Fortescue

FY21 Full Year Results

30 August 2021

Thriving communities | Global force

Forward Looking Statements Disclaimer

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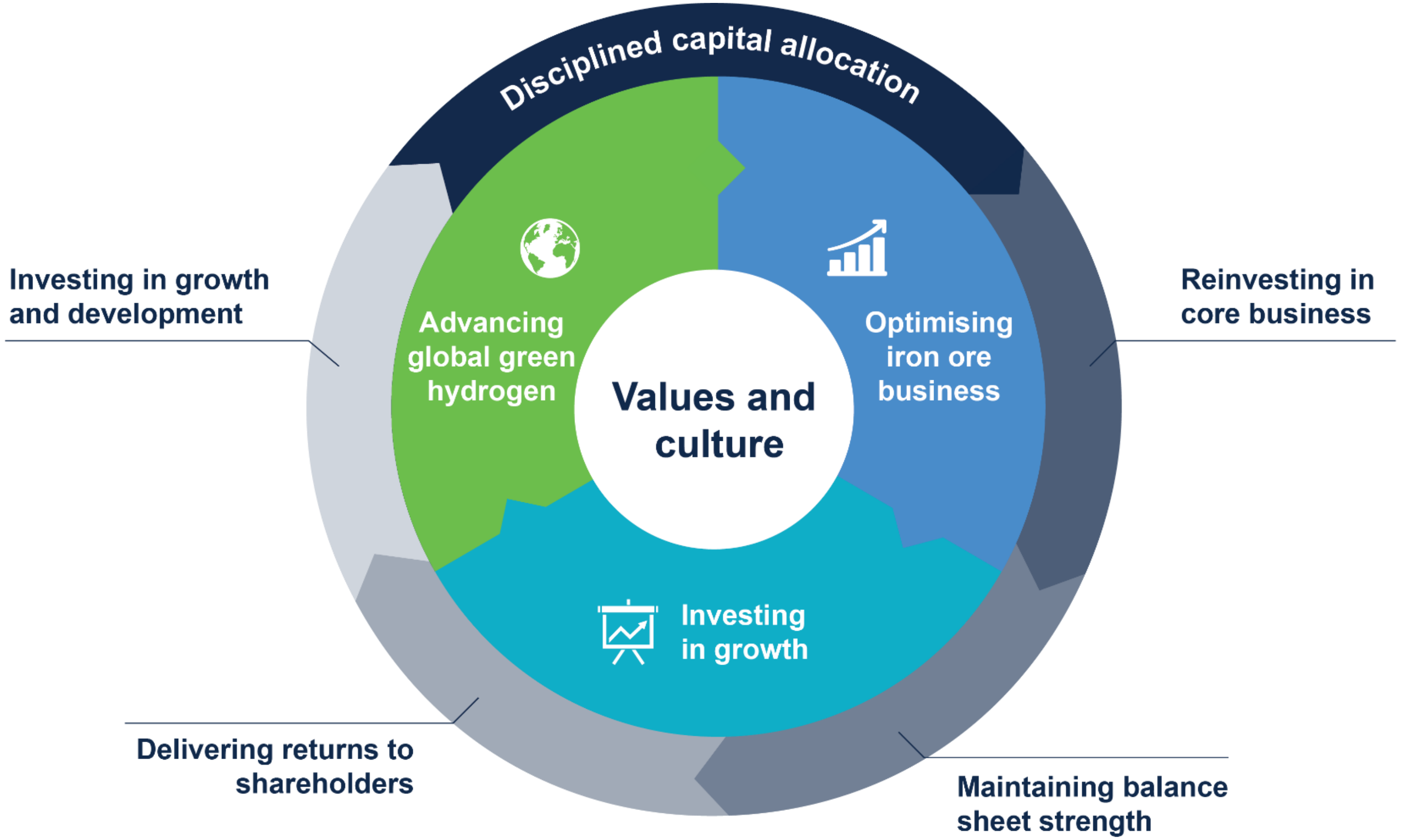
Additional Information

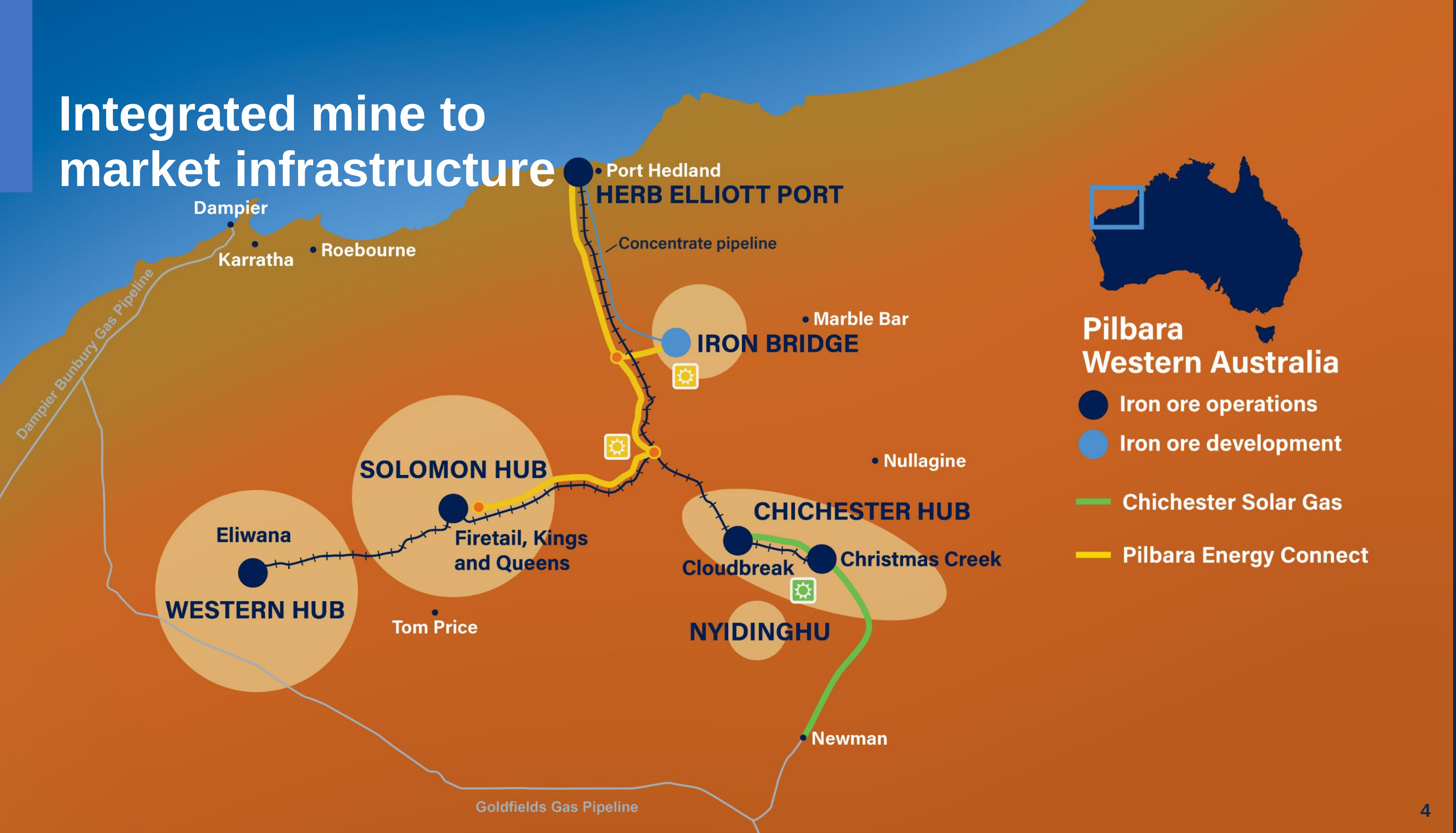
This presentation should be read in conjunction with the Annual Report at 30 June 2021 together with any announcements made by Fortescue in accordance with its continuous disclosure obligations arising under the Corporations Act 2001 and ASX Listing Rules. Any references to reserve and resources estimations should be read in conjunction with Fortescue’s Ore Reserves and Mineral Resources statements released to the Australian Securities Exchange on 27 August 2021. 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.

World class company

Thriving communities | Global force



Integrated mine to market infrastructure



FY21 Results

Safety and unique culture

Unwavering focus on health and safety of the Fortescue family

2.0 TRIFR

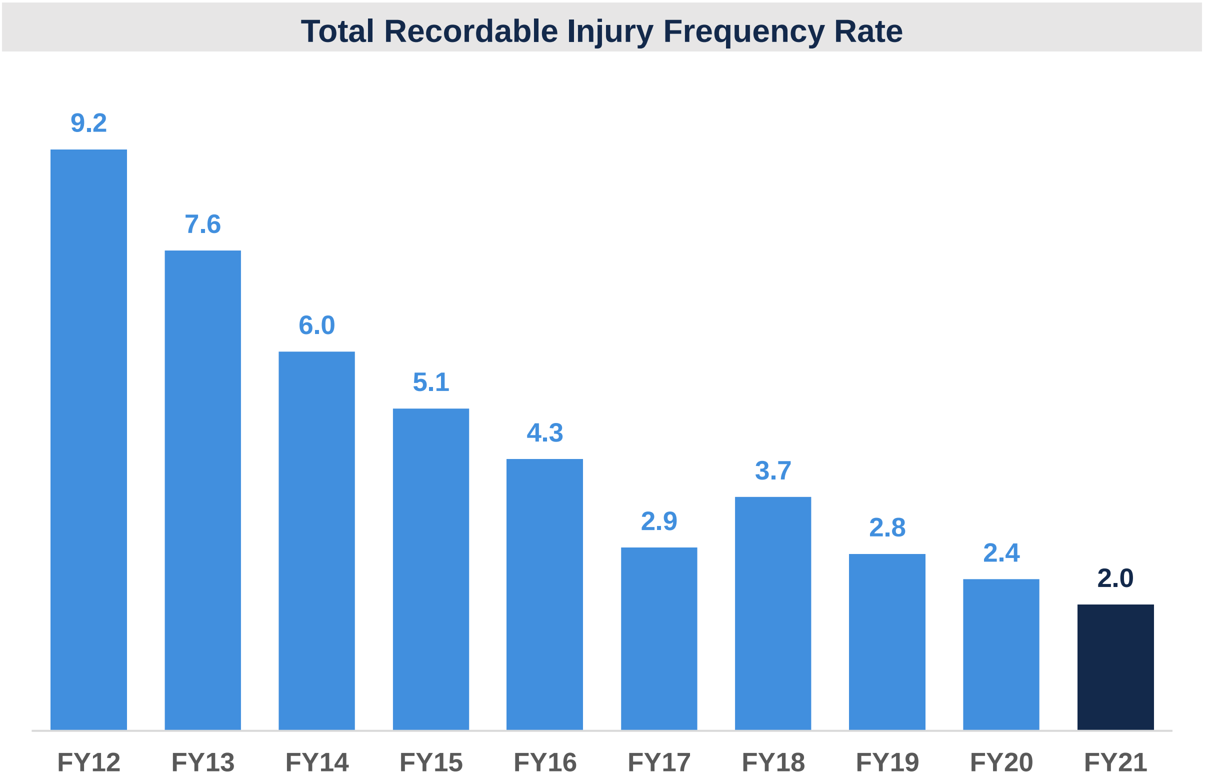
Total Recordable Injury Frequency Rate
at 30 June 2021

