



# FY22 Full Year Results

29 AUGUST 2022

We are Fortescue

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# Forward Looking Statements Disclaimer

## Important Notice

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## Additional Information

This presentation should be read in conjunction with the Annual Report at 30 June 2022 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 26 August 2022. 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.

# We are Fortescue



Fortescue

FORTESCUE  
FUTURE  
INDUSTRIES



Safety

Family

Empowerment

Frugality

Stretch targets

Integrity

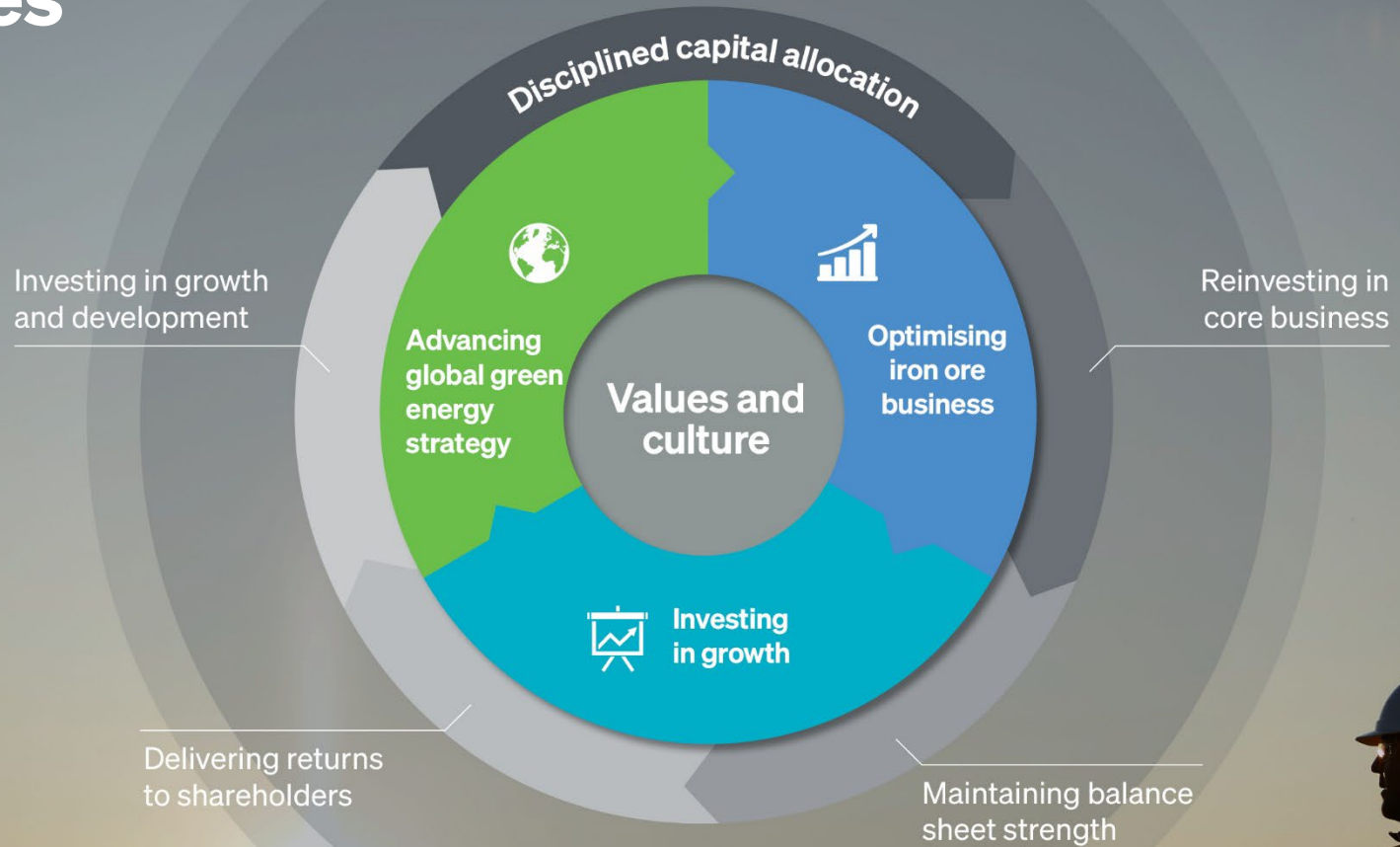
Enthusiasm

Courage and  
determination

Generating  
ideas

Humility

# Global green energy and resources company



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## Safety and unique culture

