Fortescue

BMO Conference 2020

24 February 2020

Elizabeth Gaines, Chief Executive Officer

Global force
Thriving communities

Forward Looking Statements

Disclaimer

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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.

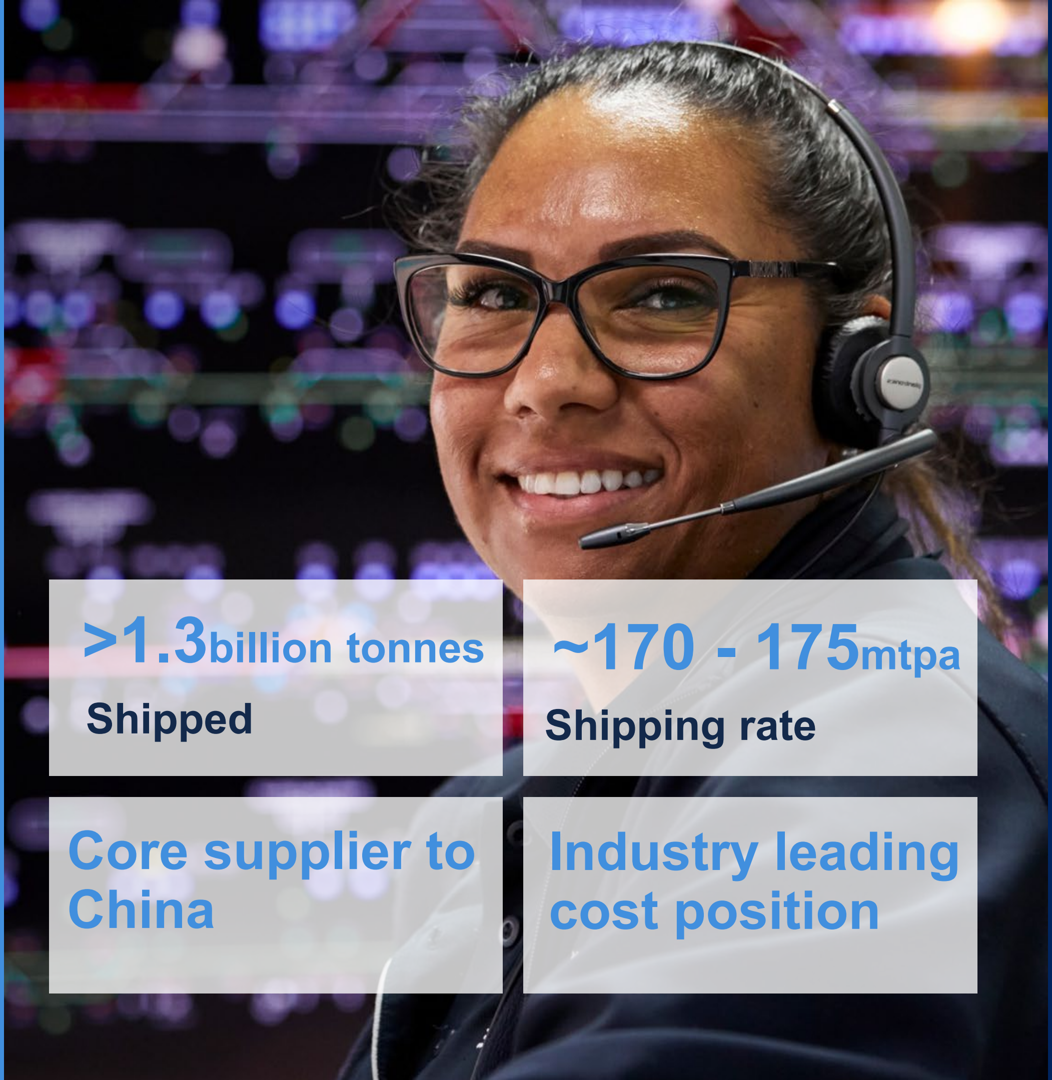
Any references to reserve and resources estimations should be read in conjunction with Fortescue's Ore Reserves and Mineral Resources statements released to the Australian Securities Exchange on 2 April 2019 for its Magnetite projects and on 23 August 2019 for its Haematite projects. Fortescue confirms 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.