17% improvement

From 30 June 2020

99% participation

Safety Excellence and Culture Survey



FY21 production highlights

Fortescue

Outstanding operating performance delivers record annual shipments

182.2 mt

Record annual shipments
2% increase on FY20

US$13.93 /wmt

Industry leading C1 cost

US$135 /dmt

Average revenue
72% increase on FY20

88%

Average revenue realisation

FY21 financial highlights

US$22.3 bn

Revenue
74% increase on FY20

73%

Underlying EBITDA margin

US$16.4 bn

Underlying EBITDA
96% increase on FY20

US$99 /dmt

Underlying EBITDA per tonne

US$10.3 bn

Net profit after tax

US$3.35

Earnings per share (A$4.48)
117% increase on FY20

FY21 financial highlights

US$12.6 bn

Net operating cashflow

US$9.0 bn

Free cashflow

US$6.9 bn

Cash on hand

US$4.3 bn

Gross debt

US$2.7 bn

Net cash

19%

Gross gearing

Shareholder returns

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

A$2.11 per share

Fully franked **final** dividend

A$3.58 per share

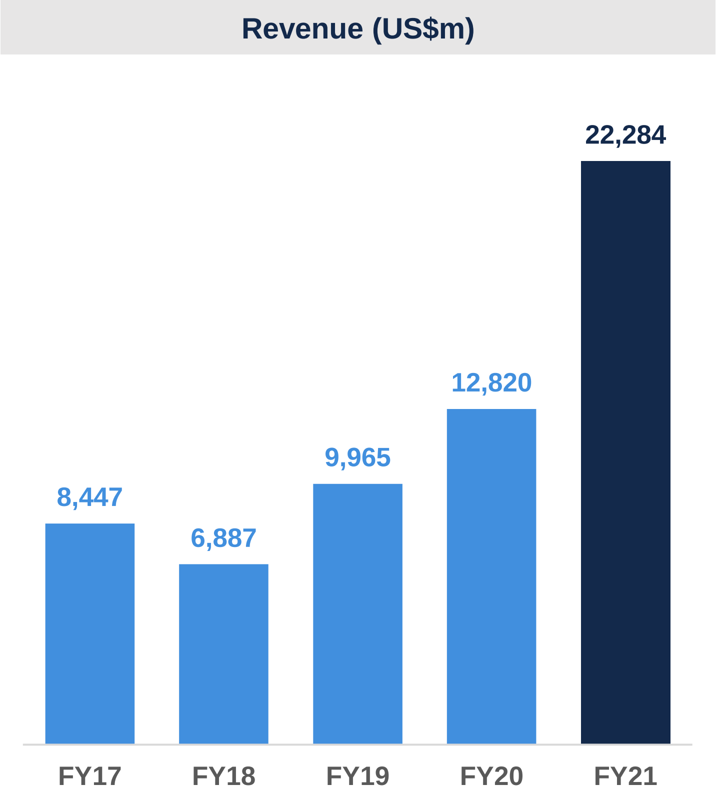
FY21 total dividends
80% payout ratio

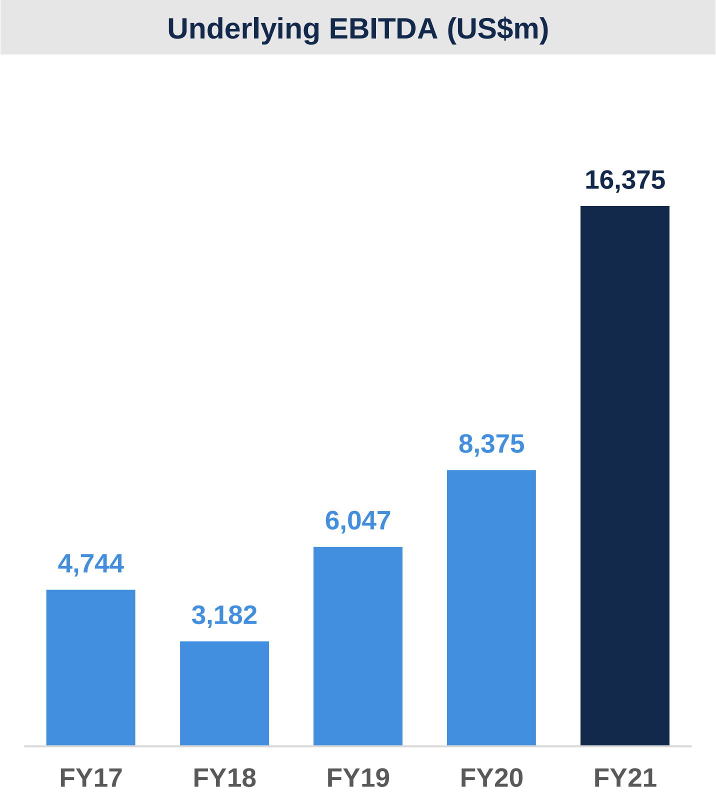
US$8.2 billion

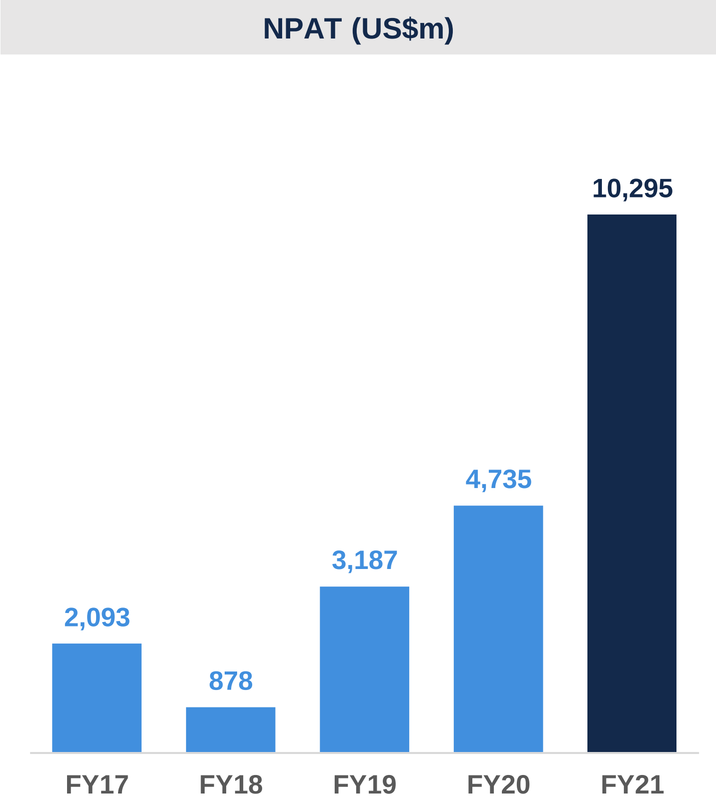
Value of FY21 dividends

Revenue and earnings

Record full year revenue and earnings



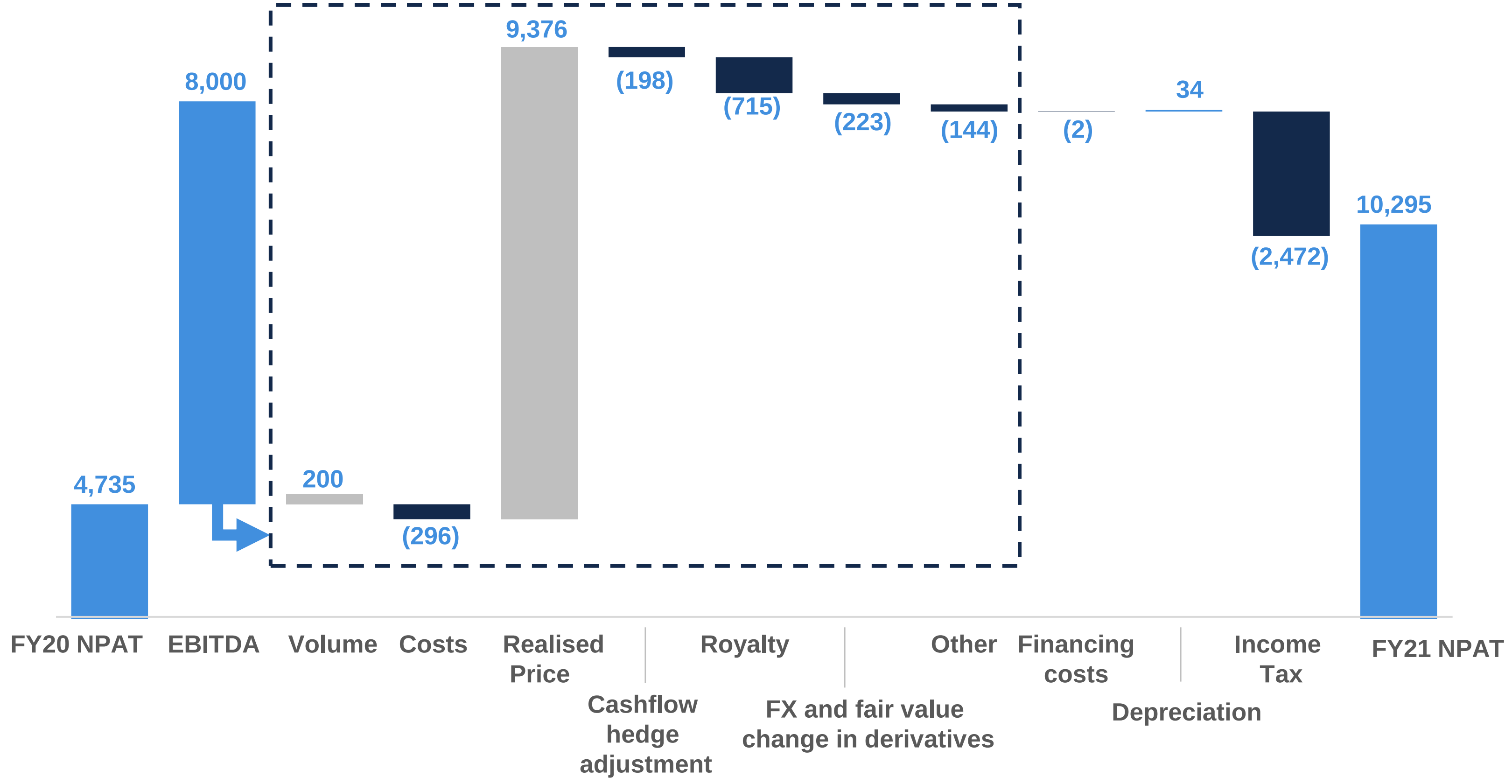




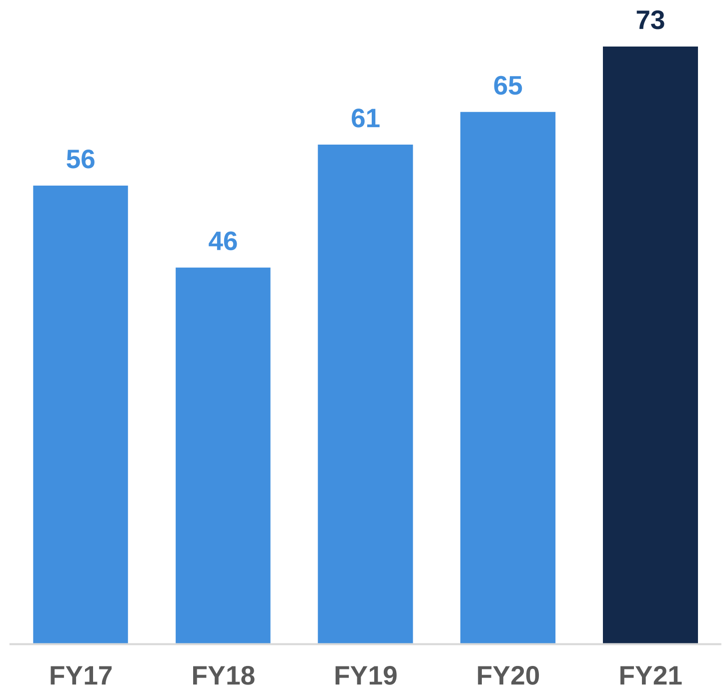
Underlying EBITDA

Strong prices, volume growth and disciplined cost control

Underlying EBITDA and NPAT reconciliation (US$m)

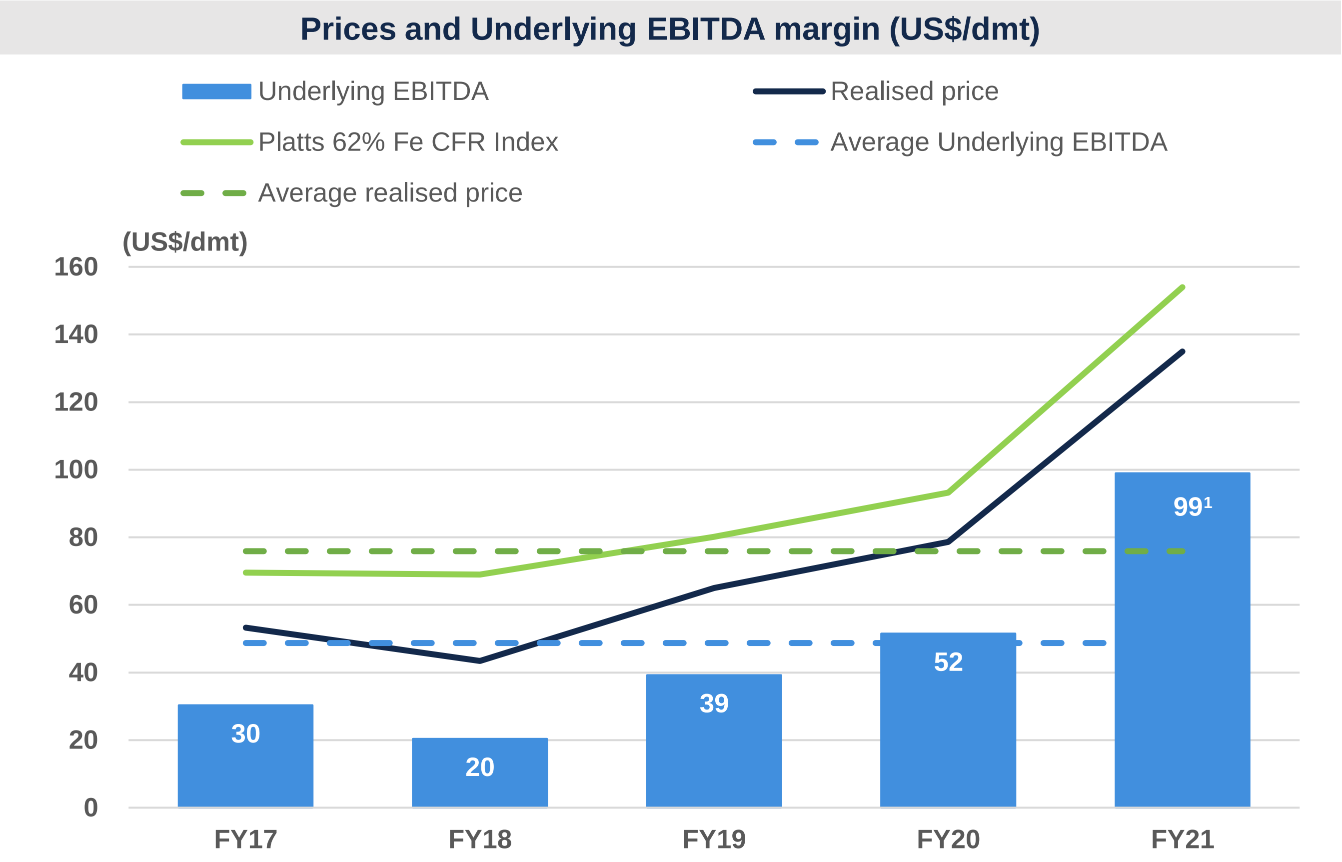


Underlying EBITDA margin (%)



Price and margins

Strong margins through all market cycles

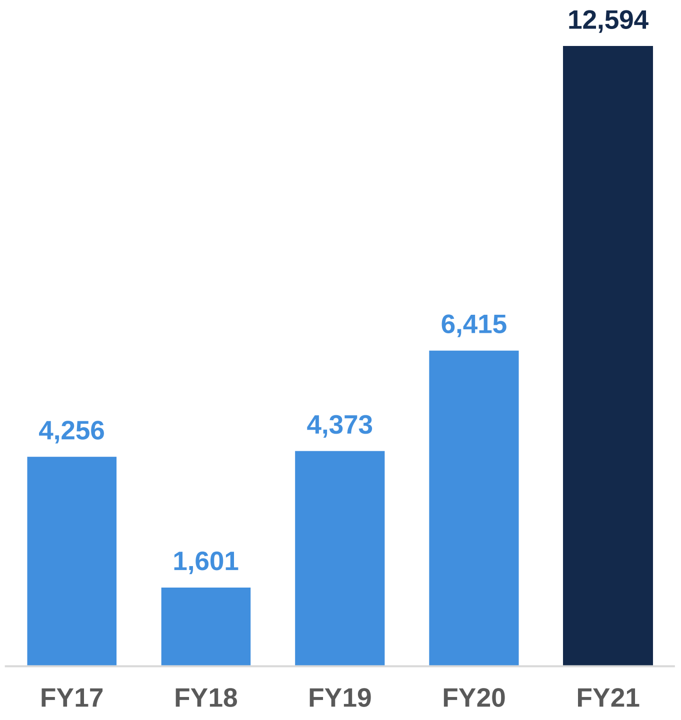


[1]*Excludes Fortescue Future Industries costs recognised as an administration expense*