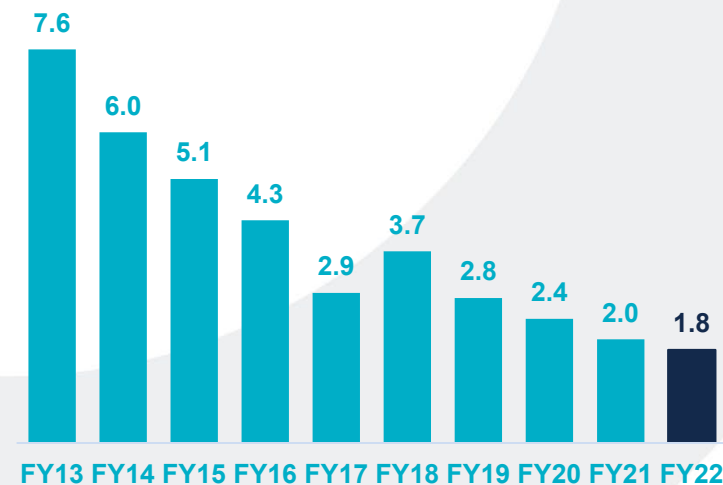
**1.8 TRIFR** ⇒ **10%** ⇒ **95%**

**Total Recordable Injury Frequency Rate at 30 June 2022**

**Improvement compared to 30 June 2021**

**Workforce participation in annual Safety, Excellence and Culture Survey**

**Total Recordable Injury Frequency Rate**



# FY22 iron ore production highlights

**189.0mt**

Record annual shipments – 4% increase on FY21

**US\$15.91/wmt**

Industry leading C1 cost

**US\$100/dmt**

Average revenue

**72%**

Average revenue realisation

Outstanding operating performance delivers record annual shipments



# FY22 financial highlights

**US\$17.4bn**

Revenue

**US\$10.6bn**

Underlying EBITDA

**US\$6.2bn**

Net profit after tax

**61%**

Underlying EBITDA margin

**US\$63/dmt**

Underlying EBITDA per tonne<sup>1</sup>

**US\$2.01**

Earnings per share (A\$2.77)

<sup>1</sup>Excludes Fortescue Future Industries costs

## FY22 financial highlights

**US\$6.6bn**

Net operating cashflow

**US\$3.6bn**

Free cash flow

**US\$5.2bn**

Cash on hand

**US\$6.1bn**

Gross debt

**US\$0.9bn**

Net debt

**26%**

Gross gearing



Delivering returns  
to our shareholders

## Shareholder returns

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**A\$1.21** per share

Fully franked final dividend

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**A\$2.07** per share

FY22 total dividends  
75% pay out ratio

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**A\$6.4bn**

Value of FY22 dividends

# FY23 guidance

**187 – 192<sub>mt</sub>**

Iron ore shipments

**US\$18.00 – US\$18.75/wmt**

C1 cost for hematite

**US\$2.7 – US\$3.1<sub>bn</sub>**

Capital expenditure, excluding Fortescue Future Industries (FFI)

**US\$600 – US\$700<sub>m</sub>**

FFI anticipated expenditure, inclusive of US\$100m of capital expenditure and US\$500 - US\$600m of operating expenditure

*Guidance is based on an assumed FY23 average exchange rate of AUD:USD 0.70*

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# Sustainability

# Our approach to sustainability is aligned with the UNSDGs



# A safe and inclusive workplace

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## Strong and unique culture

Record annual shipments, exceeding full year guidance

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## Workplace Integrity Review

Engaging with Fortescue workers and contractors

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## Speak Up

Empowering our team to report inappropriate behaviour

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## Enhanced safety

Initiatives to enhance physical and personal safety

Zero tolerance to bullying, harassment or intimidation



# Building sustainable communities

A focus on safety and ensuring the communities in which we operate benefit from our success

**1.8 TRIFR**

10% improvement  
from 2.0 in FY21

**A\$27.6bn**

Total global economic  
contribution

**15% Aboriginal**

Employment rate across  
Pilbara operations

# Building a diverse workplace

Championing gender diversity and building a workplace that is inclusive of all people

**50%**

Female representation  
on Board of Directors as  
at 30 June 2022

**23%**

Female employment

**27%**

Senior leadership roles  
held by women

# Safeguarding natural systems

Minimising the impact of our  
operations on the environment

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**Zero**

Significant environment incidents

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**99% water use efficiency**

at Cloudbreak and Christmas Creek mine sites

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**Building circularity**

Reducing waste generation through prevention,  
reduction, recycling and reuse





Creating opportunities through training, employment and business development

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**>A\$4bn in contracts**

awarded to Aboriginal businesses and joint ventures through Billion Opportunities since 2011

