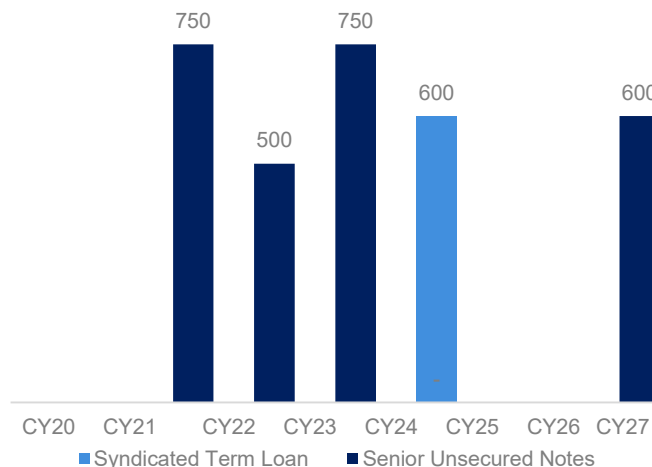


Debt to EBITDA (x)

Target 1-2x (Gross debt)

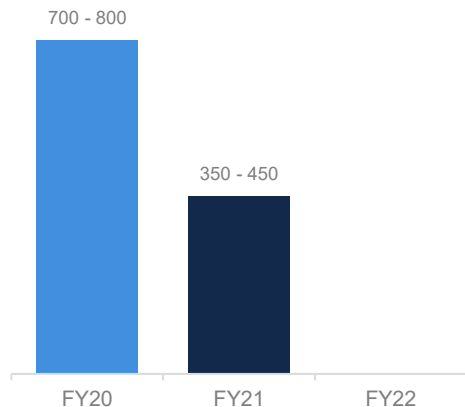


Debt maturities profile (US\$m) (excluding leases)



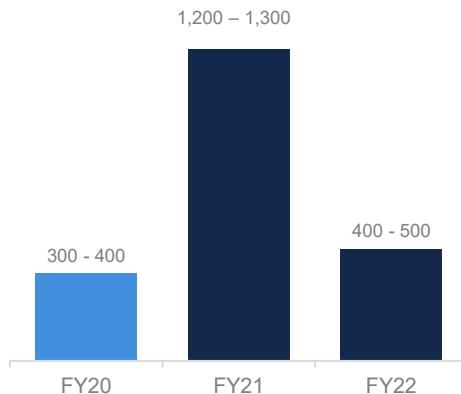
Investing in growth

Eliwana Mine and Rail (US\$m)



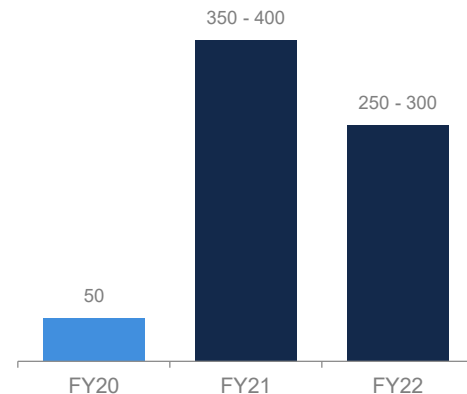
US\$1.275 billion total investment
30mtpa processing and 143km rail
Underpins 60.1% Fe West Pilbara Fines

Iron Bridge Magnetite (US\$m)



US\$2.6 billion total investment
Fortescue's share US\$2.1 billion
67% Fe concentrate product

Pilbara Energy Connect (US\$m)



US\$700 million total investment
Solar-gas hybrid energy and
transmission infrastructure
Low cost energy to Iron Bridge