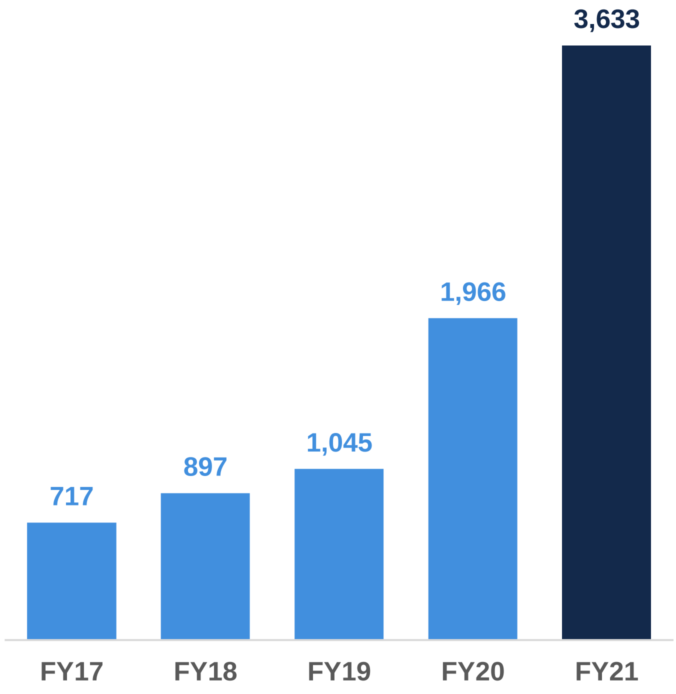
Cash generation

Strong operating performance, disciplined investment and free cash flow

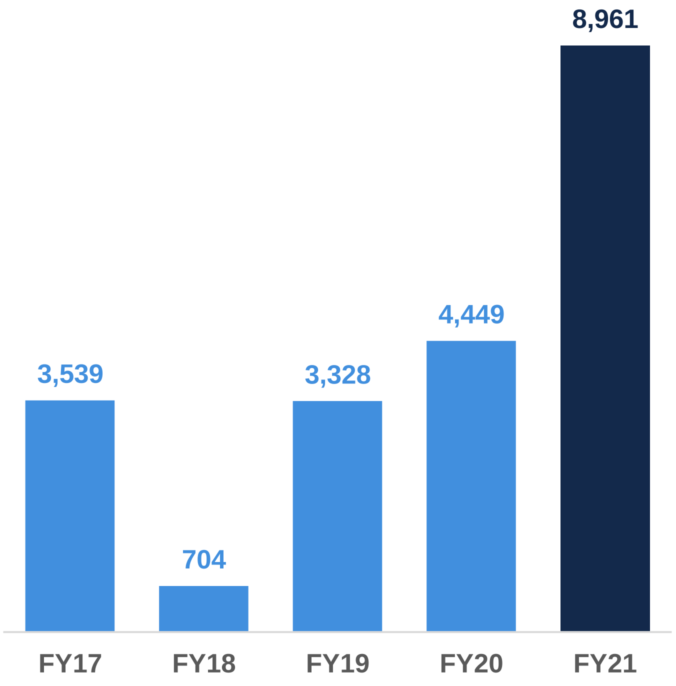
Net cash from operations (US$m)



Capital expenditure (US$m)



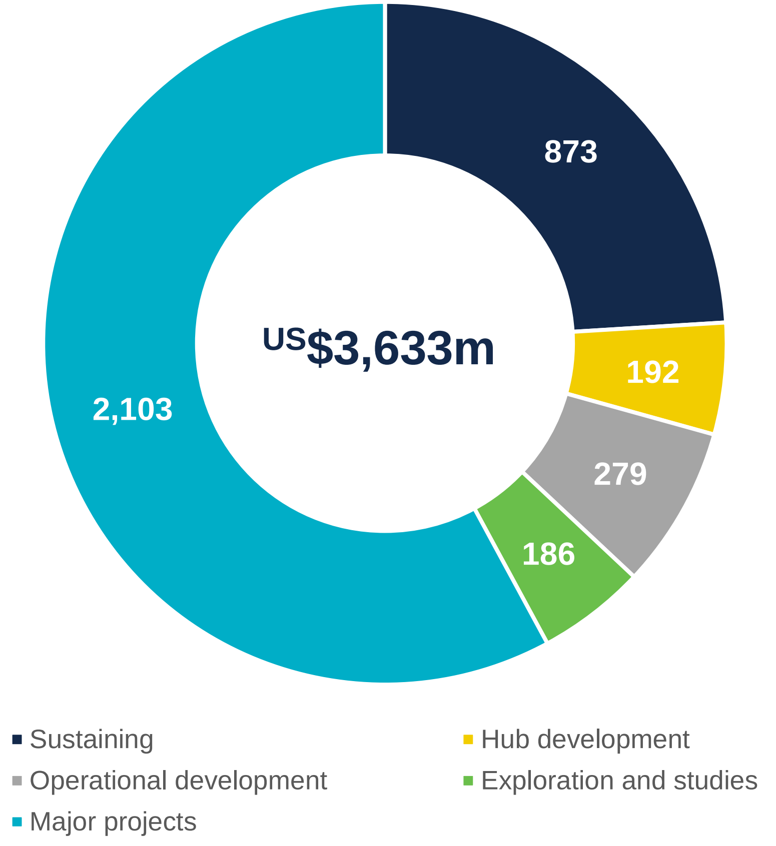
Free cash flow (US$m)



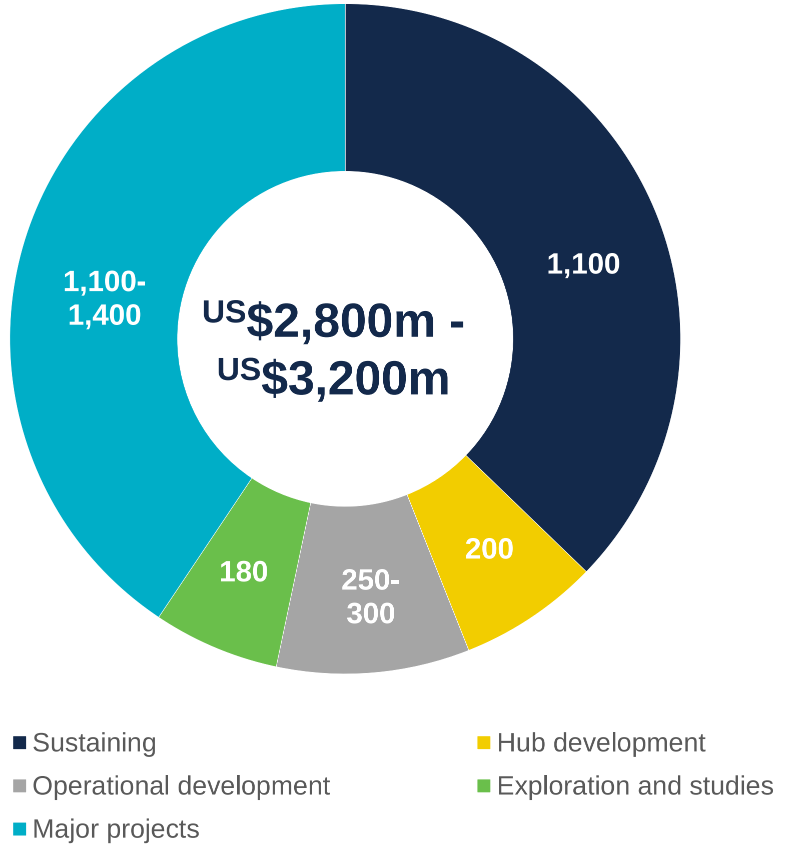
Capital expenditure

Reinvesting in the business and growth

FY21 capital expenditure (US$m)



FY22 capital expenditure guidance[1] (US$m)

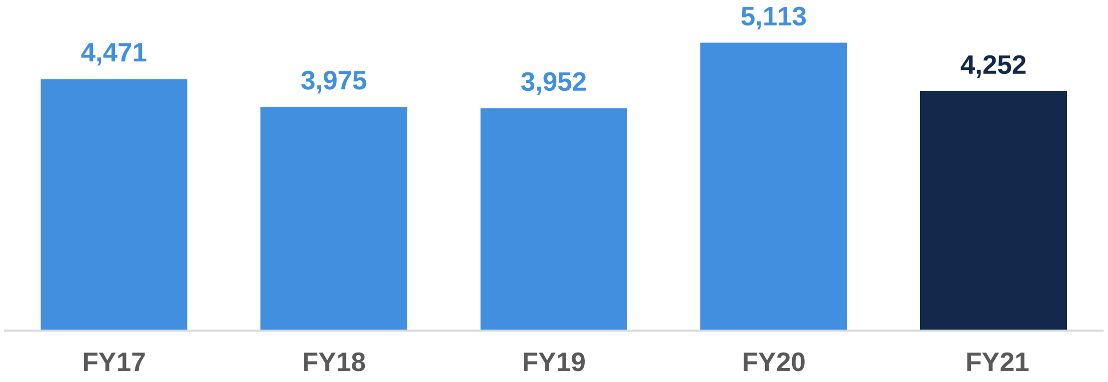


[1]*Excluding Fortescue Future Industries*

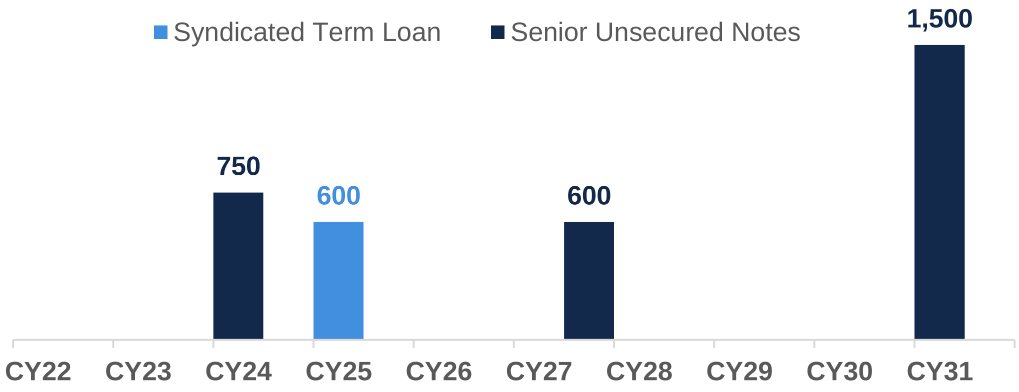
Robust balance sheet

Credit metrics below target range, with future capacity

Gross debt (US$m)

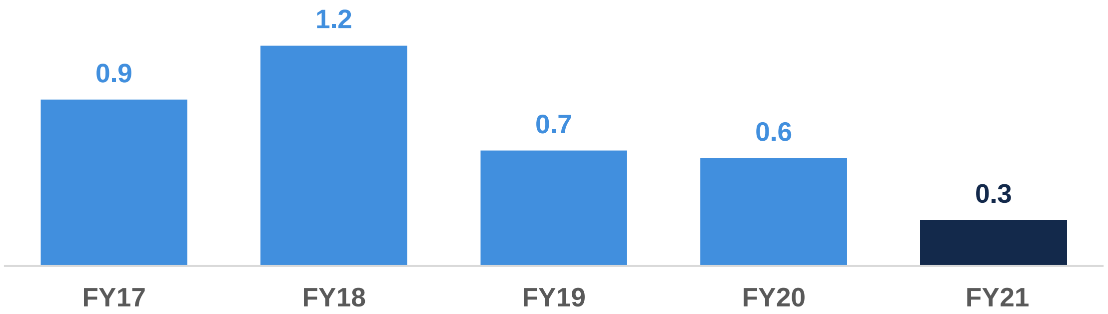


Debt maturity profile excluding leases (US$m)