Fortescue

A world class company

Wholly owned, fully integrated supply chain



>1.3billion tonnes
Shipped

~170 - 175mtpa
Shipping rate

Core supplier to China

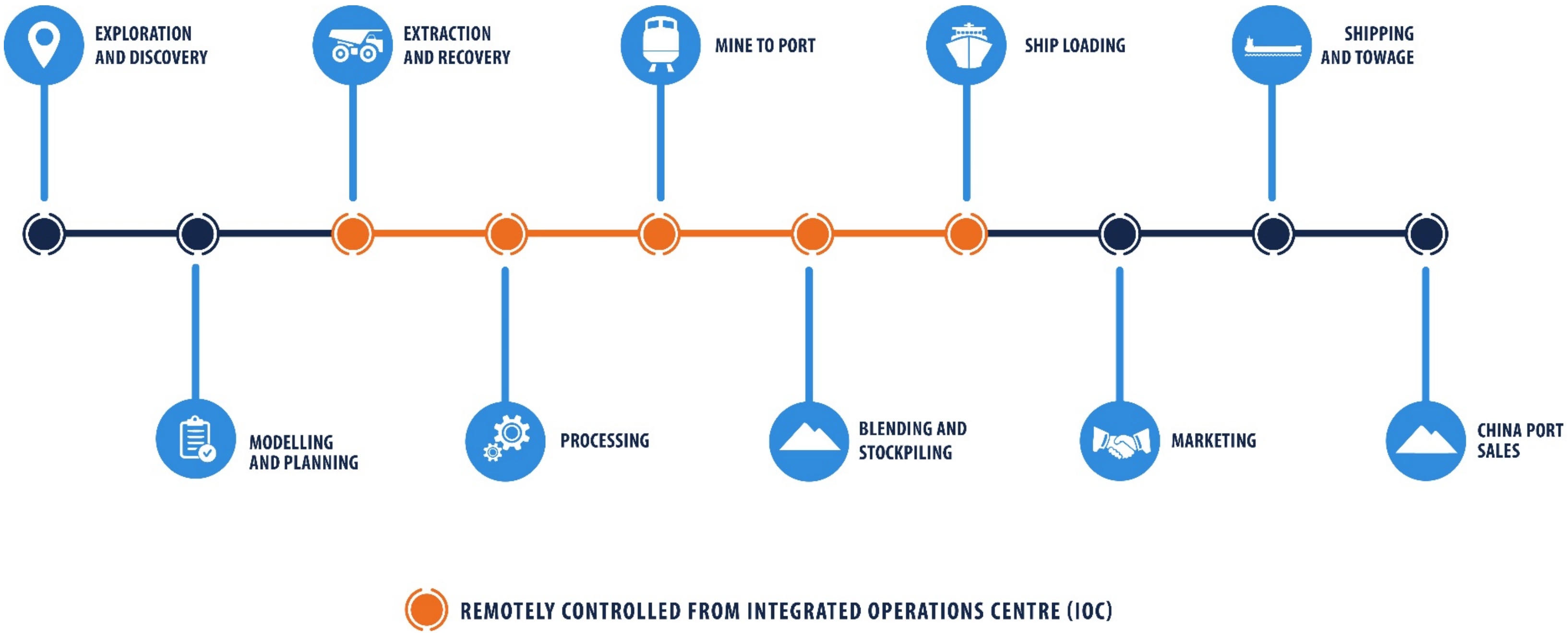
Industry leading cost position

FMG Fortescue


bolle

Fully integrated supply chain

Supported by a culture of innovation



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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

