FMG Fortescue

ASX Release

2 March 2021

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

Dear Madam or Sir

PRESENTATION – J.P. MORGAN GLOBAL HIGH YIELD & LEVEARGED FINANCE CONFERENCE

Fortescue Metals Group Ltd (ASX: FMG) advises that Ian Wells, Chief Financial Officer, is presenting at the J.P. Morgan Global High Yield & Leveraged Finance Conference on Tuesday, 2 March 2021. A copy of the presentation is attached.

Yours sincerely
Fortescue Metals Group Ltd

Authorised by
Cameron Wilson
Company Secretary

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J.P. Morgan Global High Yield & Leveraged Finance Conference

Ian Wells, CFO

2 March 2021

Thriving communities | Global force

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.

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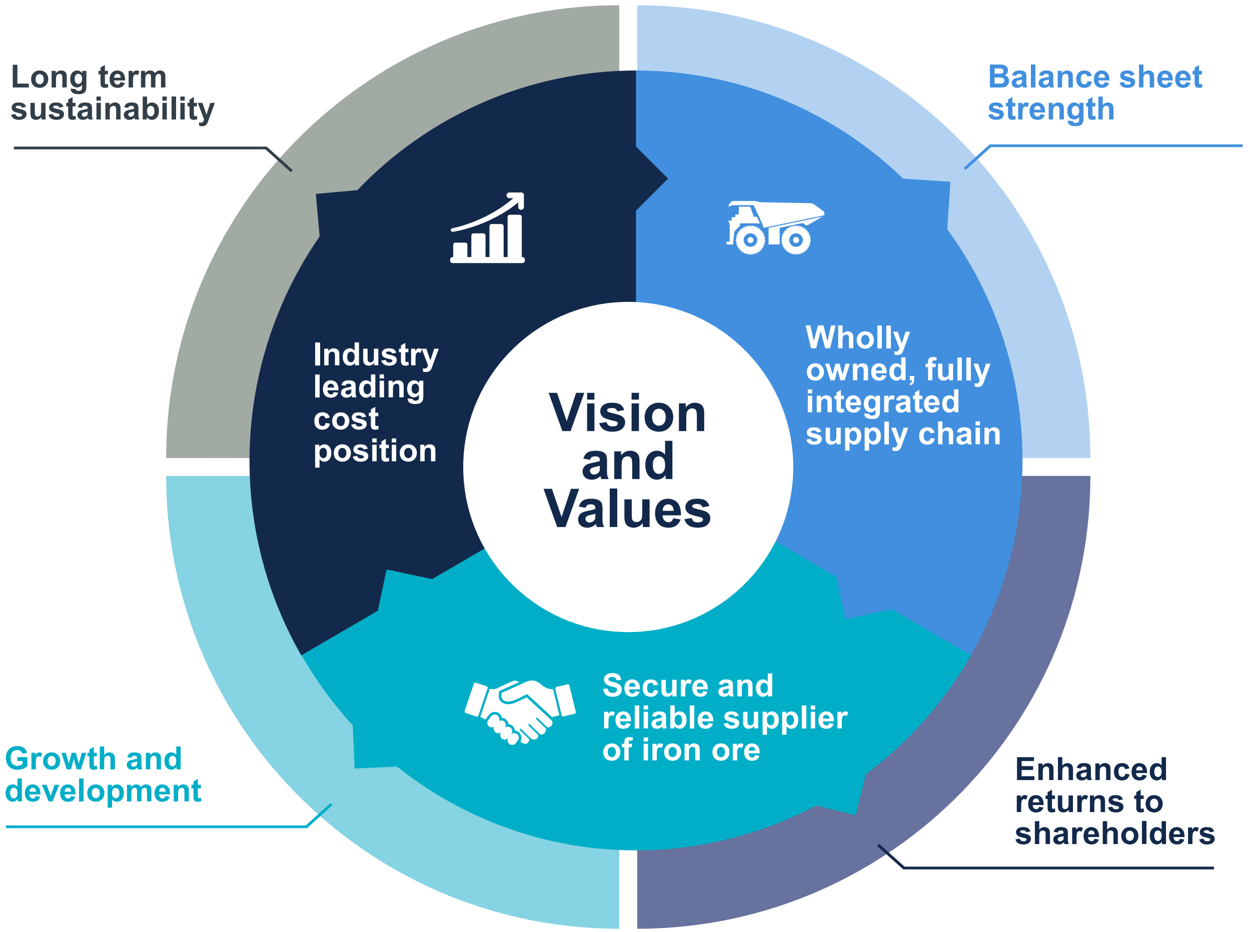
World class company

