

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

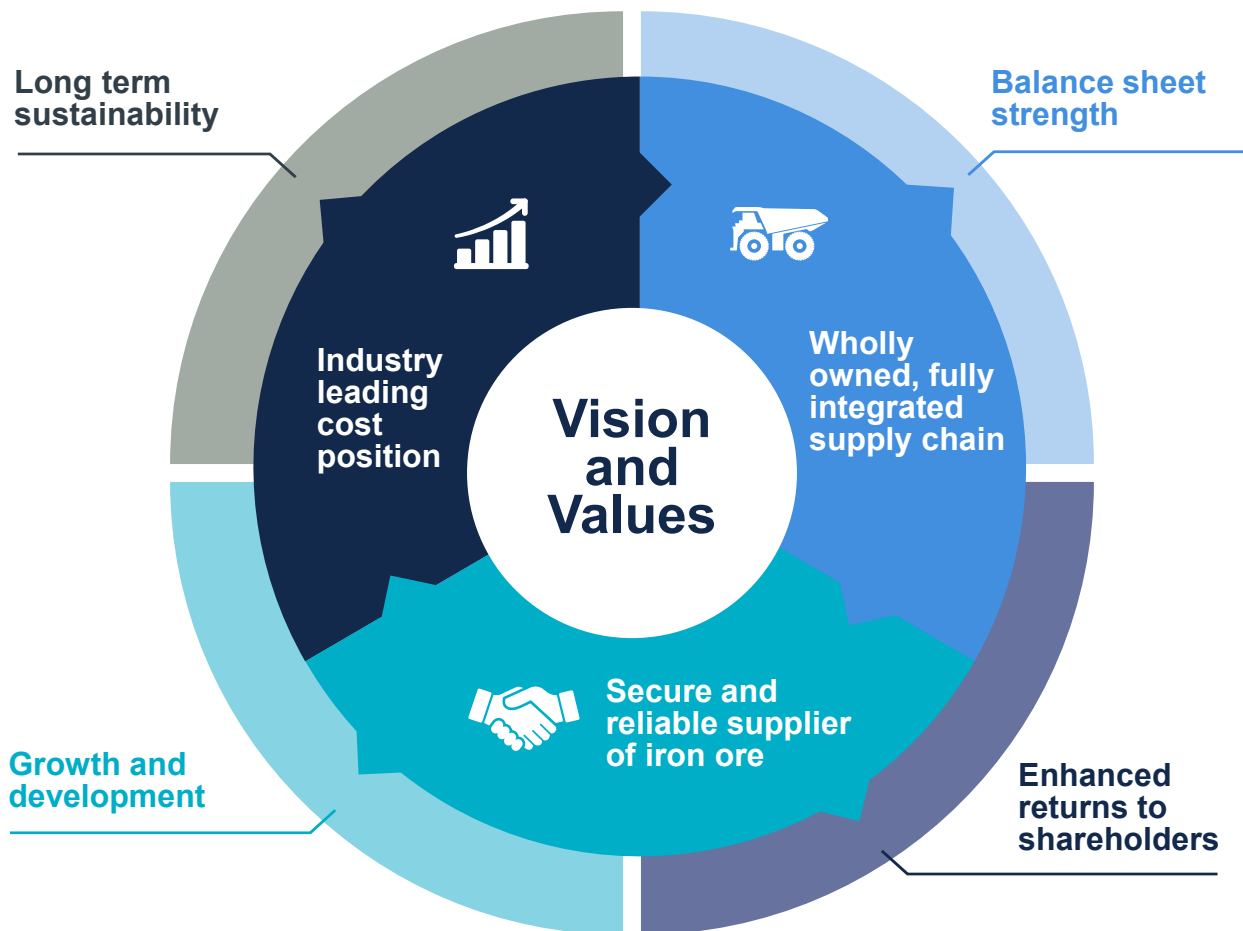
The purpose of this presentation is to provide general information about Fortescue Metals Group Ltd ("Fortescue"). It is not recommended that any person makes any investment decision in relation to Fortescue based on this presentation. This presentation contains certain statements which may constitute "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.