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**1,100 Aboriginal people**

employed since 2006 through VTEC

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**Royal Flying Doctor Service**

partnering with the RFDS to provide the first aeromedical helicopter service in Australia

# Industry leader in addressing climate change



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## Carbon neutrality by 2030

Decarbonising our operations to run on green energy

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## Green fleet development

Investing in renewable energy technologies to decarbonise our mining fleet

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## Stationary energy

Energy infrastructure supporting incorporation of large scale renewables

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## Net zero Scope 3 emissions by 2040

Addressing emissions across the value chain

# Acquired Williams Advanced Engineering



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## Enabling Fortescue's decarbonisation

Critical technology and expertise in high-performance battery systems and electrification

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**Demonstrated track record**  
of success in advanced engineering across the premium automotive and motorsports sectors

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## Vertically integrated

Establishing an important new business growth opportunity for Fortescue



Image: Liebherr partnership event Colmar, France.

Leading the world effort to decarbonise heavy industry

## Green mining haul trucks

- Partnering with Liebherr
- First green haul truck operational at site by 2025

## Infinity Train

- World's first zero emission regenerating battery electric iron ore train

## Battery electric locomotives

- First locomotive from Progress Rail to be operational in 2023

# Decarbonisation progress

Focusing on emissions reduction across the value chain

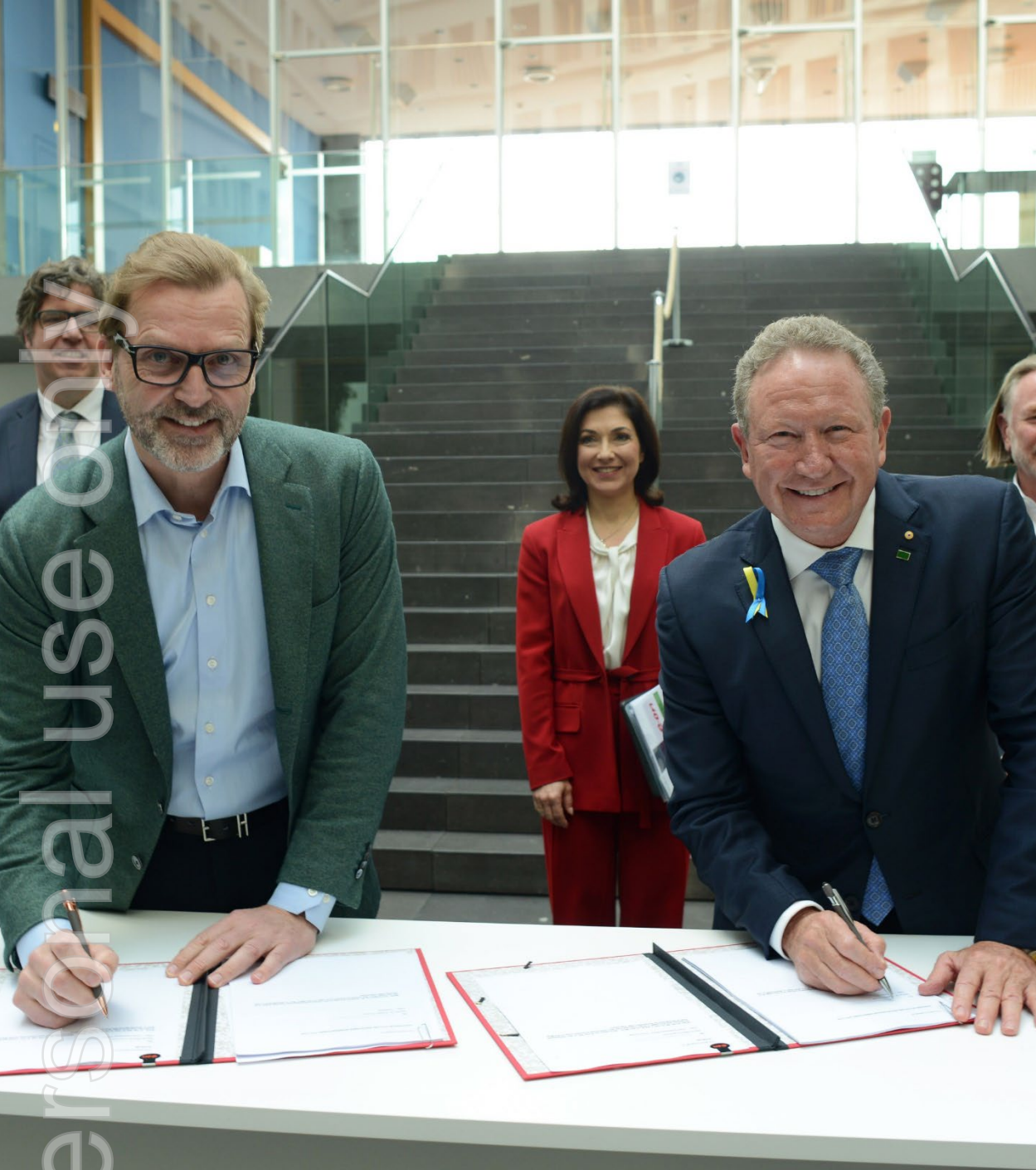
## Green iron

- Evaluating production of green iron and the reduction of emissions from iron and steelmaking

## Shipping

- Developing ammonia powered marine engines
- Working to supply green ammonia as a fuel to the shipping market





Growing global demand for renewable energy

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## Progressing committed offtake agreements

- Across Europe, Asia and North America
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## Partnering with E.ON

- Aiming to deliver up to 5mtpa of green hydrogen to Europe by 2030



Turning Queensland into a  
renewable green energy hub

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## Green Energy Manufacturing Centre

Gladstone

- Australia's first multi-gigawatt-scale electrolyser manufacturing facility, production in 2023
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## Gibson Island

Partnering with Incitec Pivot Limited

- Conversion of existing ammonia production facility to produce green ammonia

## FFI capital allocation

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**US\$600 – US\$700m**

FY23 anticipated expenditure

Inclusive of US\$100m of capital expenditure and  
US\$500 – US\$600m of operating expenditure

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**10% of NPAT**

Capital allocation

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**US\$1.1bn**

Capital commitment unutilised by FFI inclusive of  
balance at 30 June 2022 and 10 per cent allocation  
of Fortescue's H2 FY22 NPAT



# Integrated operations and marketing



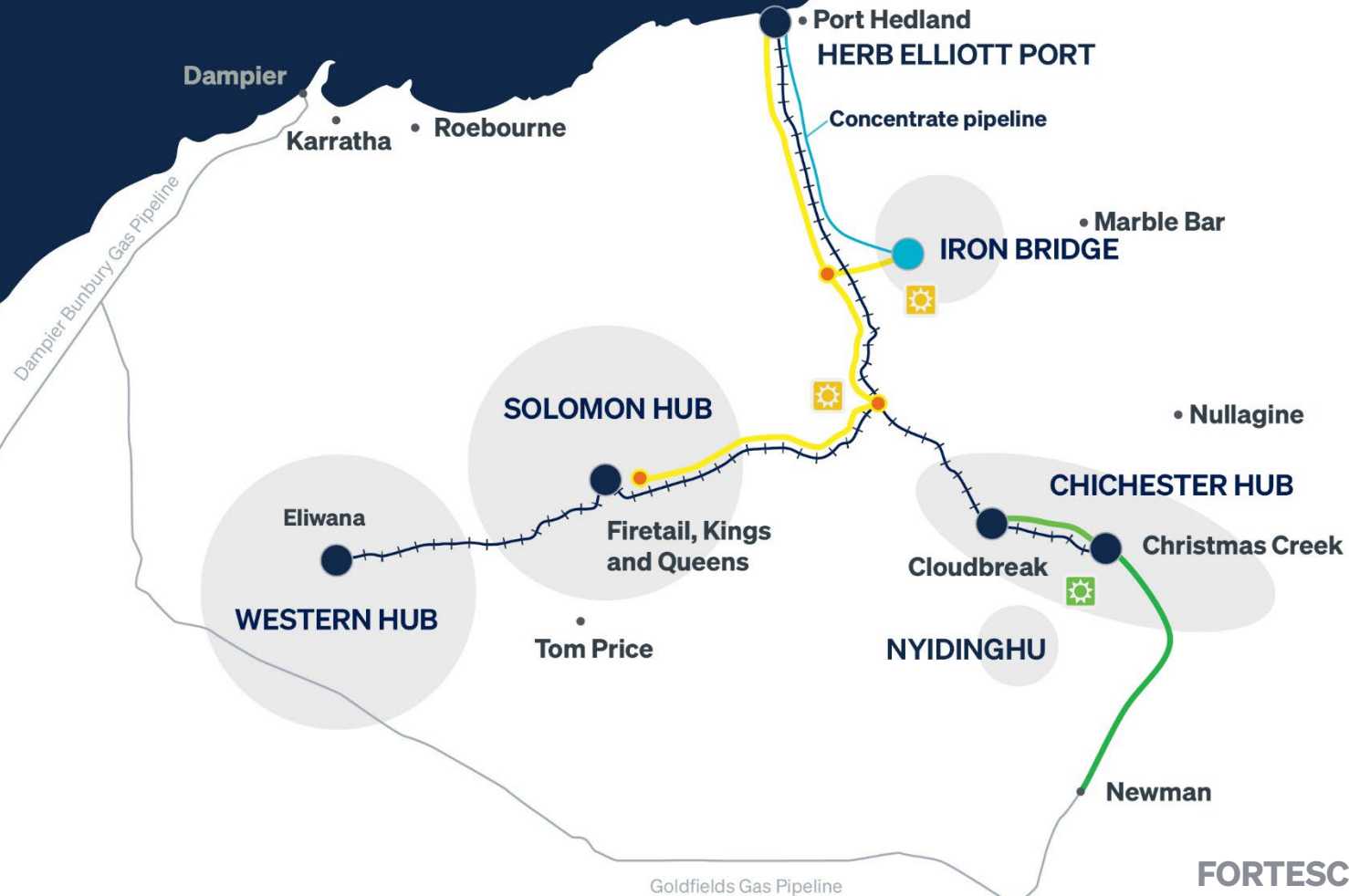
# Integrated mine to market infrastructure