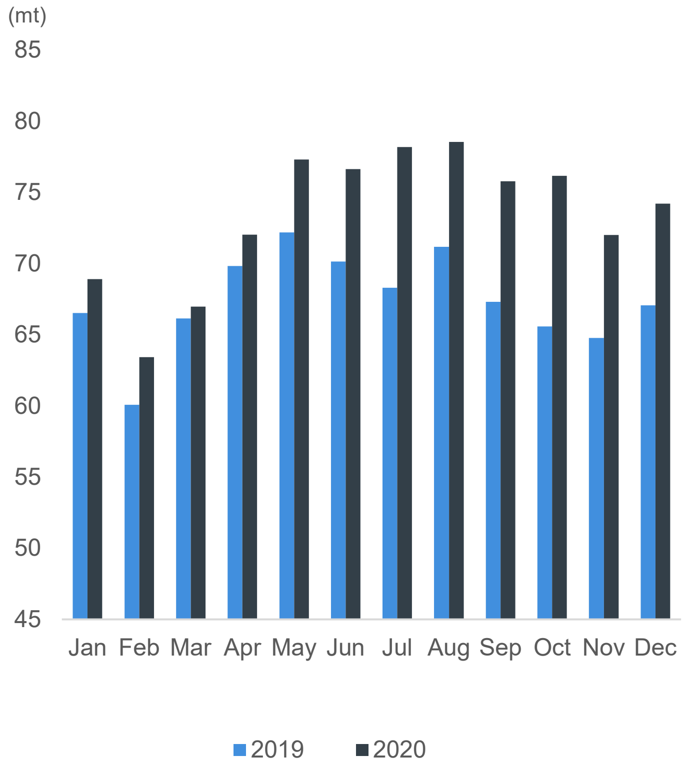


Global steel demand exceeded expectations

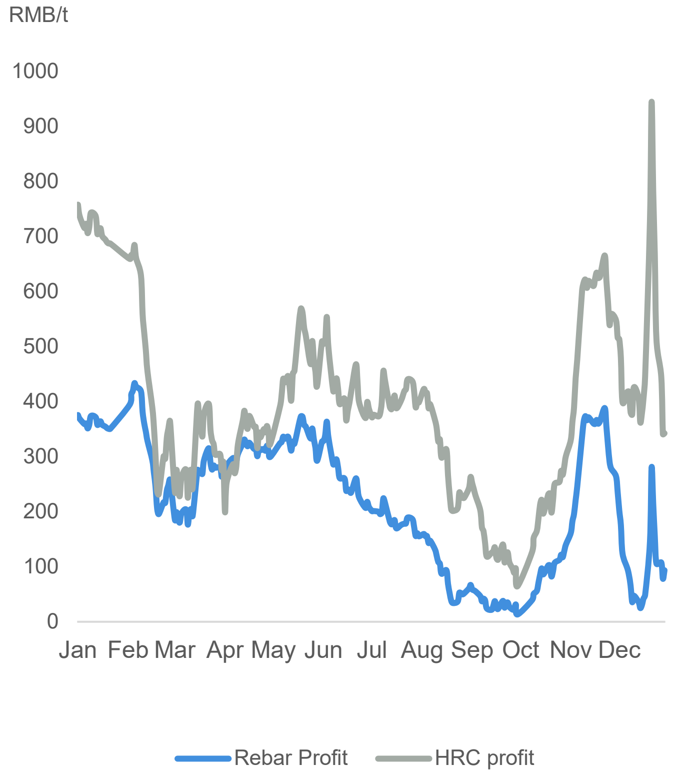
With record crude steel production in China, as well as robust global recovery

China crude steel production (2020)

Pig iron production



Steel margins (2H 2020)



Source: World Steel Association, China NBS, Platts

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H1 FY21 operational highlights