# World class company

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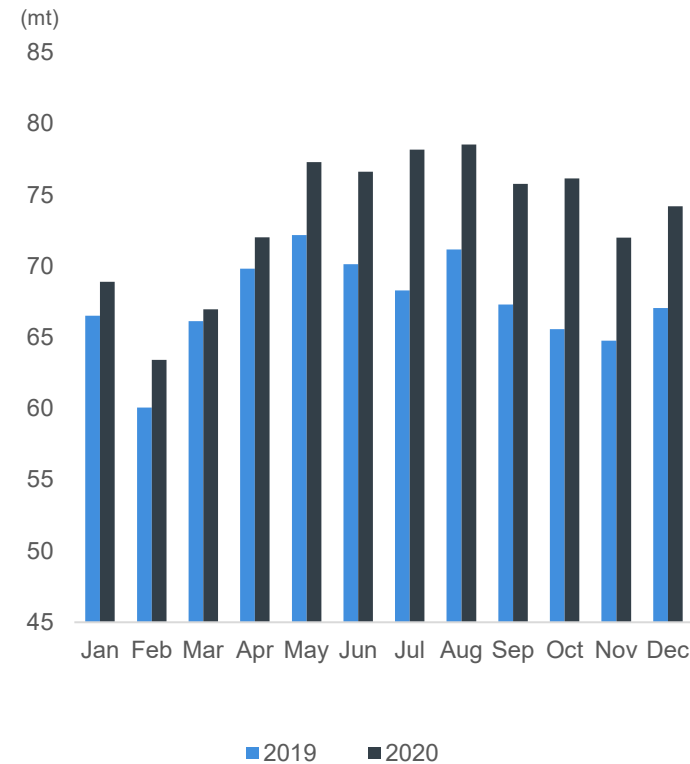
# Global steel demand exceeded expectations

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

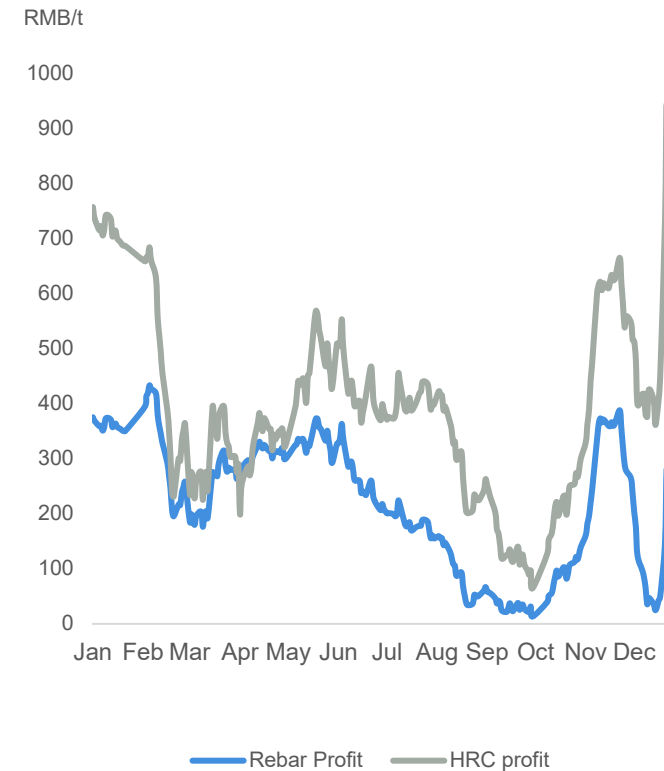
China crude steel production (2020)



Pig iron production



Steel margins (2H 2020)





# 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

# H1 FY21 financial highlights

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<sup>US</sup> **\$9.3bn**

Revenue

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<sup>US</sup> **\$4.1bn**

Net profit after tax

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<sup>US</sup> **\$1.33**

Earnings per share  
(A\$1.84)