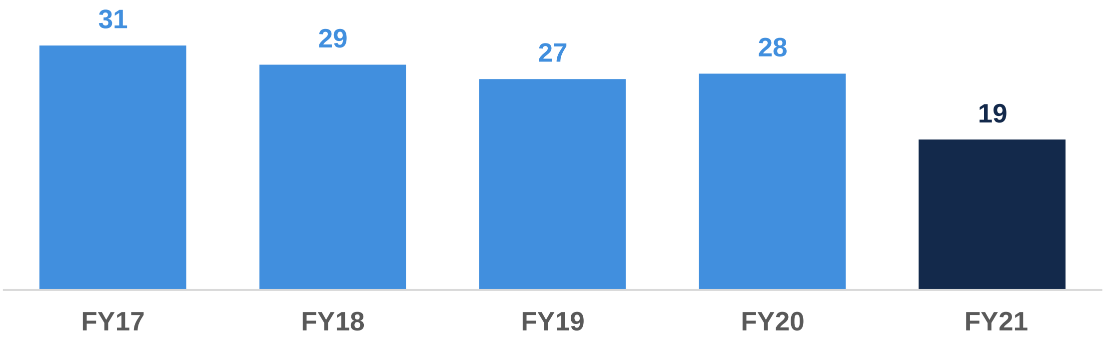
Gross debt to EBITDA (x)

Target 1-2x



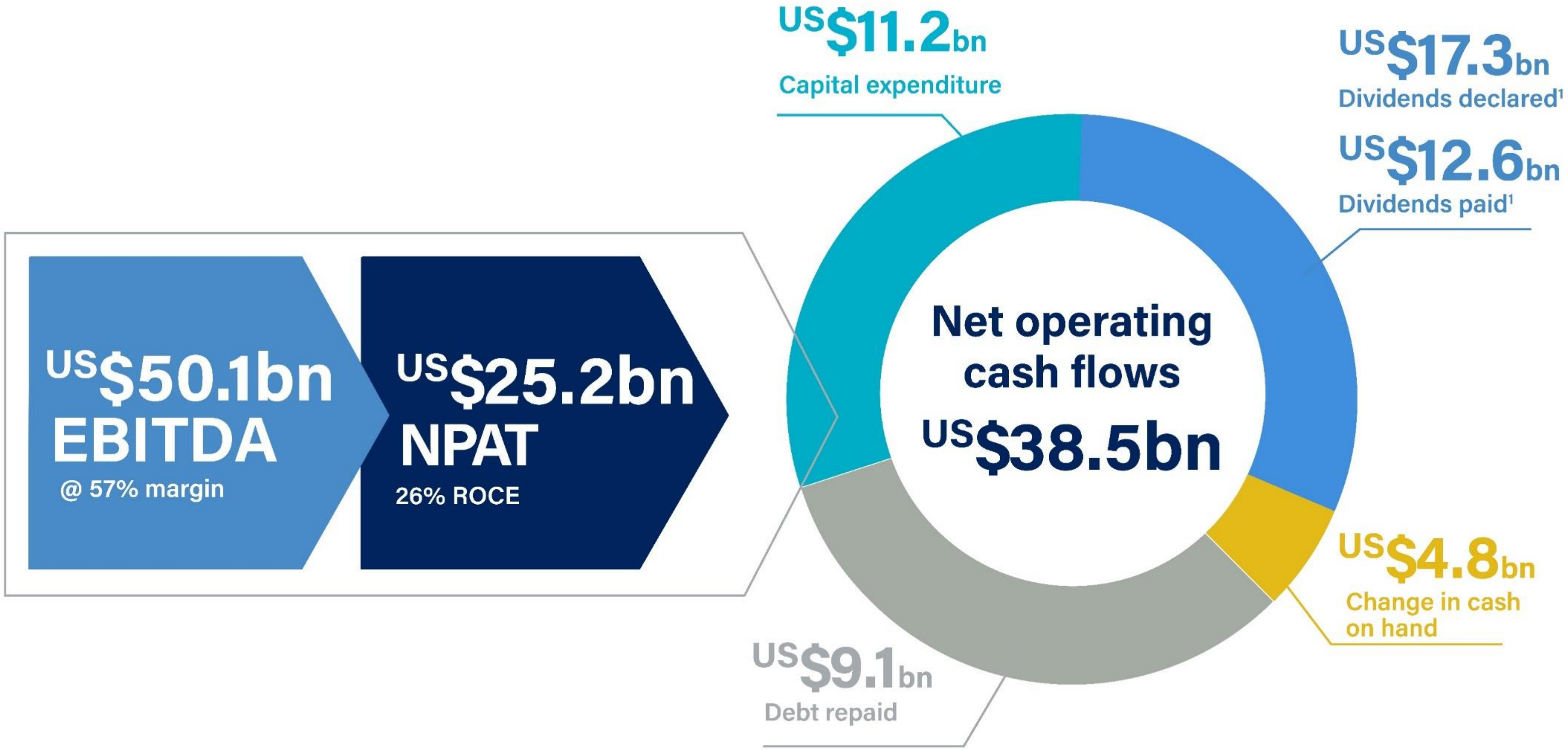
Gross gearing (%)

Target 30 to 40%



Disciplined capital management

Aggregate earnings and cashflows FY14 – FY21

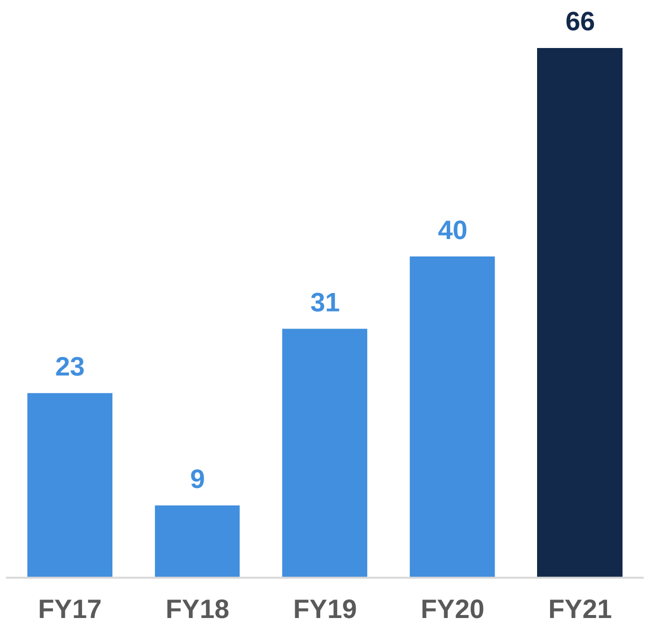


[1] *Includes share buyback*

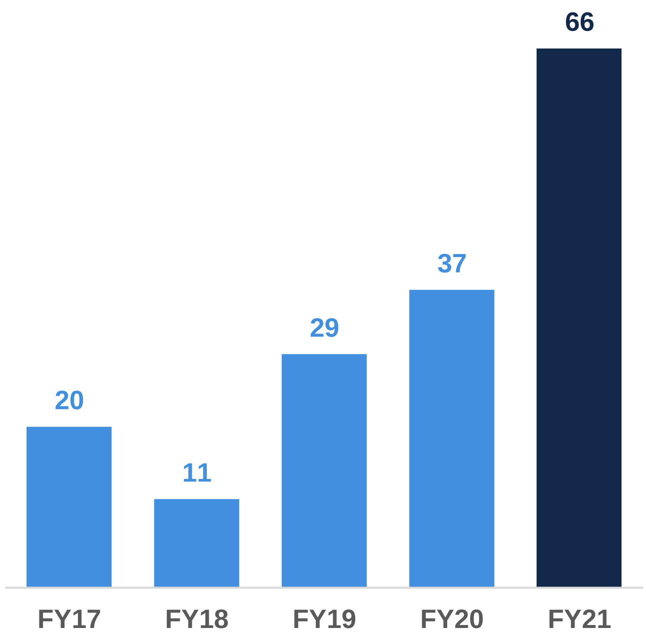
Return on capital

Profitable and capital efficient

Return on equity (%)