Record half year shipments and first ore celebrated at the Eliwana mine

90.7 mt shipped

Record shipments

↑ **2%** on H1 FY20

US$12.78 /wmt

C1 cost

— No change

US$114 /dmt

Average revenue

↑ **42%** on H1 FY20

90%

Average revenue realisation

↑ **7%** on H1 FY20

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H1 FY21 financial highlights

US$9.3bn

Revenue

US$6.6bn

Underlying EBITDA at a 71% margin

US$4.1bn

Net profit after tax

47%

Return on equity

US$1.33

Earnings per share (A$1.84)

A$1.47

Interim dividend
Payout ratio of 80%

Fortescue

Shareholder returns

Highest single dividend in Fortescue’s history

Dividend policy to payout 50 to 80 per cent of full year NPAT, targeting the top end of the range

A$1.47 per share

Fully franked interim dividend

80% of H1 FY21 NPAT

Dividend payout ratio

Growth

Intention to allocate 10 per cent of NPAT to fund renewable energy growth through FFI, and 10 per cent to other resource growth opportunities

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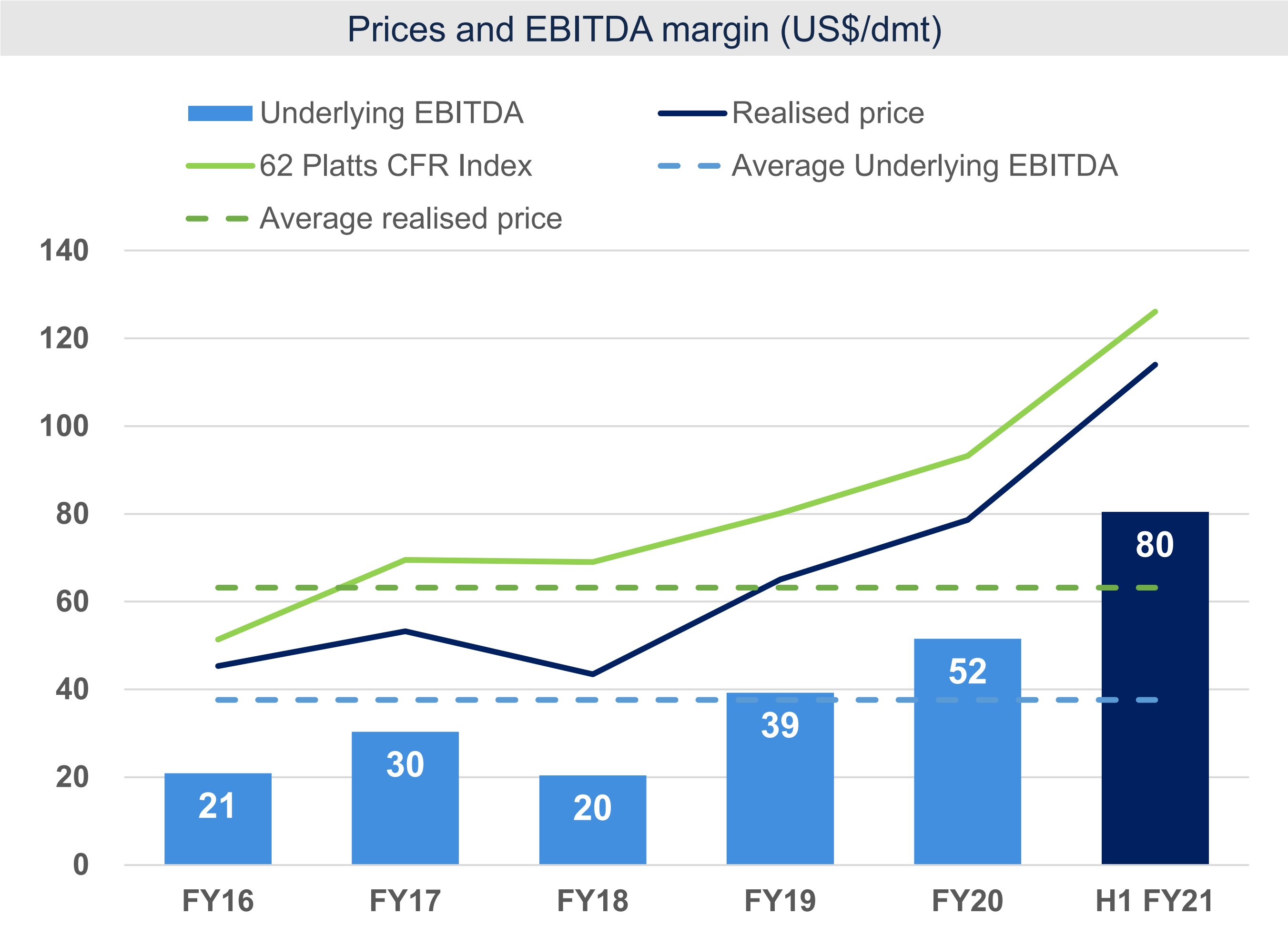
Focus on margins