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<sup>US</sup> **\$6.6bn**

Underlying EBITDA at a  
71% margin

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**47%**

Return on equity

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<sup>A</sup> **\$1.47**

Interim dividend  
Payout ratio of 80%



# 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

<sup>A</sup> **\$1.47** per share

Fully franked interim dividend

**80%** of H1 FY21 NPAT

Dividend payout ratio

## Growth

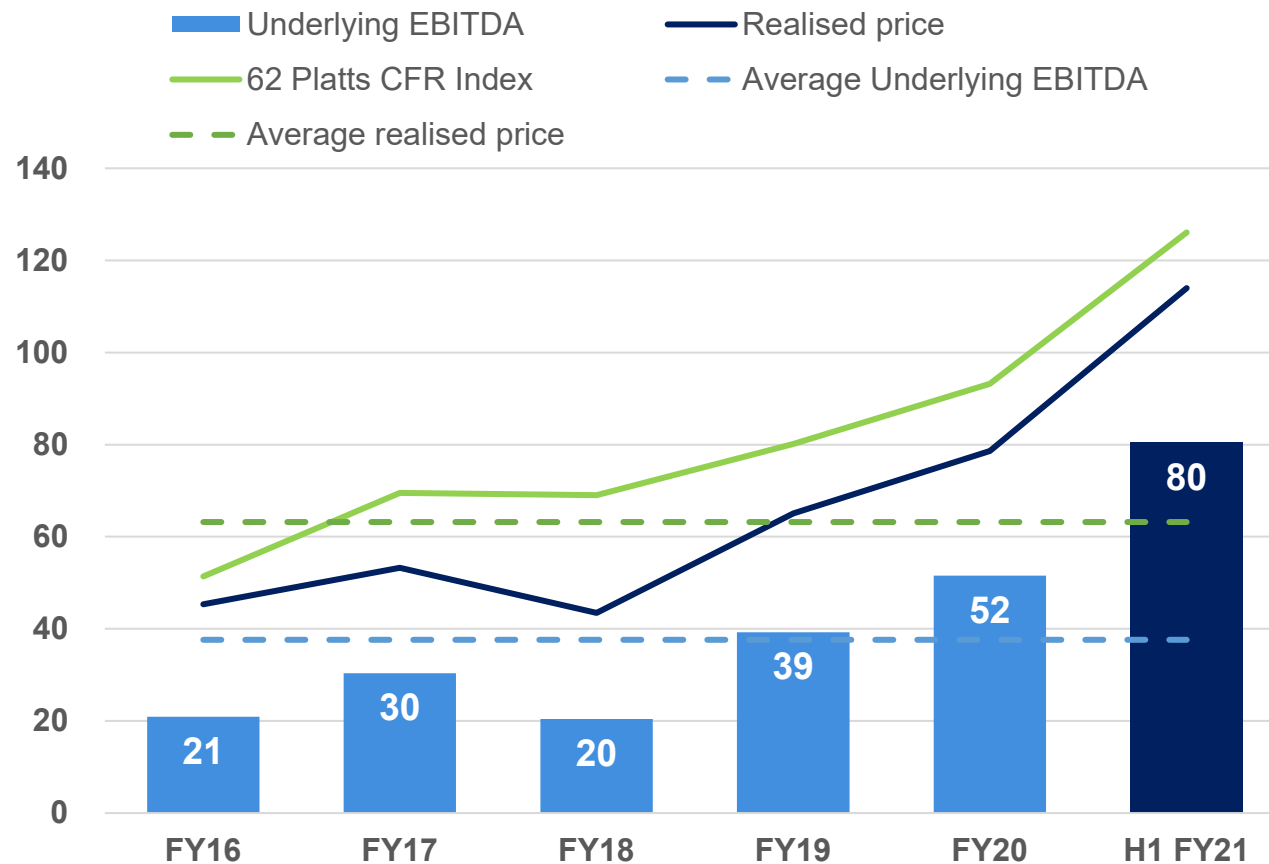
Intention to allocate 10 per cent of NPAT to fund renewable energy growth through FFI, and 10 per cent to other resource growth opportunities