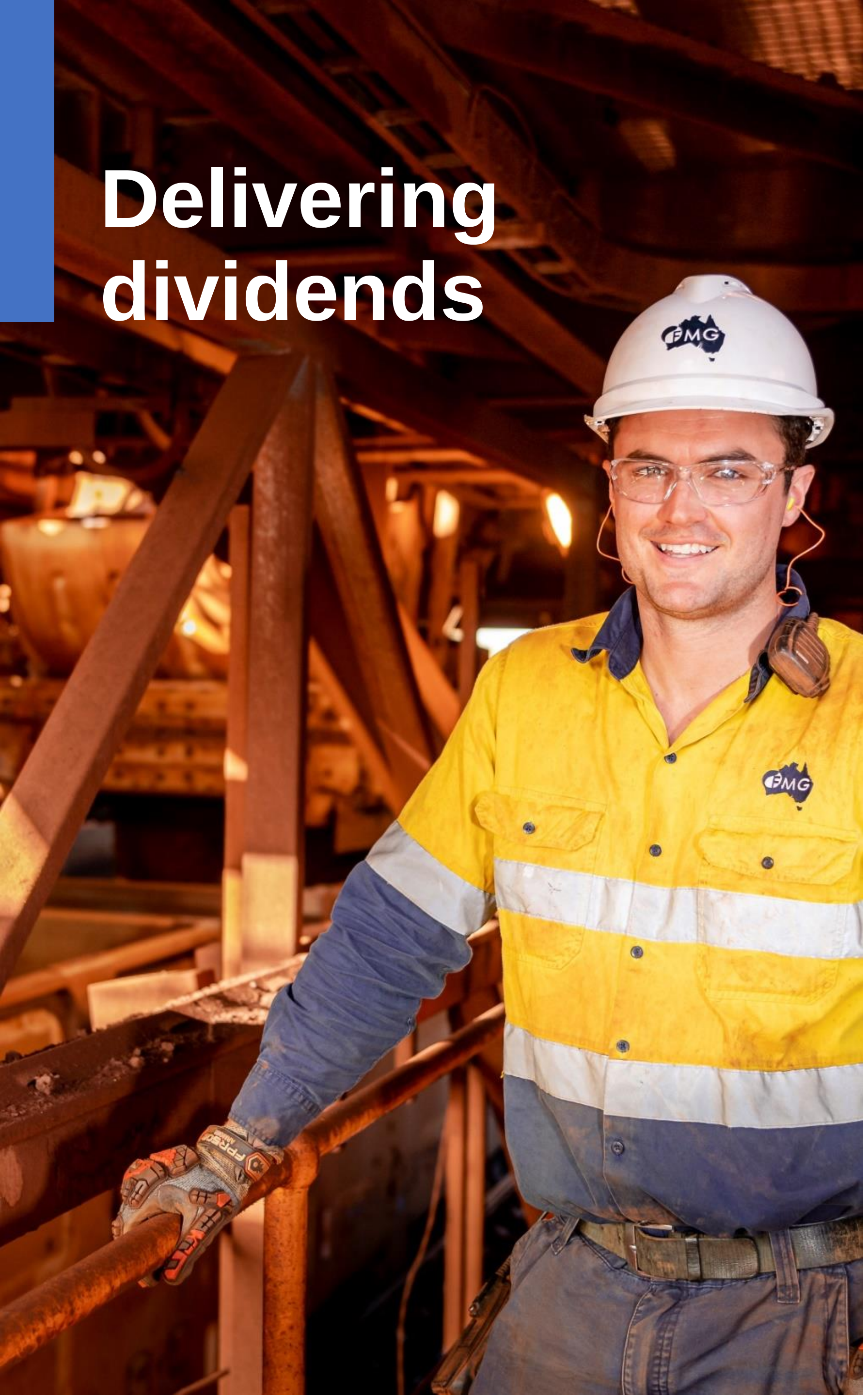


Return on capital employed[1] (%)

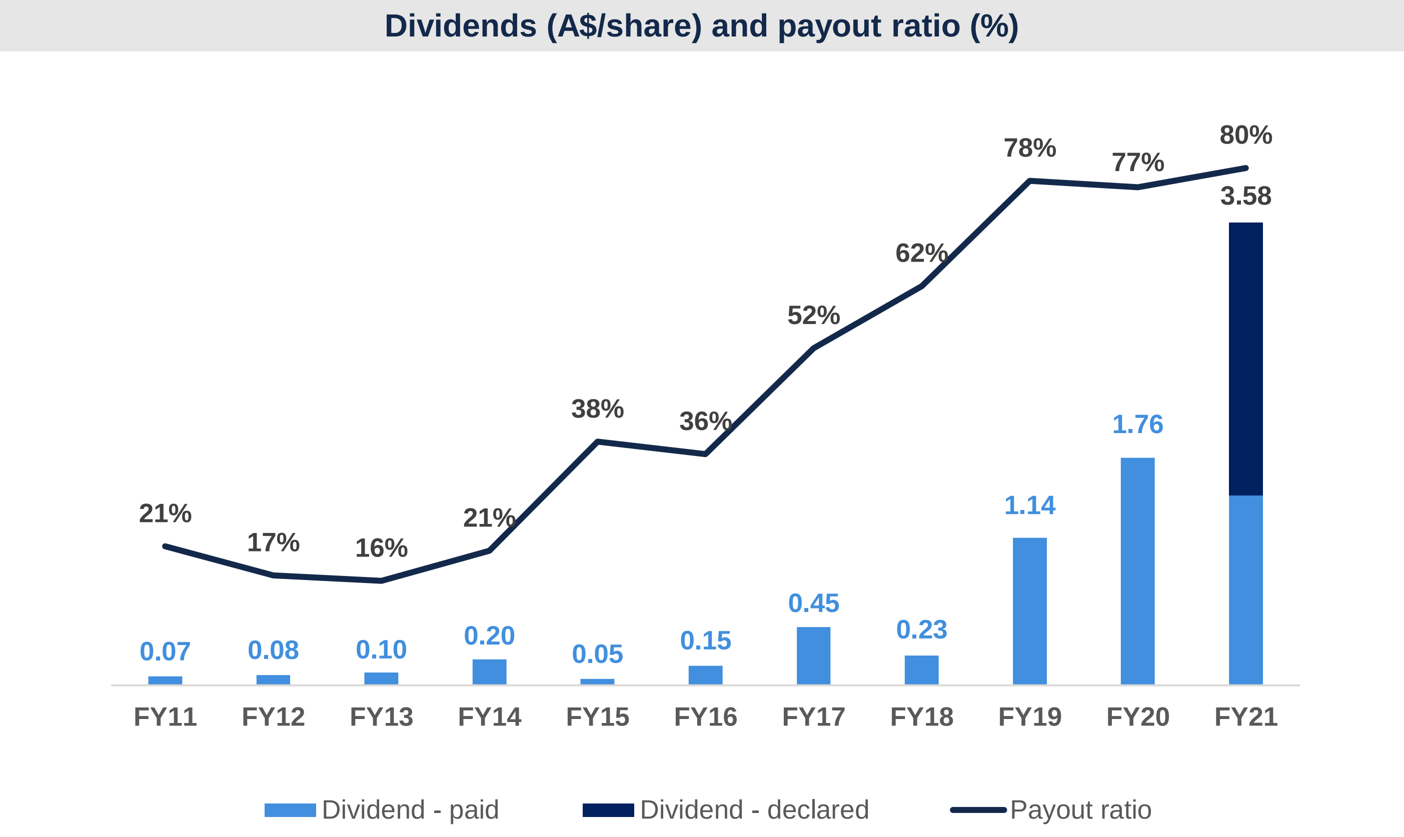


[1] *ROCE is calculated as earnings before interest and tax divided by average capital (total assets minus current liabilities)*

Delivering dividends



Fully franked dividend of A$3.58 per share, representing an 80 per cent payout of FY21 NPAT



FY22 guidance

Fortescue

180 – 185 mt

Iron ore shipments

US$15.00 – US$15.50 /wmt

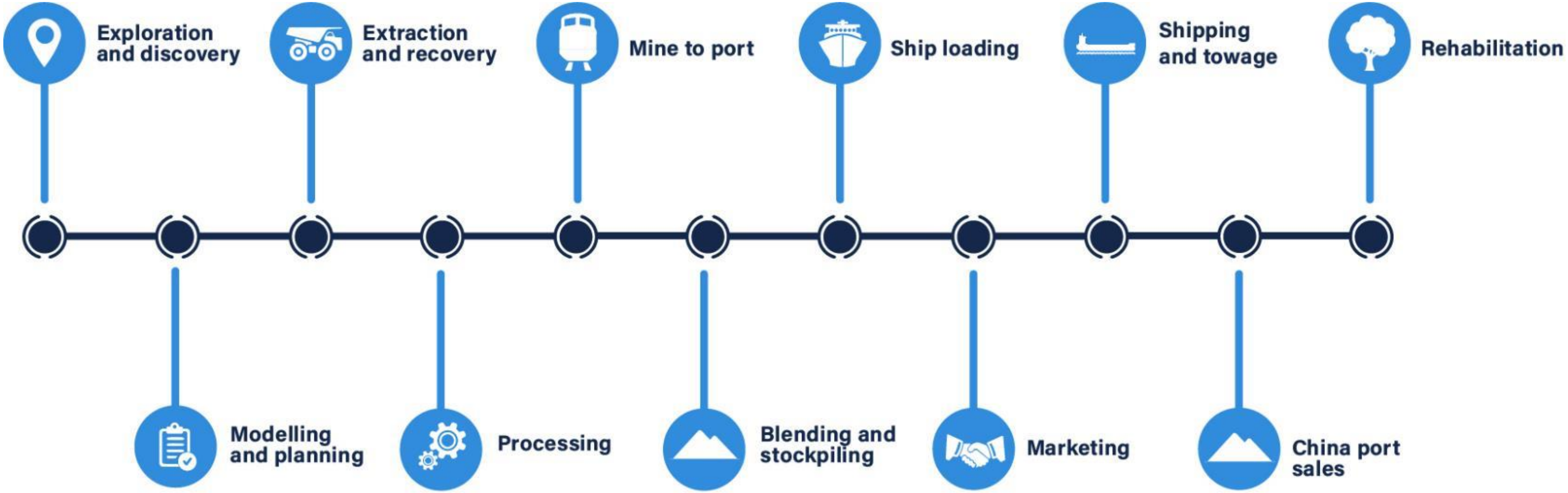
C1 cost based on assumed exchange rate of AUD:USD 0.75

US$2.8 – US$3.2 billion

Capital expenditure, excluding Fortescue Future Industries

Integrated operations and marketing

Supply chain



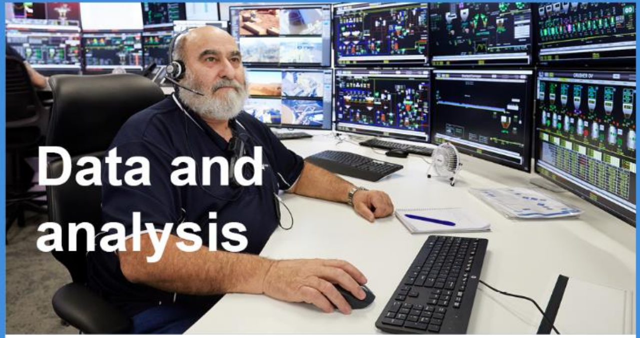
Forefront of innovation

Delivering safety, productivity and efficiency benefits

Optimising asset base value

Current
- Autonomous haulage
- Relocatable conveyors
- OPF upgrades and WHIMS

Under development
- Remote dozing station
- Additional equipment automation
- Magnetite processing



Driving informed decision making

Current
- Fortescue Hive
- Robotic Process Automation

Under development
- Advanced analytics and machine learning
- Transformation of information and decision support systems

Maximising opportunities

Current
- Solar power
- Integration of renewables
- Battery storage

Under development
- Heavy industry decarbonisation technologies
- Hydrogen mobility
- Hydrogen refuelling infrastructure