Generating strong margins through the cycle



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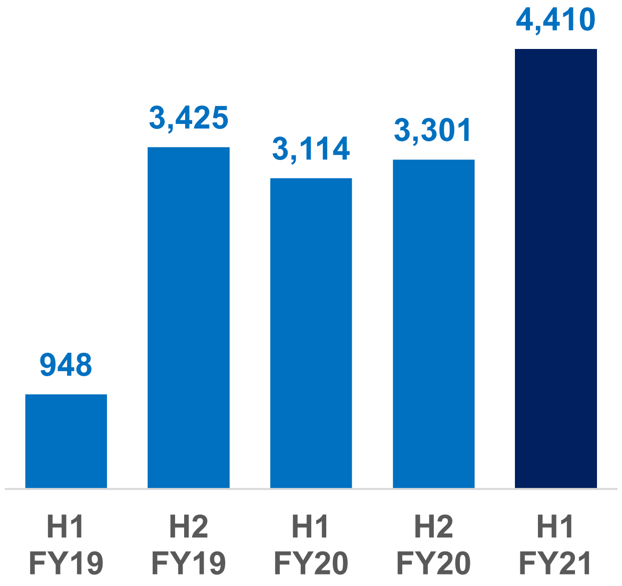
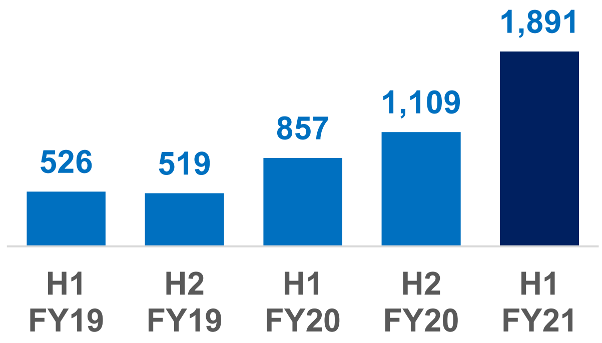
Strong cashflow generation

After reinvesting in the business and investing in growth

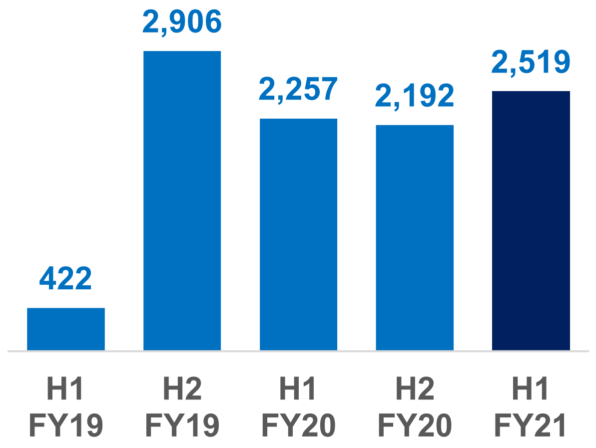
Net cash from operations (US$m)