# Focus on margins

## Generating strong margins through the cycle

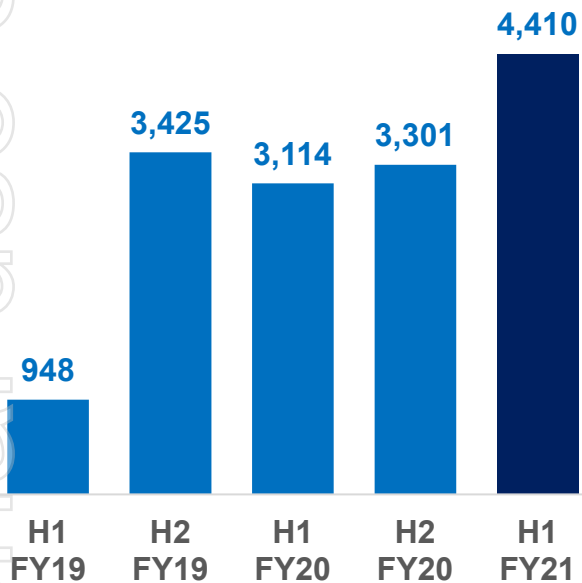
Prices and EBITDA margin (US\$/dmt)



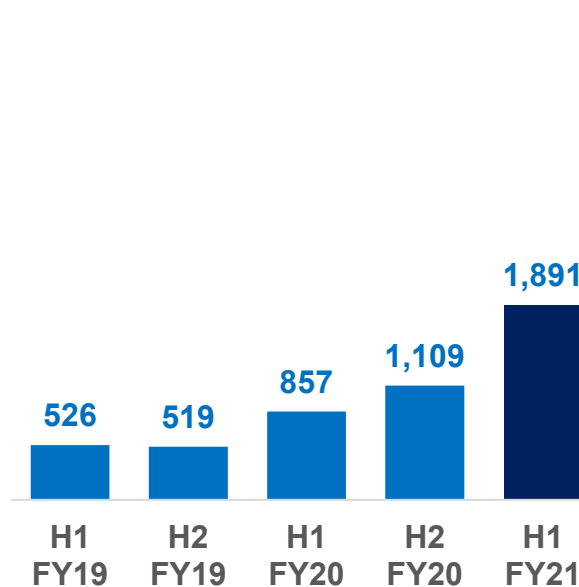
# Strong cashflow generation

After reinvesting in the business and investing in growth

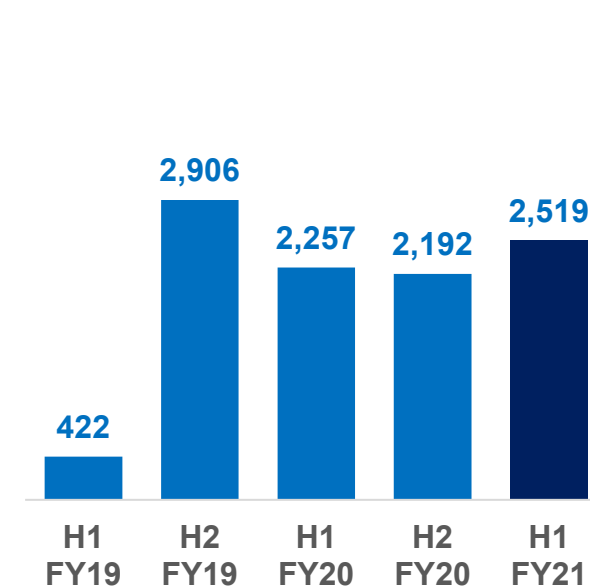
Net cash from operations (US\$m)