Fortescue

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

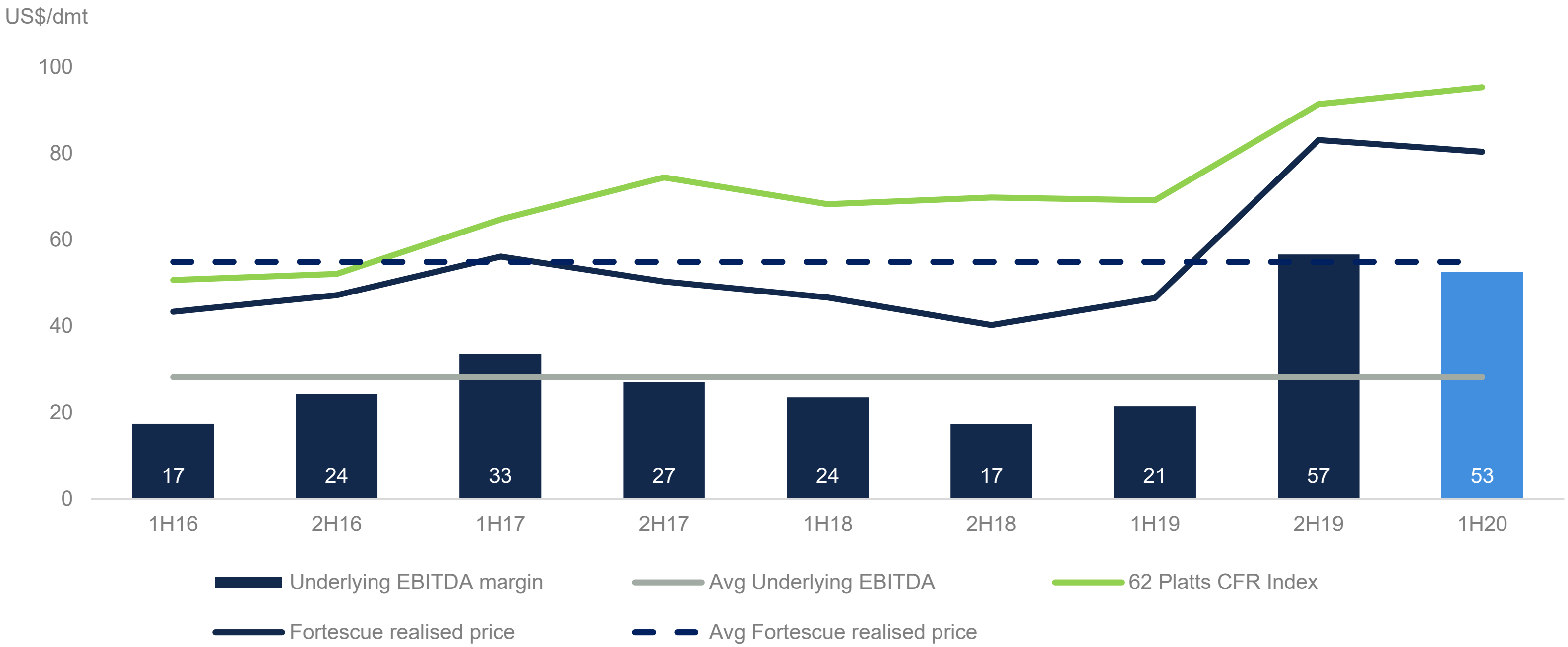
US$2.5 billion
Net profit after tax (NPAT)

US$0.7 billion
Net debt at 31 December 2019

Fortescue

Price and margins

Strong underlying EBITDA margins through all market cycles



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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

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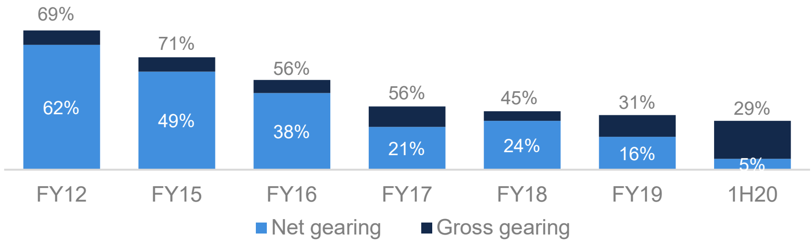
Credit metrics