Capital expenditure



Free cash flow



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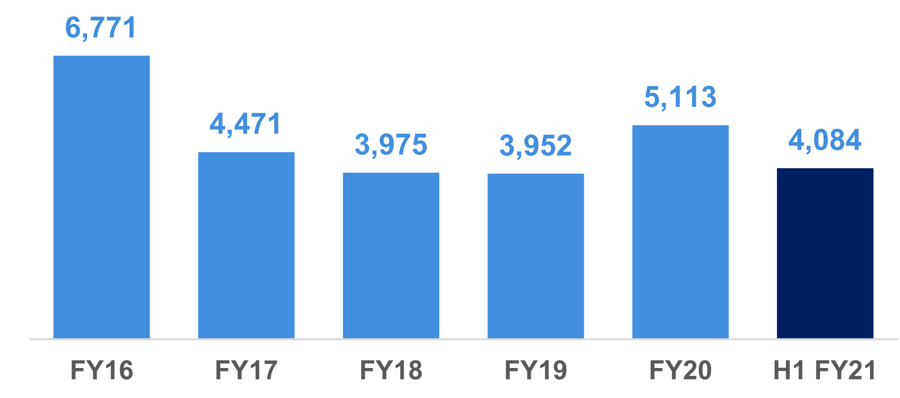
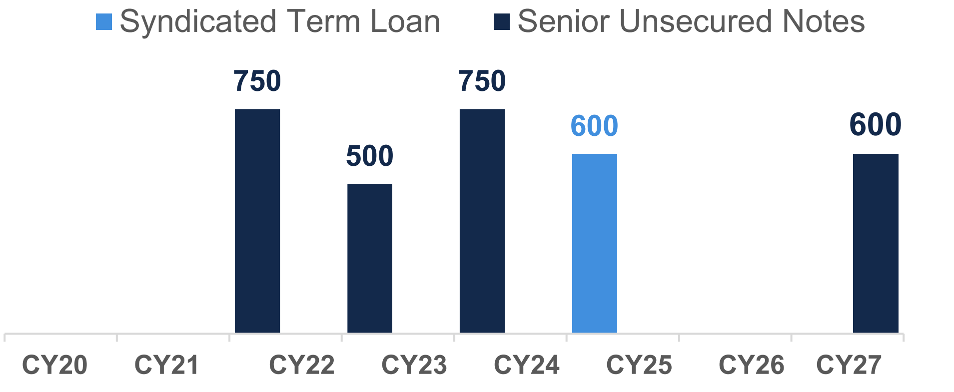
Balance sheet capacity

Maintain targeted investment grade credit metrics

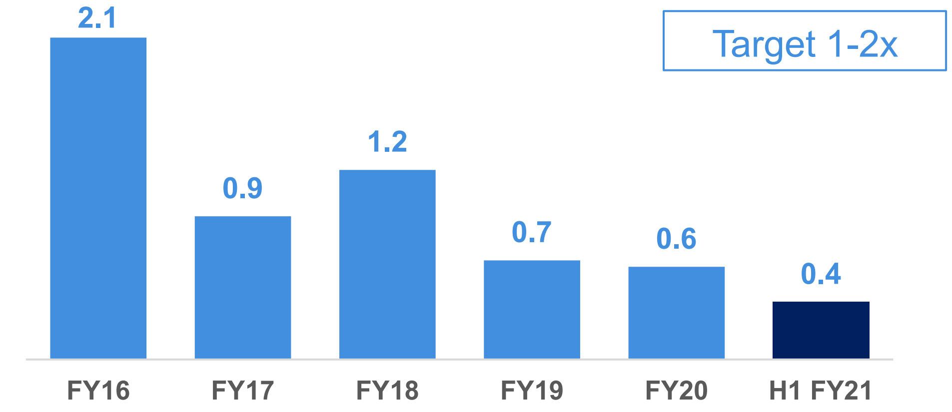
Gross debt (US$m)



Debt maturity profile excluding leases (US$m)