Capital expenditure



Free cash flow

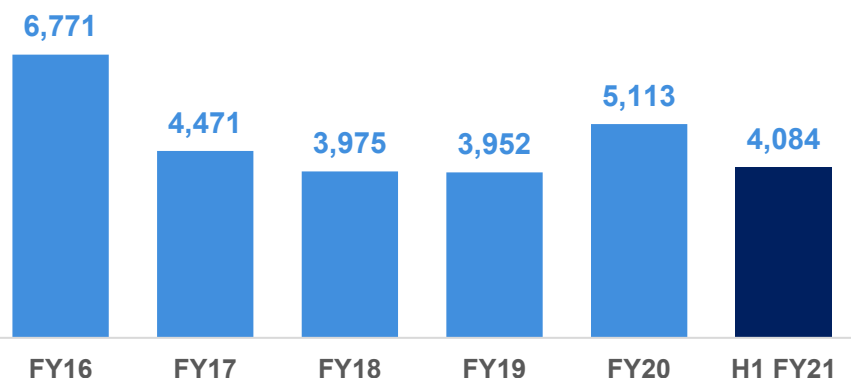




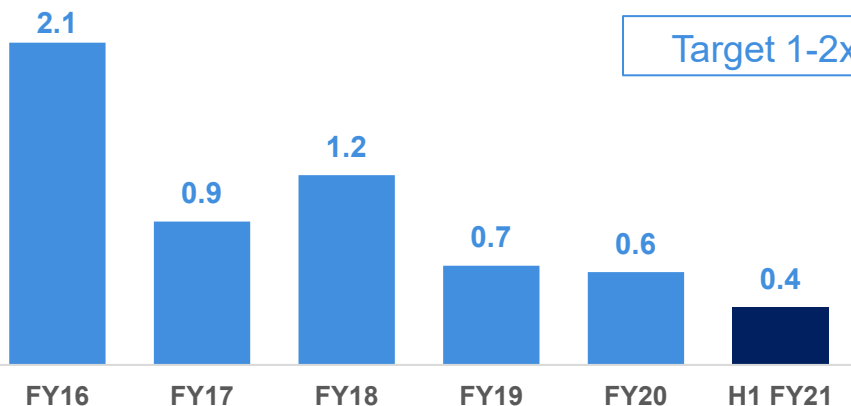
# Balance sheet capacity

Maintain targeted investment grade credit metrics

Gross debt (US\$m)

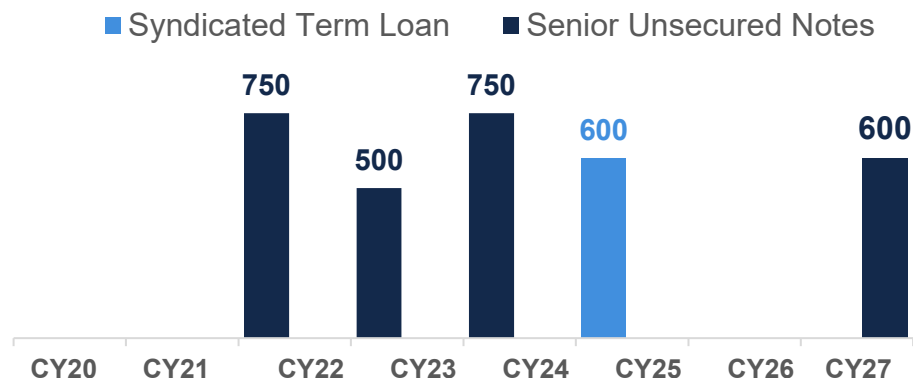


Gross debt to EBITDA (x)

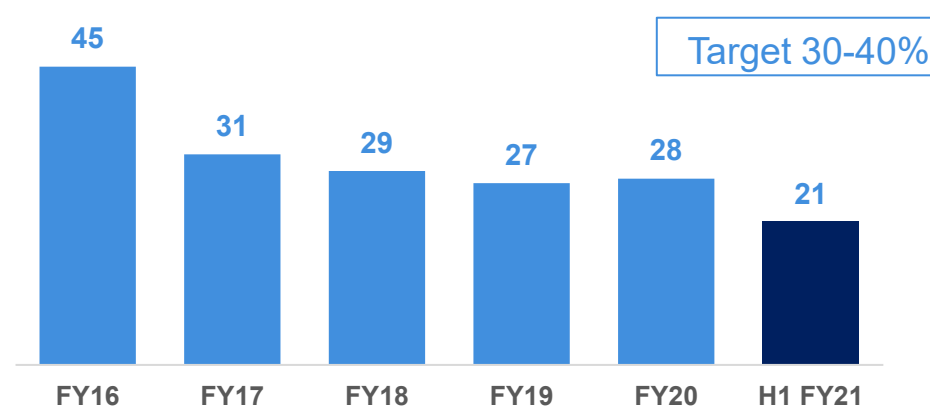


H1 FY21 Gross debt to last twelve months EBITDA

Debt maturity profile excluding leases (US\$m)