Target investment and credit metrics

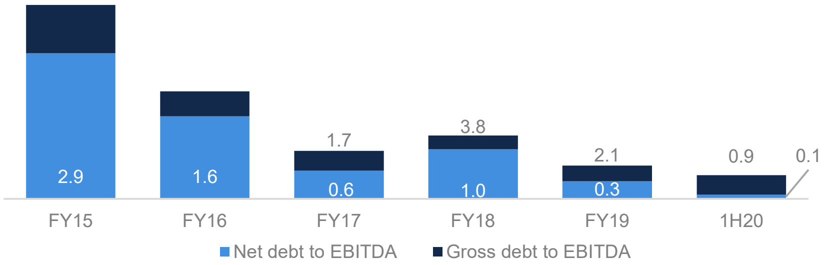
Gearing %

Target 30 – 40 % (Gross debt)

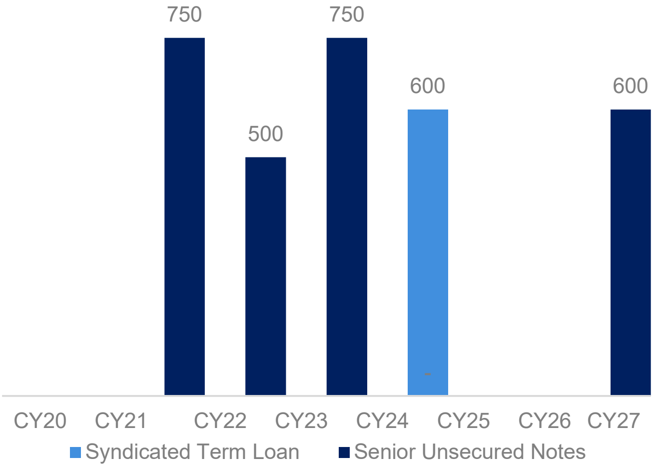


Debt to EBITDA (x)

Target 1-2x (Gross debt)



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



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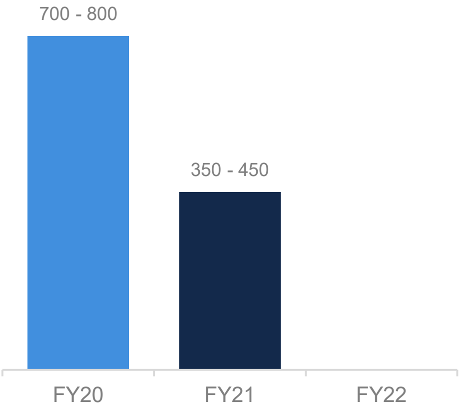
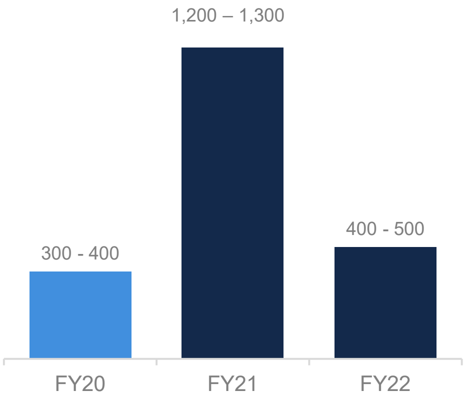
Investing in growth

Eliwana Mine and Rail (US$m)



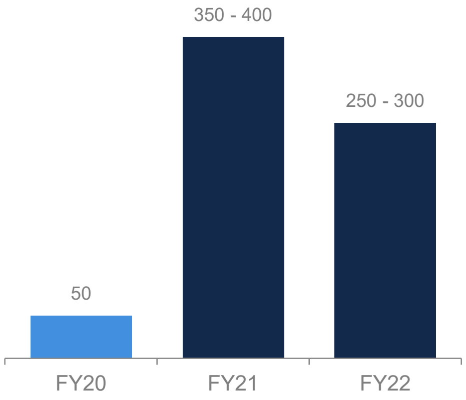
US$1.275 billion total investment
30mtpa processing and 143km rail
Underpins 60.1% Fe West Pilbara Fines