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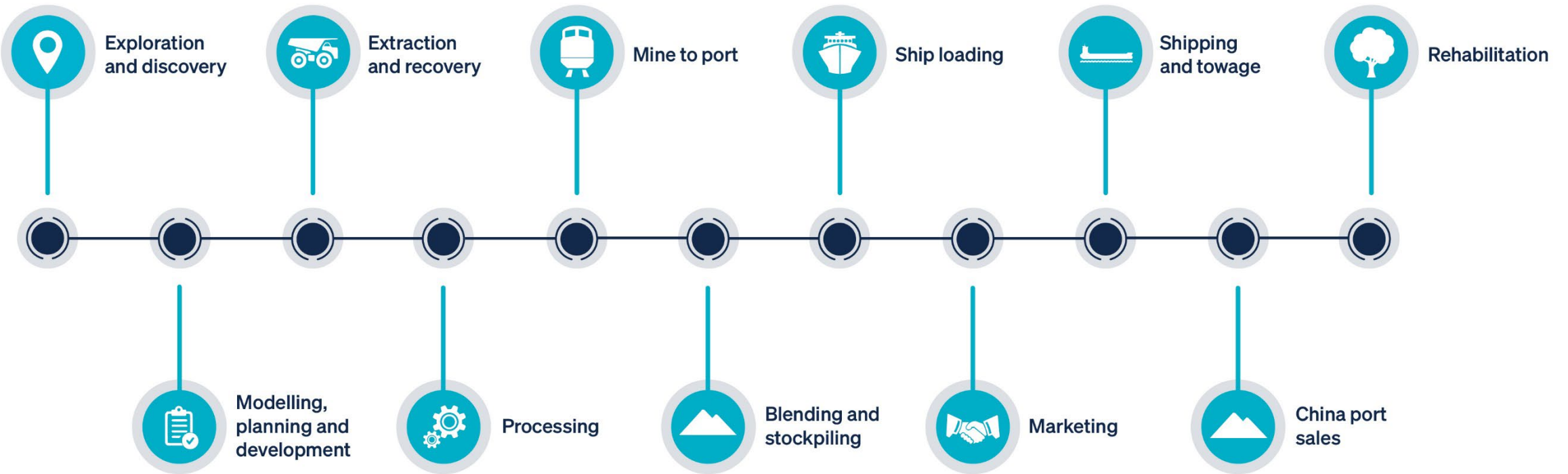
## Pilbara Western Australia

- Iron ore operations
- Iron ore development
- Chichester Solar Gas
- Pilbara Energy Connect
- Rail operations



# Value chain

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# Marketing strategy

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## Direct engagement

Customers and stakeholders

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## Flexible and innovative

Product and logistics offering

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## Long term relationships

Built on mutual respect and trust

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## Product suite

Aligns with the needs of the market



# Global macroeconomic uncertainty

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## Supportive China policy

Increasing measures to bolster demand

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## Global growth challenges

Inflation and energy issues impacting steel demand

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## Iron ore supply

Continued challenges in non-traditional supply

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## Strong demand for Fortescue's products