Eliwana project

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

Infrastructure

143km rail; 30mtpa dry OPF

Efficient design

Significantly smaller footprint
compared to Firetail OPF

Rail license granted

Enabling construction and operation
of the Eliwana railway

Rail fleet

126 ore cars and four locomotives
commissioned and in operation

Iron Bridge Magnetite Project

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

22 mpta

First ore on ship mid-2022

67% Fe

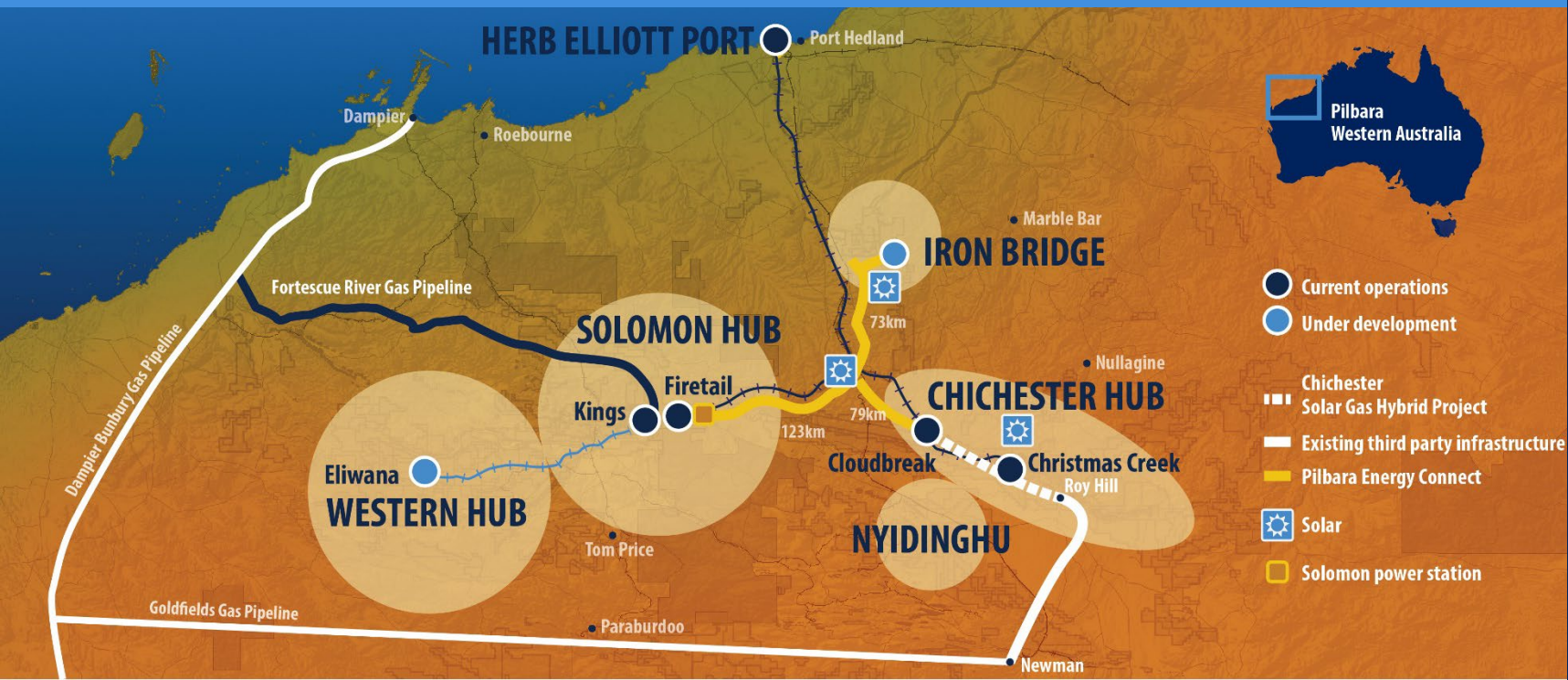
Low impurity premium concentrate product

**Design and procurement
advanced**

**Bulk earthworks
commenced**

Pilbara Energy Connect

US\$700 million investment providing 25–30 per cent of stationary energy requirements from solar