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

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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

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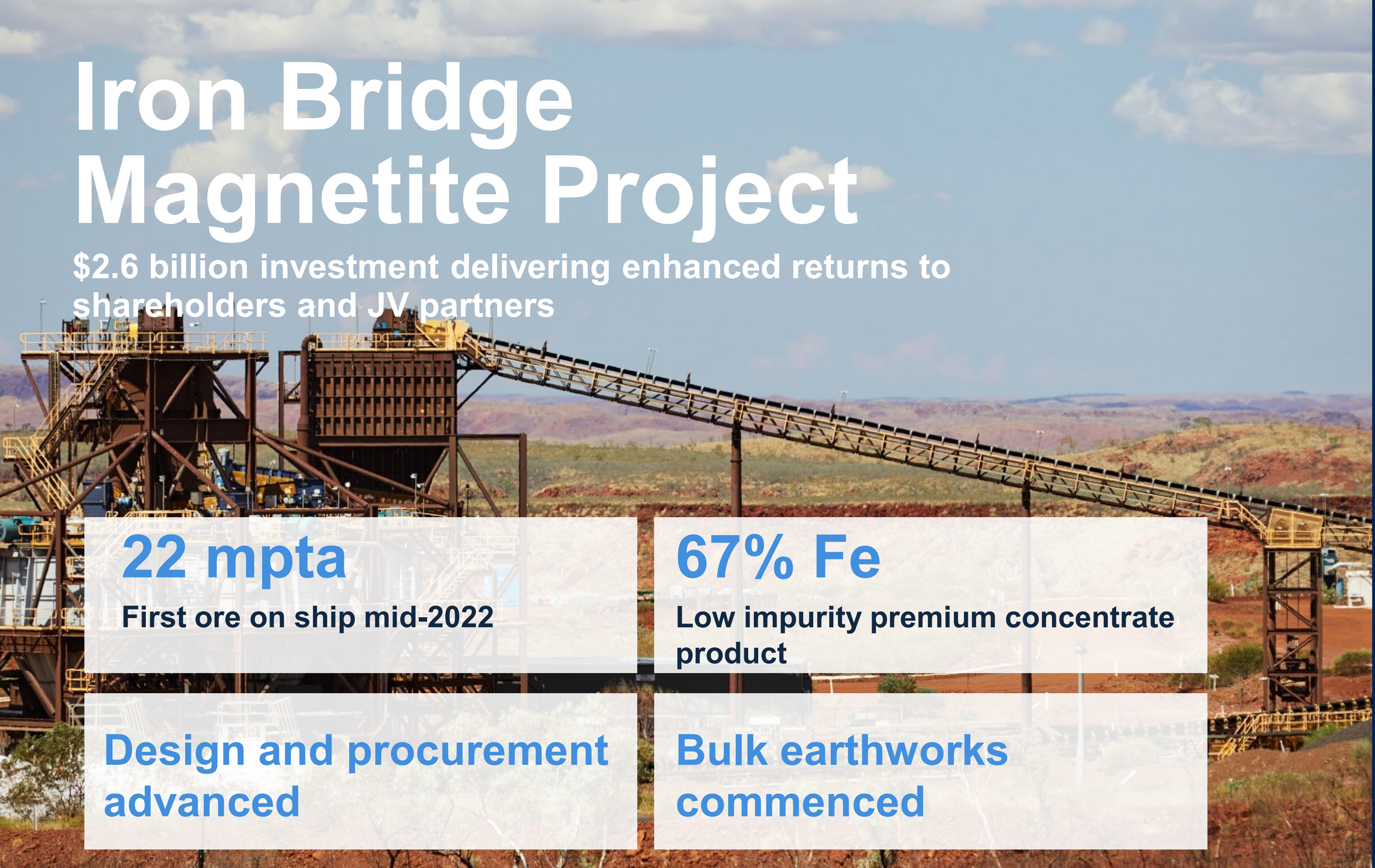