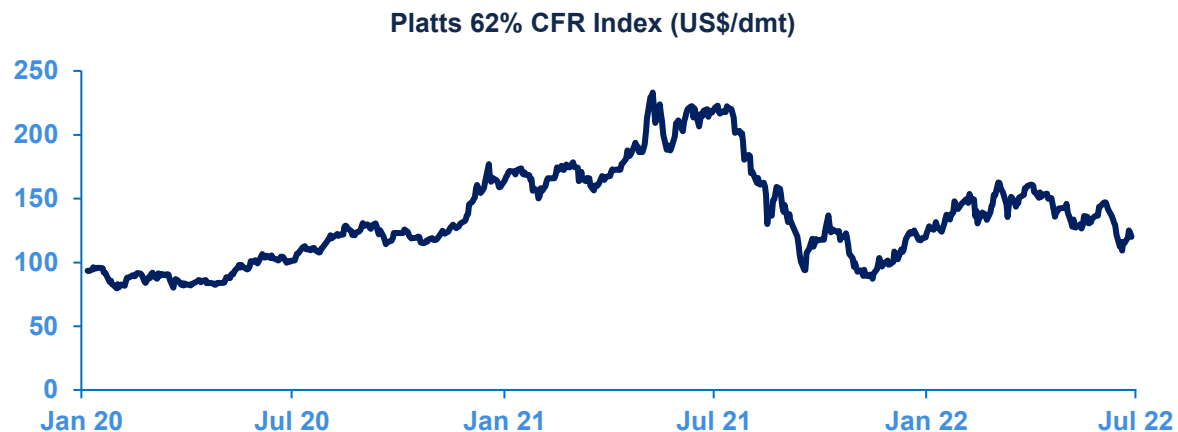
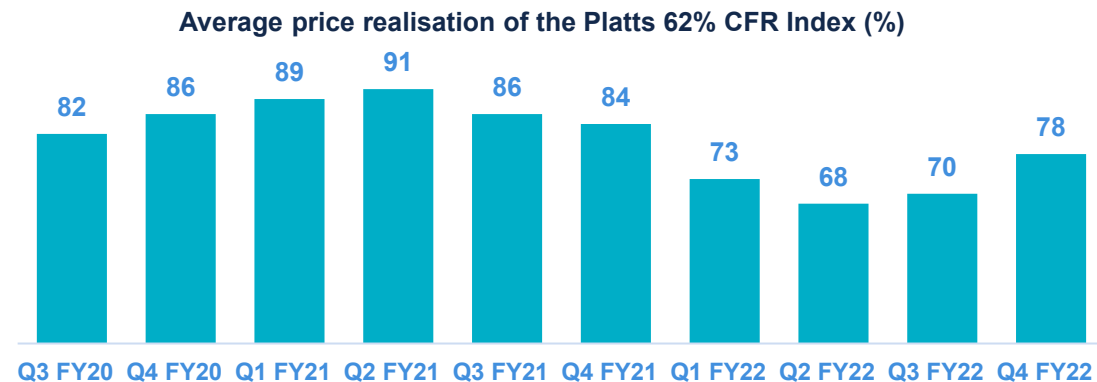
Low stocks at port in China

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# Realisations

FY22 average revenue of US\$100/dmt, 72% of the Platts 62% CFR Index



# Growth and development



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# Iron Bridge

Strategic investment providing an enhanced product range to meet customer demand

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**US\$3.6 – US\$3.8bn**

Capital estimate

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**67% Fe**

High grade magnetite concentrate

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**22mtpa**

First production in March 2023 quarter





# Iron Bridge 2021

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# Iron Bridge 2022



# Exploration

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## Pilbara

- Extensive iron ore tenement footprint
  - Focus on programs at Nyidinghu and Mindy South
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## Australia

- Target generation for copper-gold in WA, NSW and SA
  - Drilling underway in NSW and SA
- 

## International

- Drilling programs in Argentina and Kazakhstan
- Exploration in Peru, Chile, Brazil, Ecuador and Republic of Gabon



# Global opportunities in iron ore

## Republic of Gabon

### Attractive jurisdiction

- Politically and economically stable
- Sparsely populated
- High GDP per capita relative to African countries

### Investment friendly

- Regulatory framework for foreign investment
- Credit rating (Fitch): B-; Outlook Stable
- Global Peace Index ranking of =75

### Established resources industry

- Abundance of natural resources
- Long history of mining
- Favourable Mining Code