Automated mining

Innovation delivering safety and productivity improvements

AHS operation

40 million km safely travelled

AHS conversion

158 trucks in operation

Autonomous drills

8 drills in operation

Advanced analytics

Data driving efficiencies

Marketing

**Responsive to
changing markets**

**Direct customer engagement
driving deep market insights**

**A product mix that meets
customers' needs**

**Aligning delivery with
customers' needs**

**Ongoing operation and
marketing collaboration**

**Co-location of key decision
makers**

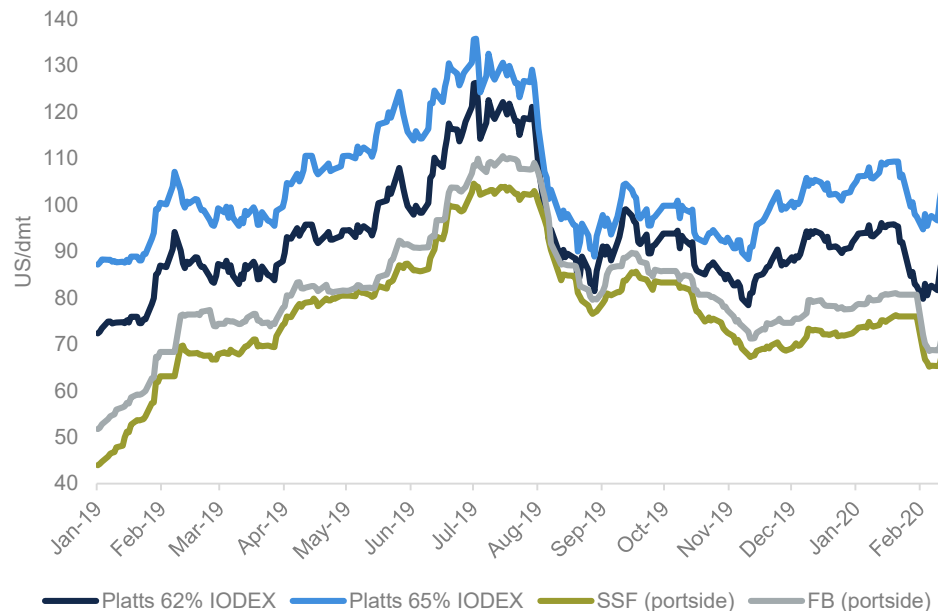
Iron ore price

Fortescue's realised price increased by 73 per cent over 1H19 compared to a 38 per cent increase in the Platts 62% index

Optimising product mix

Steel mill margins

Strength in Chinese steel production



Enhanced product mix

Average realised price of US\$80/dmt for 1H20



West Pilbara Fines well established

Fortescue Lump production aligned with market demand

Super Special Fines reduced

Product mix optimisation delivers value:

Tonnes shipped millions (wmt)	1H20	Product Mix %	1H19	Product Mix %
West Pilbara Fines	9.0	10	0.4	0
Kings Fines	7.6	9	6.7	8
Fortescue Blend	38.0	43	39.2	47
Fortescue Lump	5.3	6	3.1	4
Super Special Fines	28.7	32	32.9	40
Manganese Iron Ore	0.0	0	0.4	0
Total	88.6	100	82.7	100

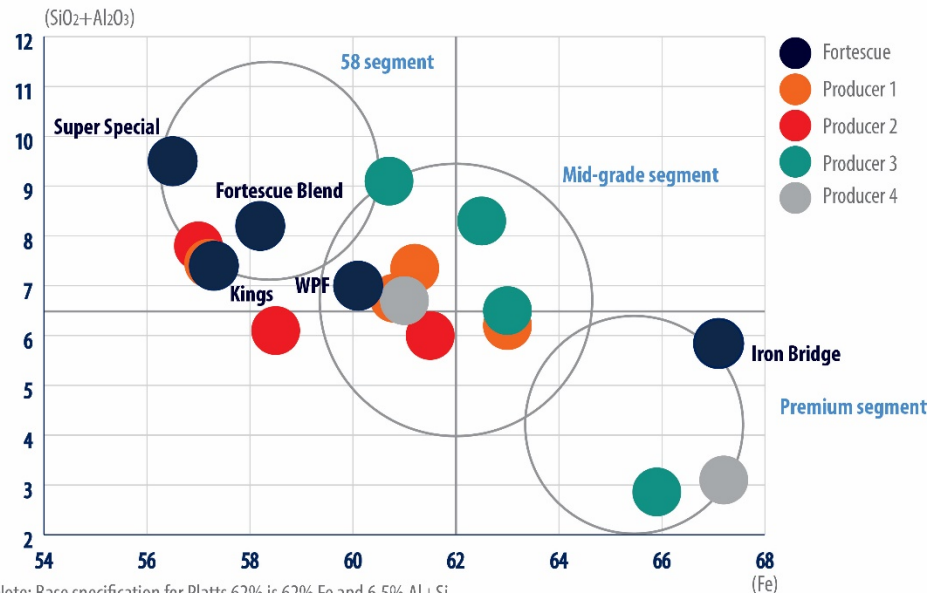
Achieving our strategy to deliver majority of product over 60% Fe

Competitively positioned across all product segments

Flexibility to optimise margins through iron ore market cycles

Iron Bridge will deliver **highest grade Australian product**

Product positioning: Natural Fe v Gangue ($\text{SiO}_2 + \text{Al}_2\text{O}_3$)



Note: Base specification for Platts 62% is 62% Fe and 6.5% Al+Si

Source: Fortescue, company reports

Safeguarding the environment

For future generations

Commitment to the Paris Agreement

Taskforce on Climate-related Financial Disclosure reporting

UN Framework Convention on Climate Change

Voluntary short term targets and long term goal

World class exploration

Opportunities will be driven by market demand
across iron ore and other commodities

Pilbara

Extensive tenement footprint

Australia

NSW 3,000km² tenure
SA 15,000km² tenure

South America

Ecuador, Argentina,
Colombia

FY20 Guidance



170-175mt

Shipments expected to be at the upper end of range

US\$12.75-\$13.25

C1 cost / wmt

US\$2.4 billion

Capital investment

Key strategic focus



**Balance sheet
strength**

**Long term
sustainability**

**Growth and
development**

**Enhanced returns
to shareholders**

Our Vision

The safest, lowest cost, most profitable mining company

Fortescue's Values





Fortescue

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