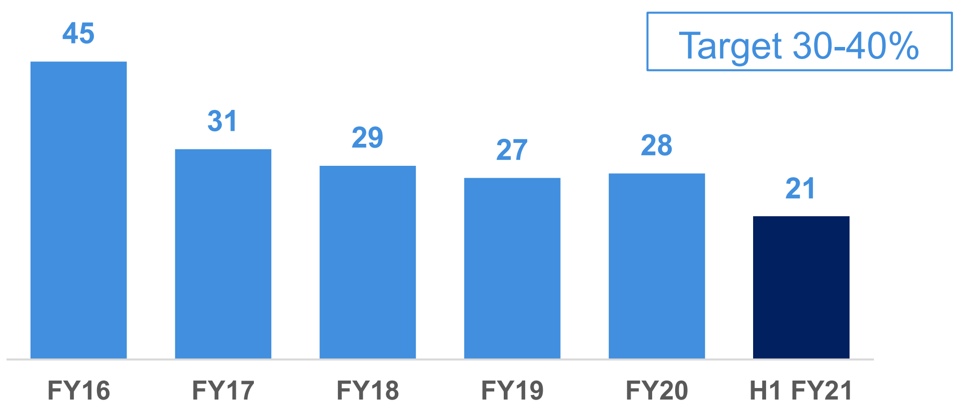


Gross debt to EBITDA (x)



H1 FY21 Gross debt to last twelve months EBITDA

Gross gearing (%)



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Eliwana Mine and Rail

Delivered in line with schedule at an industry-low capital intensity

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Eliwana Ore Processing Facility

Eliwana rail

Iron Bridge Magnetite Project

Detailed review complete, further technical and commercial assessment underway

Up to ^{US}\$3.0 billion

Total capital estimate subject to validation through further technical assessment and Joint Venture approval

22mtpa

Production capacity; first production revised to second half of calendar year 2022, subject to review and JV approval

67% Fe

High grade, low impurity concentrate product

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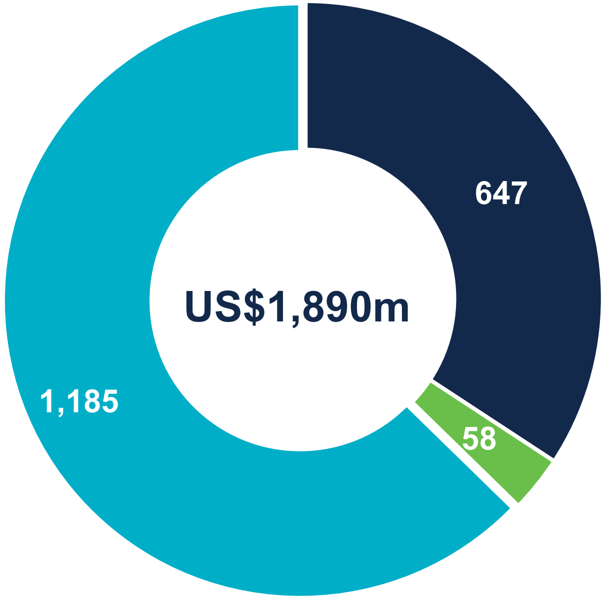
Capital expenditure

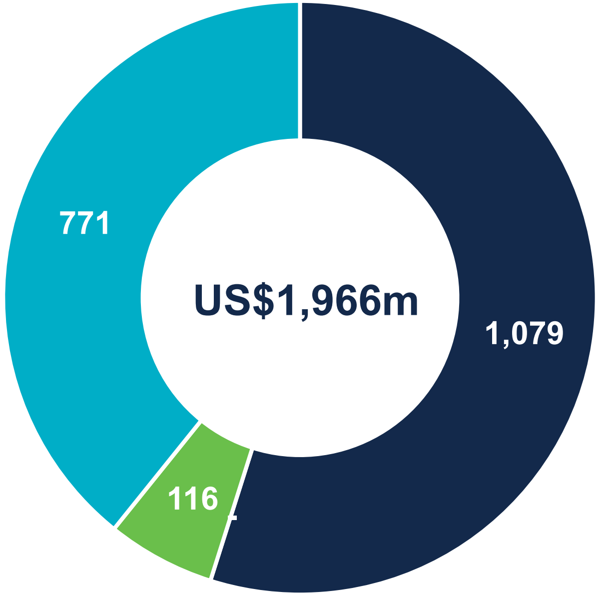
Increased investment in major projects

H1 FY21 Capital expenditure (US$m)



Sustaining and development capital
Exploration and studies
Major projects

FY20 Capital expenditure (US$m)