*Fitch Ratings upgraded Gabon's Long-Term Foreign-Currency Issuer Default Rating to 'B-' from 'CCC' (24 August 2021)*



# Belinga Iron Ore Project

One of the world's largest undeveloped high grade hematite deposits

## High grade deposit

- Very large scale, high Fe grade deposit
- Limited modern exploration activity
- Geological similarities to the Simandou deposit

## Exploration Convention

- Joint venture between Fortescue (80%) and ATIF<sup>1</sup> (20%)
- Exploration Leases covering 4,500km<sup>2</sup>

## Initial focus

- To confirm grade and increase deposit scale
- Evaluate logistics solutions
- Relatively flat topography, pipeline under consideration

<sup>1</sup>Africa Transformation and Industrialization Fund

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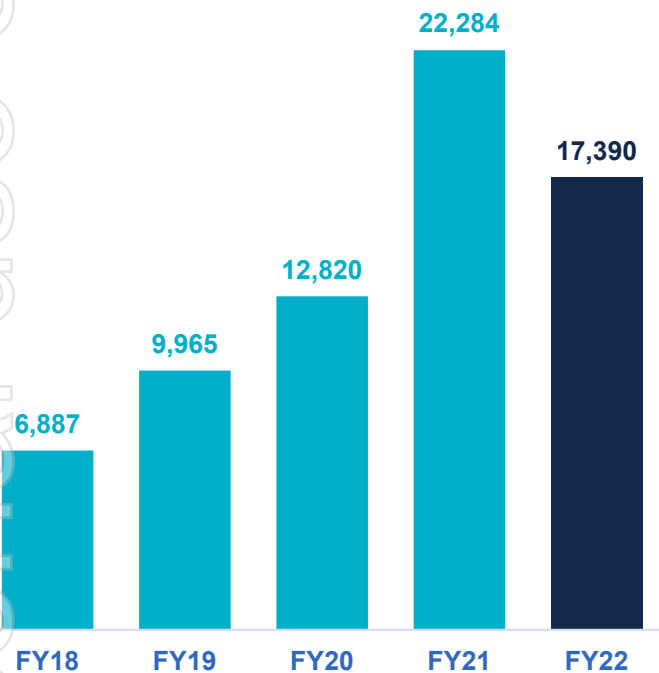
# FY22 Results