Iron Bridge Magnetite Project

$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

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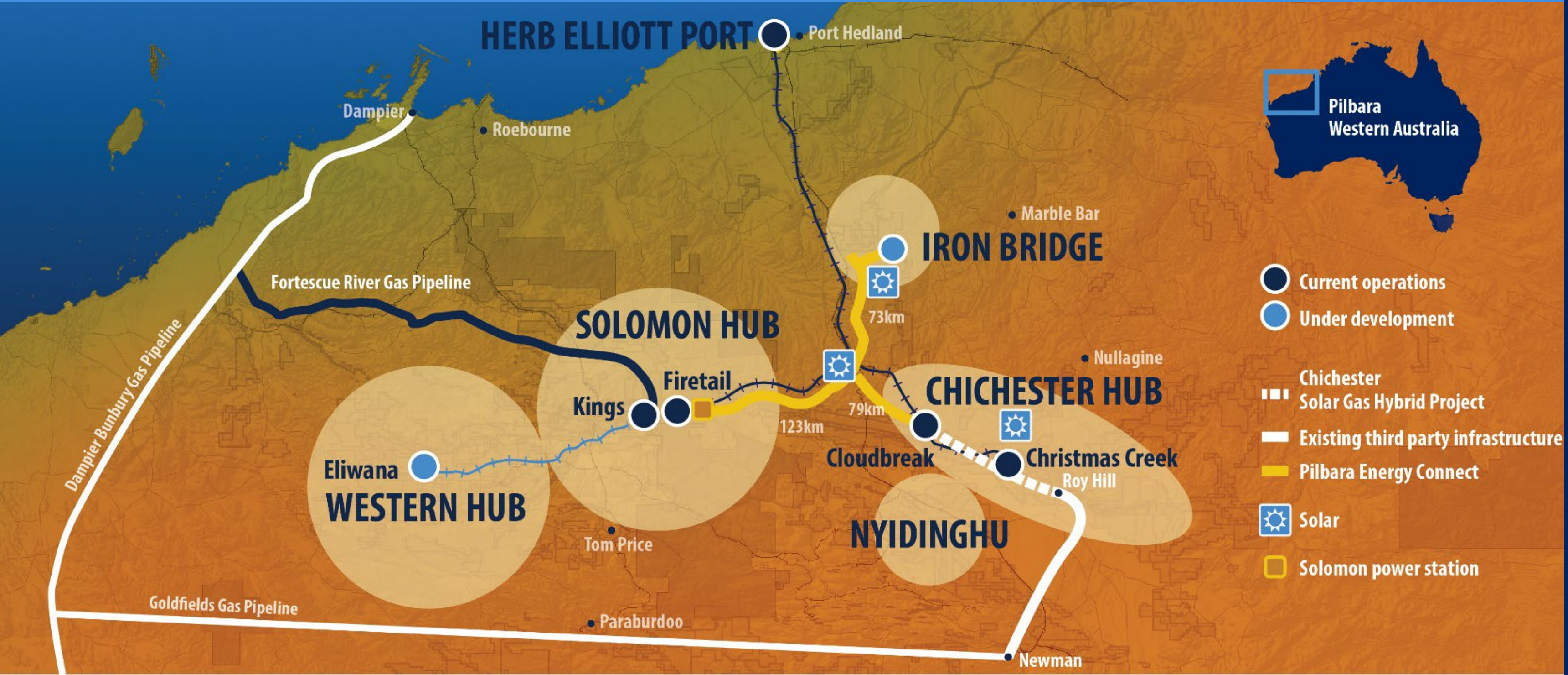
Pilbara Energy Connect