Marketing strategy

Fortescue

Aligned with needs of customers and market

Direct engagement

Customers and stakeholders

Flexible and innovative

Product and logistics offering

Long term relationships

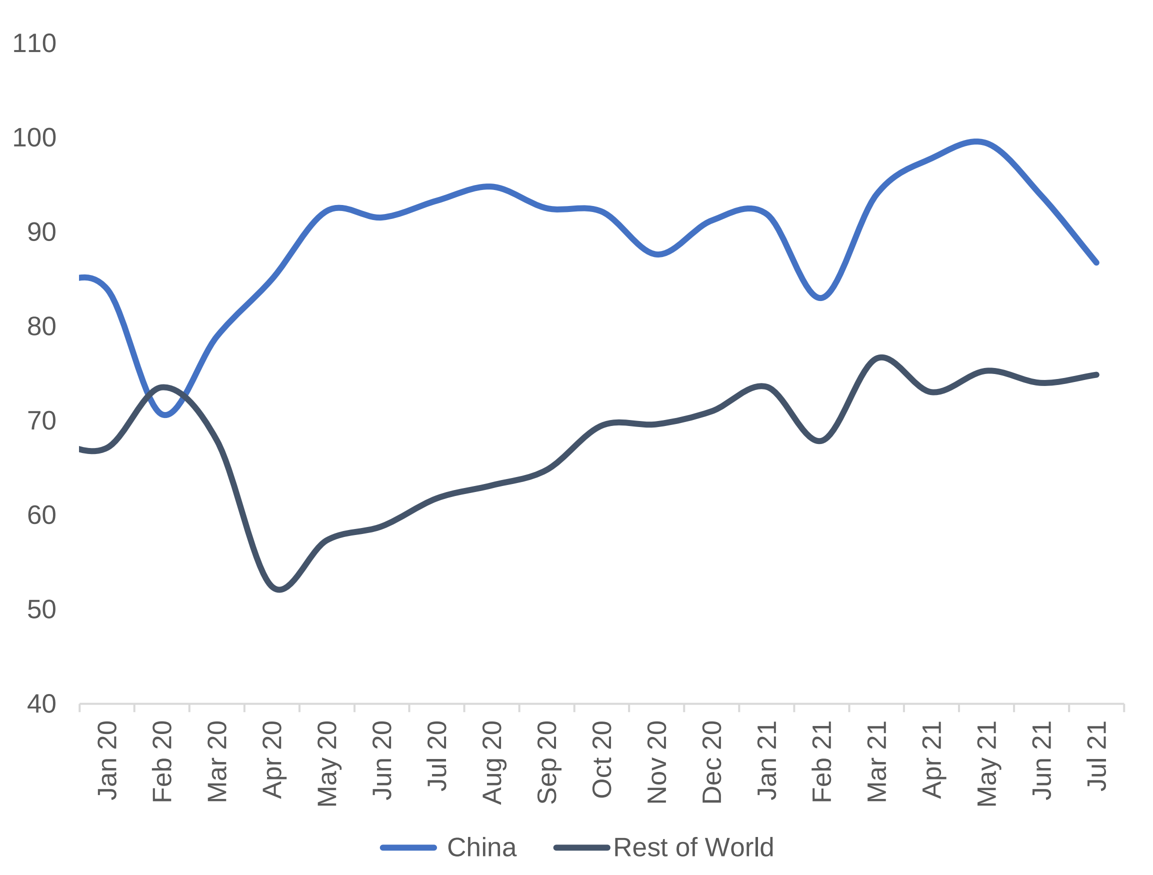
Product suite

Aligns with needs of the market

Strong demand for steel and iron ore

Global economic growth supporting elevated steel prices and incentivising crude steel production

Monthly global crude steel production (mt)



Steel prices

Supported by strong demand

Iron ore supply

Constrained from traditional producers

Iron ore imports

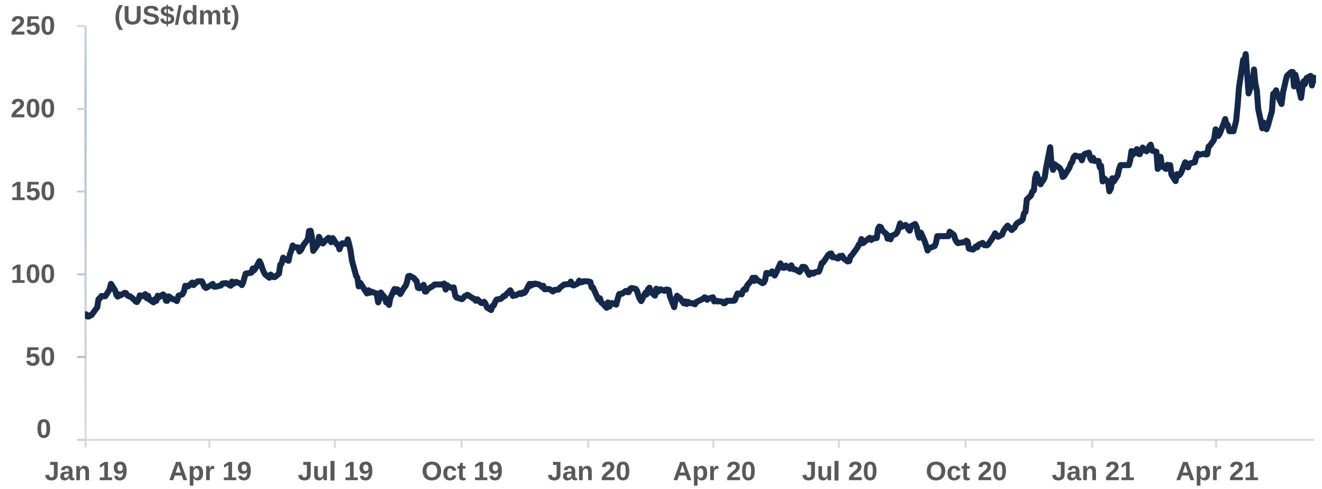
Robust into China and rest of world

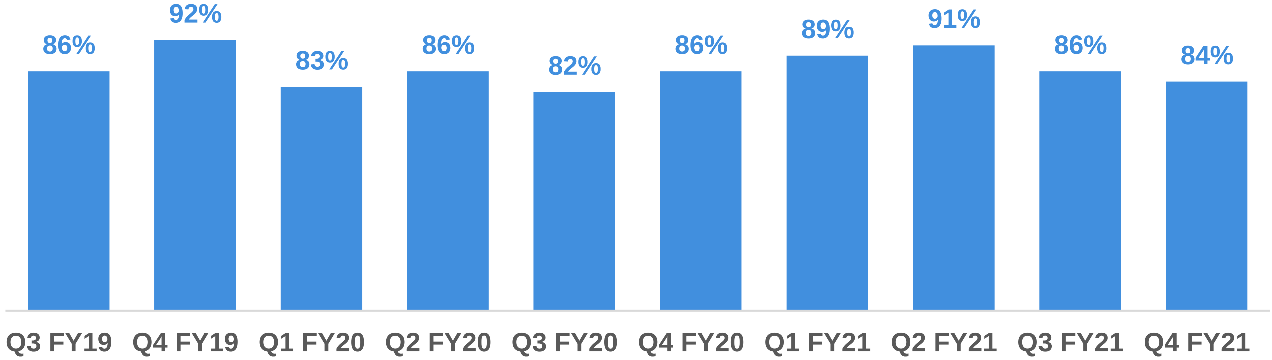
China port inventories

Iron ore stocks stable at low levels

Strong realisations

Fortescue's FY21 average revenue of US$135/dmt, 88% of the Platts 62% CFR Index





Source: Platts, Fortescue analysis

Growth and development

Eliwana operations

Ramp up and integration of Eliwana contributed to record performance in FY21

First ore

Achieved in December 2020

30 mtpa dry OPF

Running at annualised rate of production

Low capital intensity

Fast payback on investment

143km rail

First east-west line through Hamersley Ranges

Iron Bridge

Strategic investment providing enhanced product range to meet customer demand

Fortescue

US$3.3 – US$3.5bn

Capital estimate

67% Fe

High grade magnetite concentrate

22 mpta

First production by December 2022

US$33 – US$38/wmt

Competitive C1 cost

Iron Bridge progress

Construction of primary crusher

Delivery of large modules to Iron Bridge

Exploration

Focus on iron ore and commodities that support decarbonisation

Fortescue

Pilbara

Extensive iron ore tenement footprint providing further optionality

Australia

Early stage target generation for copper-gold in WA, NSW and SA

International

Argentina >300,000ha of tenements
Ecuador 135,000ha of tenements
Peru, Chile, Brazil, Kazakhstan

Fortescue Future Industries

Industry leader in addressing climate change

Carbon neutral by 2030

Clear short term priorities on pathway to decarbonisation

Stationary energy

Energy infrastructure supporting incorporation of large scale renewables

Green fleet development

Heavy industry decarbonisation initiatives underway at Fortescue Future Industries

Fortescue Future Industries

Establishing global portfolio of renewable energy, green hydrogen and green ammonia projects

Fortescue Future Industries

FORTESCUE FUTURE INDUSTRIES

FMG Fortescue

100 per cent renewable energy and green industry company

Enabler of 2030 target

Investing in decarbonisation technologies
Supplier of green energy

New energy business

Assessing global portfolio of renewable energy and green industry opportunities

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Capital allocation

10 per cent of net profit after tax

Global demand for green hydrogen

FORTESCUE FUTURE INDUSTRIES

FMG Fortescue

Accelerated global commitment to emissions reduction, increasing future demand for green hydrogen