Gross gearing (%)



# Eliwana Mine and Rail

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



**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

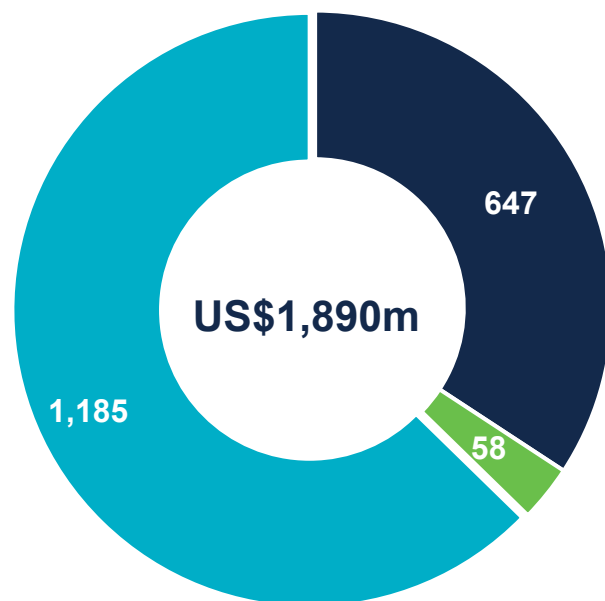
**67% Fe**

High grade, low impurity concentrate  
product

# Capital expenditure

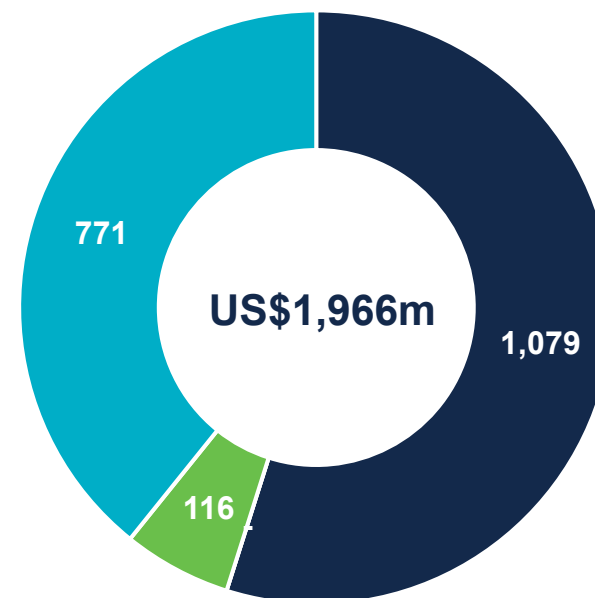
Increased investment in major projects

H1 FY21 Capital expenditure (US\$m)



- Sustaining and development capital
- Exploration and studies
- Major projects

FY20 Capital expenditure (US\$m)