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

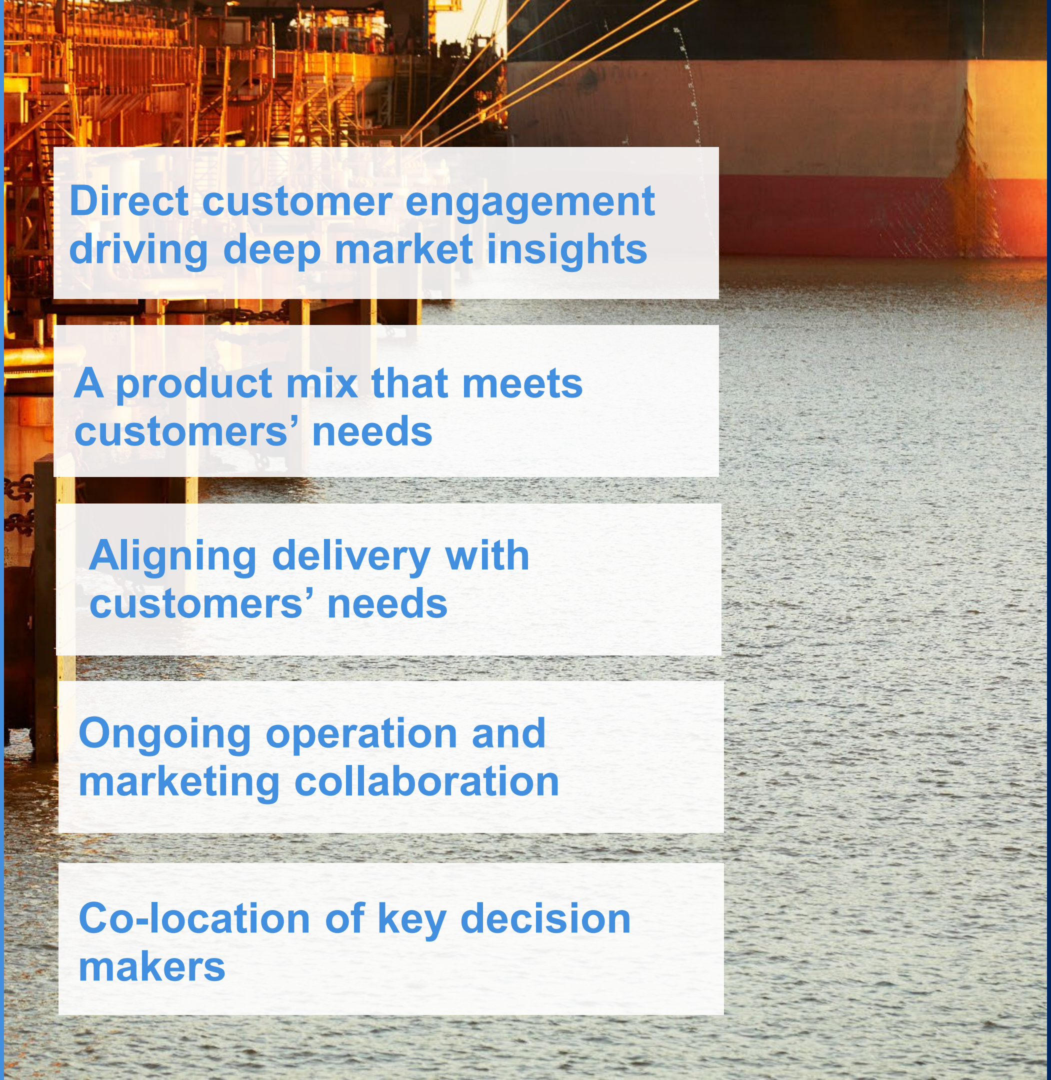
AHS conversion
158 trucks in operation

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

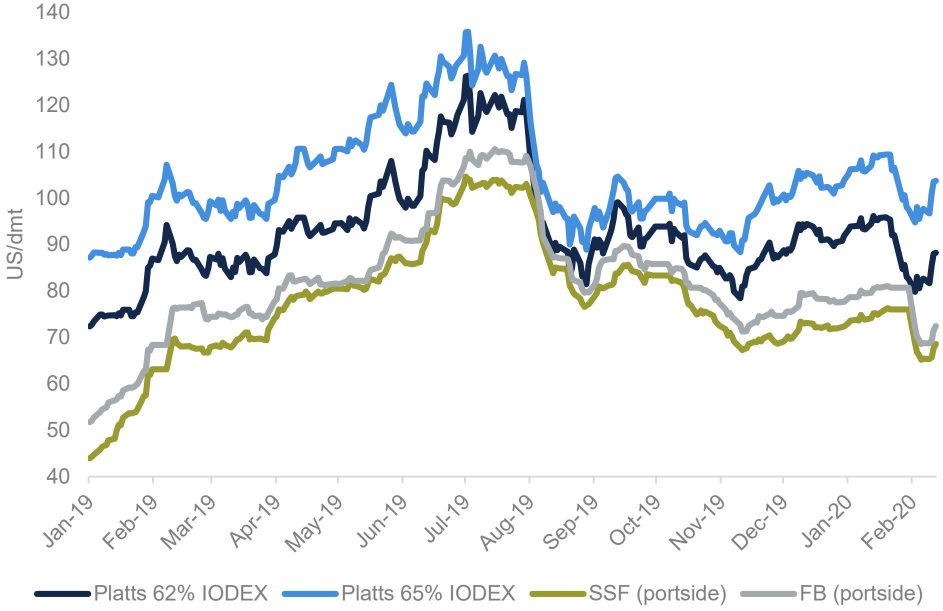
Iron ore price

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



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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*

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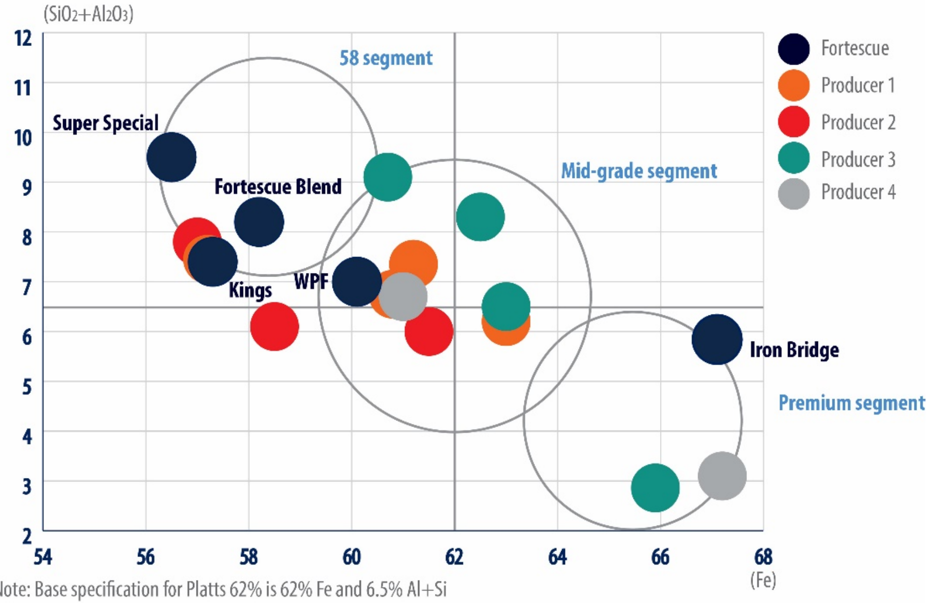
Achieving our strategy to deliver majority of product over 60% Fe

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 ($SiO_2+Al_2O_3$)



Note: Base specification for Platts 62% is 62% Fe and 6.5% Al+Si
Source: Fortescue, company reports

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Safeguarding the environment

For future generations

Commitment to the Paris Agreement

UN Framework Convention on Climate Change

Taskforce on Climate-related Financial Disclosure reporting

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 3,000km^2 tenure
SA 15,000km^2 tenure

South America

Ecuador, Argentina, Colombia

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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

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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

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

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