US$12 trillion

Estimated global market for green hydrogen by 2050

US$70 billion

Public funding committed worldwide for hydrogen projects

Net zero targets

>80% of global GDP located in countries with net zero ambition

>30 countries with hydrogen roadmaps

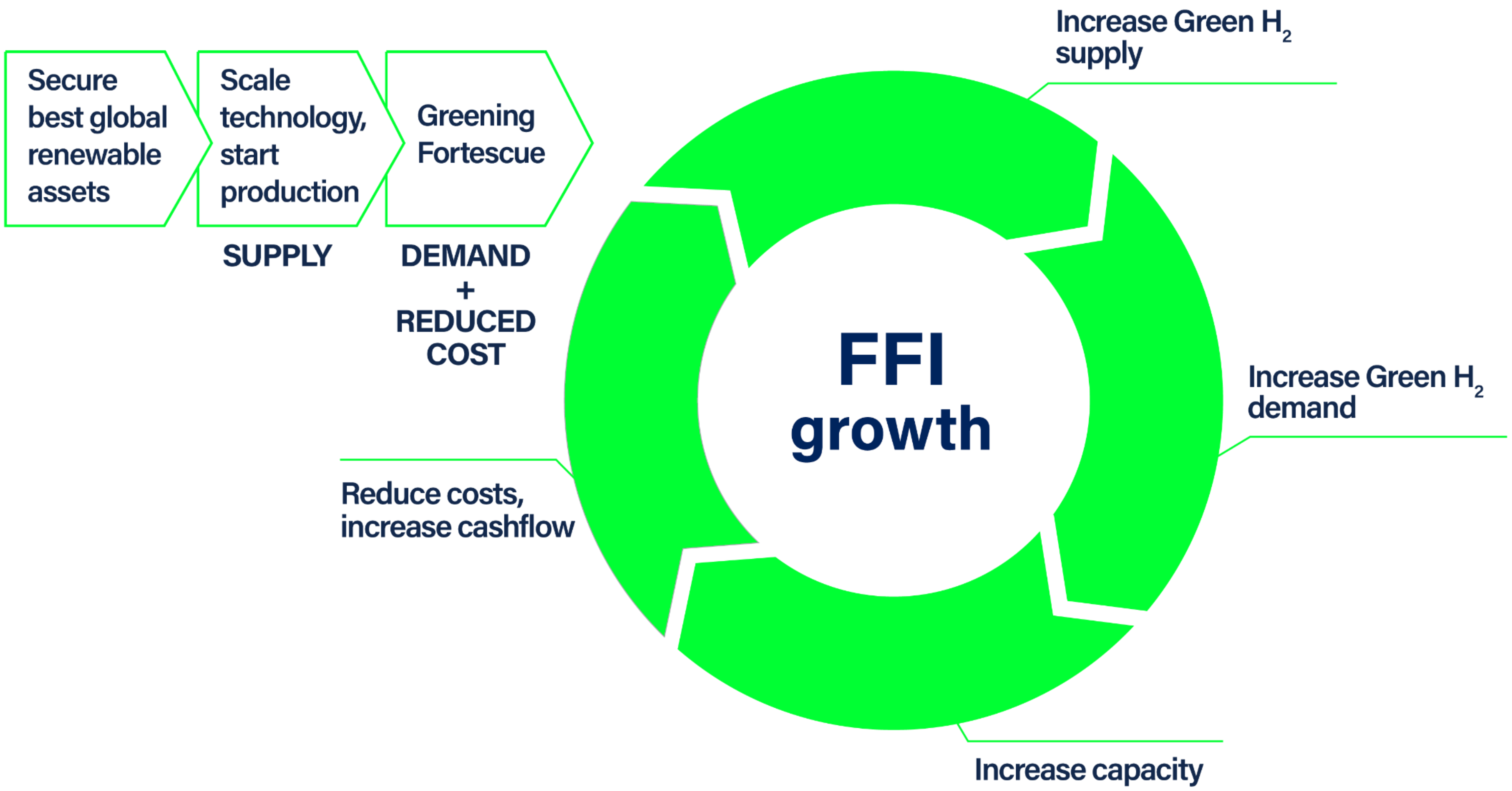
Global transport

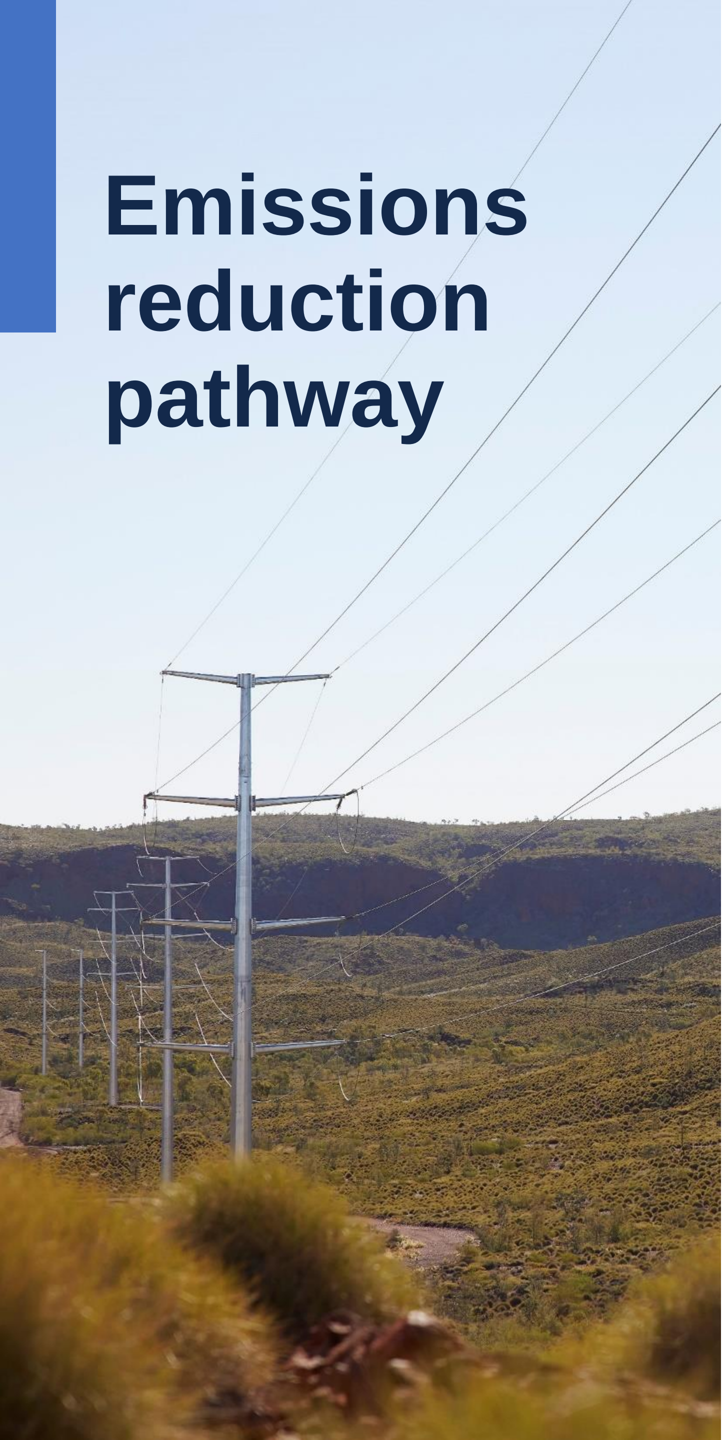
24% of global CO_2 emissions

Viable alternative for passenger and heavy industry transportation

Source: Hydrogen Council and analyst estimate (US$12 trillion is addressable market for global utilities)

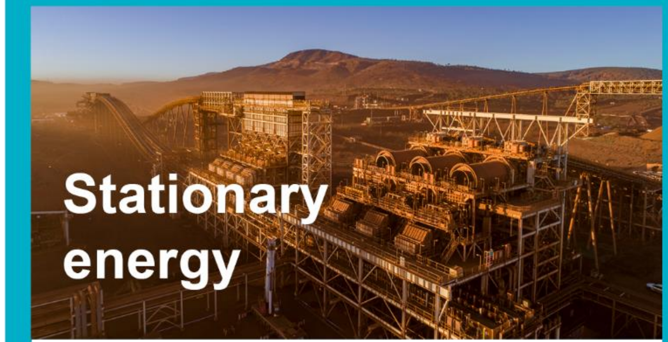
Fortescue Future Industries flywheel





Emissions reduction pathway

Investing in renewables and decarbonisation technologies



Integration of large scale renewables

Current activities
- Pilbara Energy Connect
- Chichester Solar Gas

Future investment
- Large scale wind, solar and battery storage to support 2030 target

Eliminating diesel fuel

Technology development
- Trialling battery electric, green hydrogen fuel cells and green ammonia as a fuel

Forward looking strategic position
- Aligning strategic fleet renewal with decarbonisation objectives

Green fleet development

Progress at Fortescue Future Industries testing facility in Perth

Systems testing on hydrogen powered drill rig for technology demonstration

Construction of hydrogen powered haul truck for technology demonstration completed

FY22 priorities

FORTESCUE FUTURE INDUSTRIES

Fortescue

Anticipated expenditure of US$400 – US$600 million in FY22

Trialling hydrogen, ammonia and battery power technology

- Haul trucks
- Locomotives
- Drill rigs
- Ore carriers / ships
- Passenger coaches
- Light vehicles

Asset identification and studies

- Solar, wind and hydropower resources
- Green hydrogen and green ammonia production

- Pilbara, Western Australia
- Kimberley, Western Australia
- Bell Bay, Tasmania
- Port Bonython, South Australia
- Queensland
- Northern Territory

Asset identification and studies

- New Zealand
- Papua New Guinea
- Democratic Republic of Congo
- Indonesia
- Latin America
- Africa
- Europe
- North America

Investments

- Technology and innovation
- Research and development
  - Green Iron
  - CSIRO partnership
  - University partnerships
- Manufacturing and value chain capabilities

Sustainability

Approach to sustainability

Ensuring communities benefit from Fortescue’s success

Setting high standards

- Health, safety and wellbeing
- Workforce diversity
- Protecting Aboriginal heritage
- Business integrity
- Economic contribution

Safeguarding the environment

- Climate change action
- Protecting biodiversity
- Water management
- Mine closure and rehabilitation
- Waste management

Creating positive social change

- Creating opportunities
- Building sustainable communities
- Social investment
- Protecting human rights
- Eliminating modern slavery

Setting high standards

FMG Fortescue

A focus on safety and building a diverse workforce reflective of our community

2.0 TRIFR

17% improvement from 2.4 in FY20

21% female

Employment rate

14% Aboriginal

Employment rate across Pilbara operations

Safeguarding the environment

FMG Fortescue

Minimising the impact of our operations on the environment

Zero

Significant environment incidents

A$2.6 million

Invested in research and conservation

98% water reinjected

Innovative managed aquifer recharge scheme

87% non-mineral waste

Recycled across all operational sites

Creating positive social change

Fortescue

Empowering thriving communities and creating opportunities through training, employment and business development

Billion Opportunities

>A$3 billion in contracts awarded to Aboriginal businesses and joint ventures since 2011

>A$63 million

Social investment in communities

Local procurement

95% of total procurement spent with Australian businesses and entities

Our Values

Safety

Family

Empowerment

Frugality

Stretch targets

Integrity

Enthusiasm

Courage and determination

Generating ideas

Humility

FMG Fortescue

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DDR