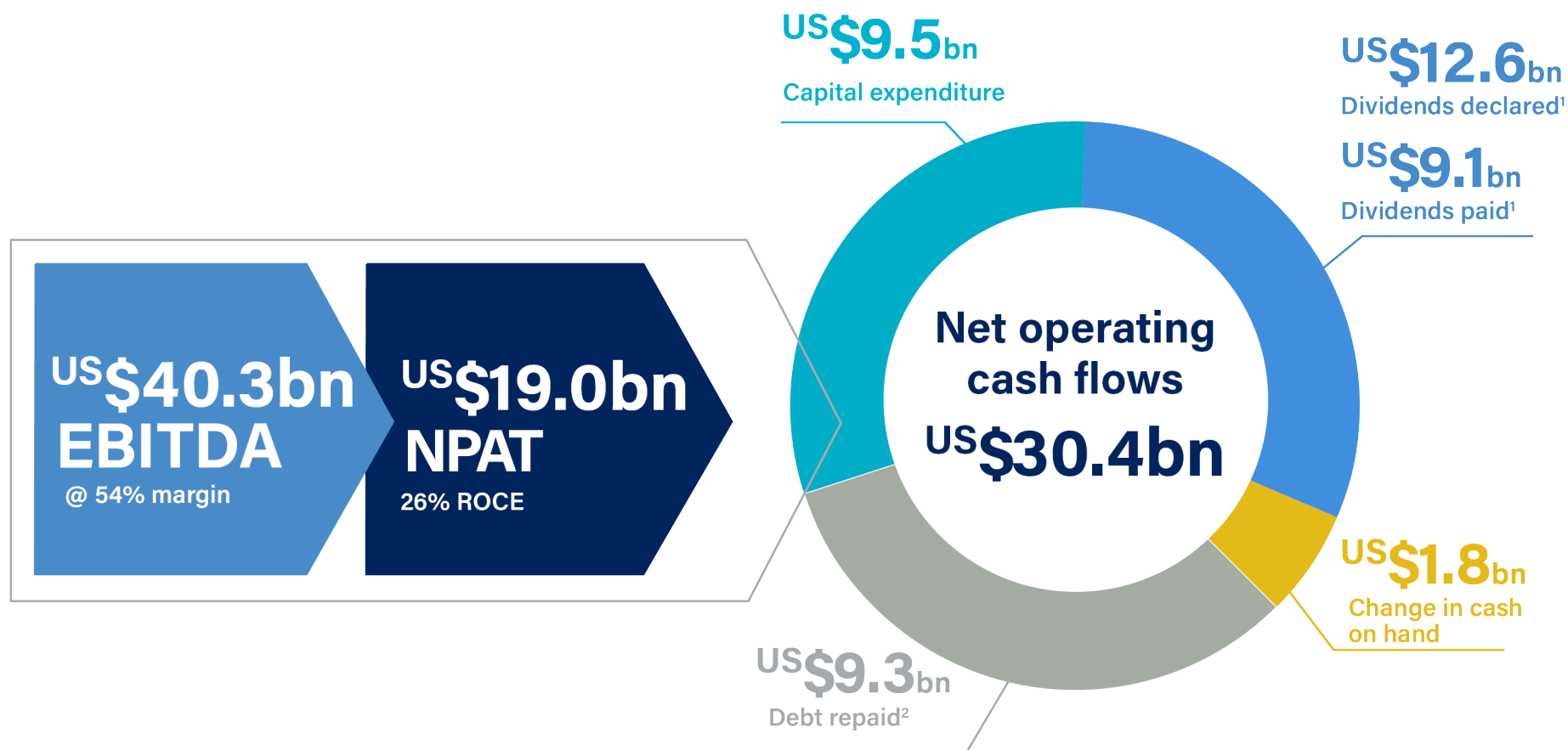


- Sustaining and development capital
- Exploration and studies
- Major projects



# Disciplined capital allocation

Aggregate earnings and cashflows FY14 – H1 FY21



<sup>1</sup> Includes share buyback

<sup>2</sup> From peak debt of US\$12.7 billion at 30 June 2013, including lease payments

# Fortescue Future Industries

**Renewable energy driving new green industries**

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## Assessing

A portfolio of renewable energy and green industry opportunities

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## Maintaining

Fortescue's disciplined capital allocation framework and dividend policy

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## Funding

Separately secured without recourse to Fortescue

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# 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

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**178 – 182 mt**

Iron ore shipments

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**US\$13.50 –  
US\$14.00/wmt**

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

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**US\$3.0 –  
US\$3.4 billion**

Capital expenditure at the upper  
end of the range



# Our Purpose

Thriving communities | Global force

## Fortescue's Values



Safety



Family



Empowerment



Frugality



Stretch targets



Integrity



Enthusiasm



Courage and  
determination



Generating  
ideas



Humility



ersonal use only





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 FortescueNews