Sustaining and development capital
Exploration and studies
Major projects

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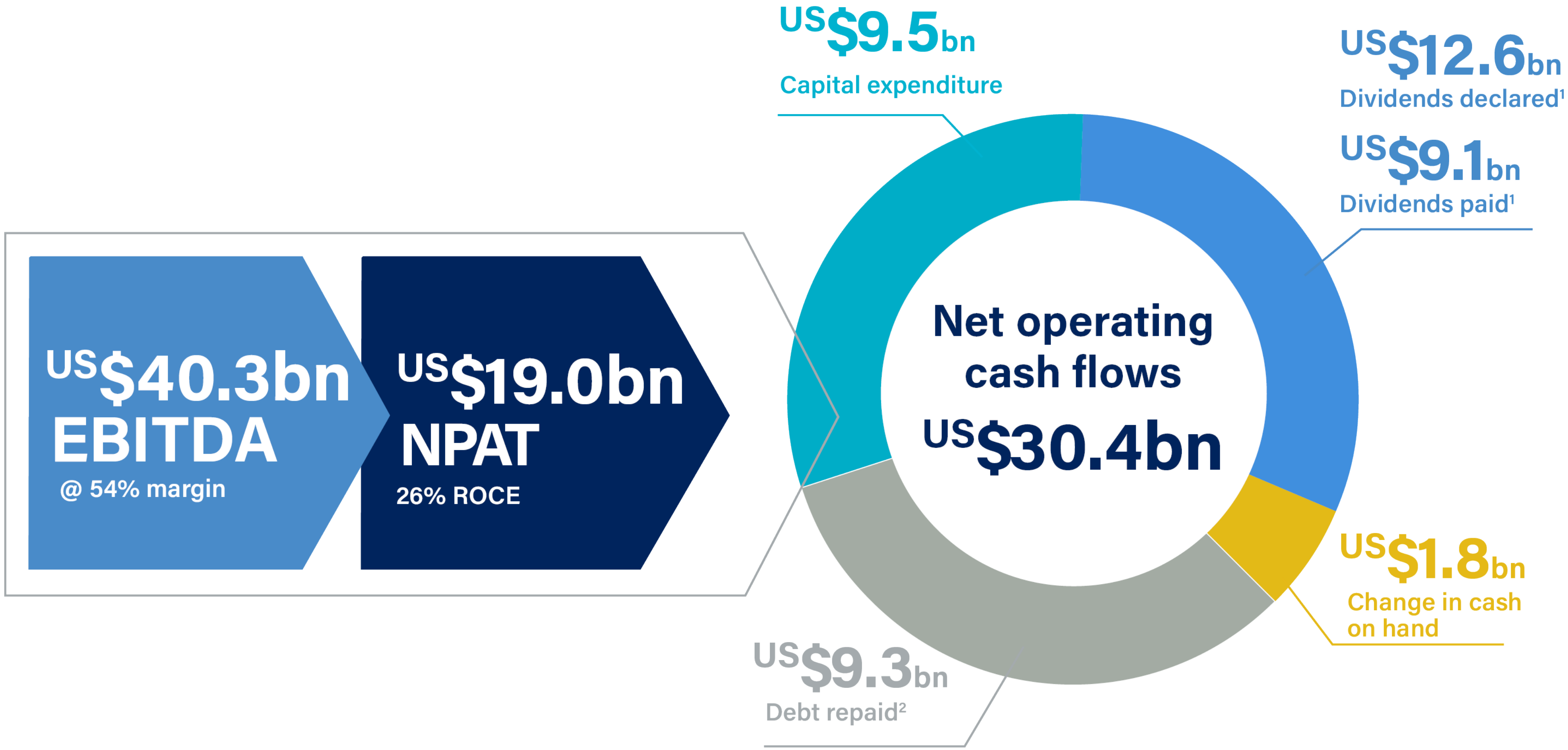
Disciplined capital allocation

Aggregate earnings and cashflows FY14 – H1 FY21



[1] *Includes share buyback*

[2] *From peak debt of US$12.7 billion at 30 June 2013, including lease payments*

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

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

FY21 guidance

178 – 182 mt

Iron ore shipments

US$13.50 – US$14.00/wmt

C1 cost based on assumed exchange rate of AUD:USD 0.75

US$3.0 – US$3.4 billion

Capital expenditure at the upper end of the range

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Our Purpose

Thriving communities | Global force

Fortescue's Values

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

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www.fmgl.com.au

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