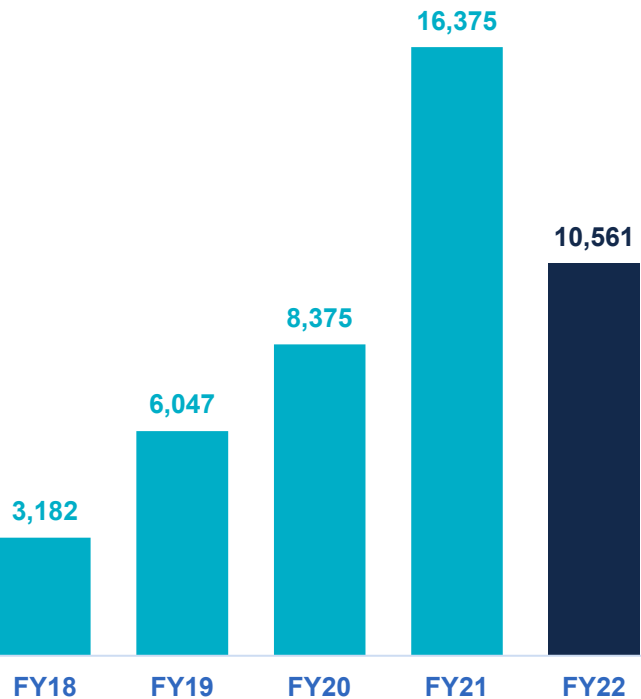
# Revenue and earnings

Second highest in Company's history

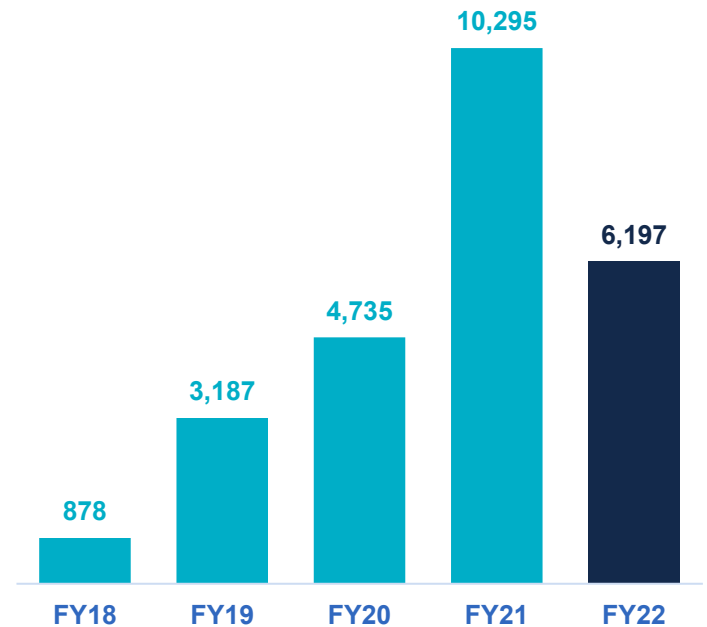
Revenue (US\$m)



Underlying EBITDA (US\$m)



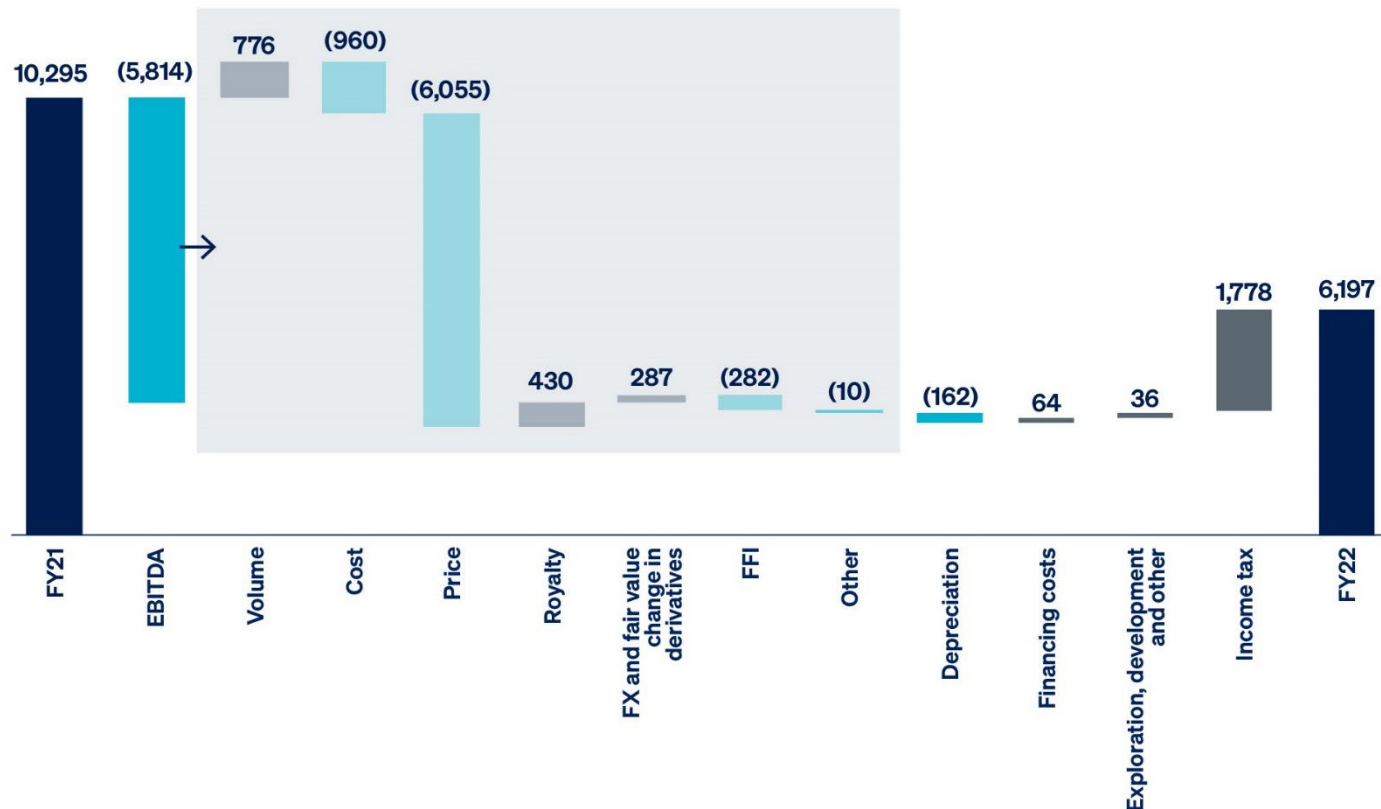
NPAT (US\$m)



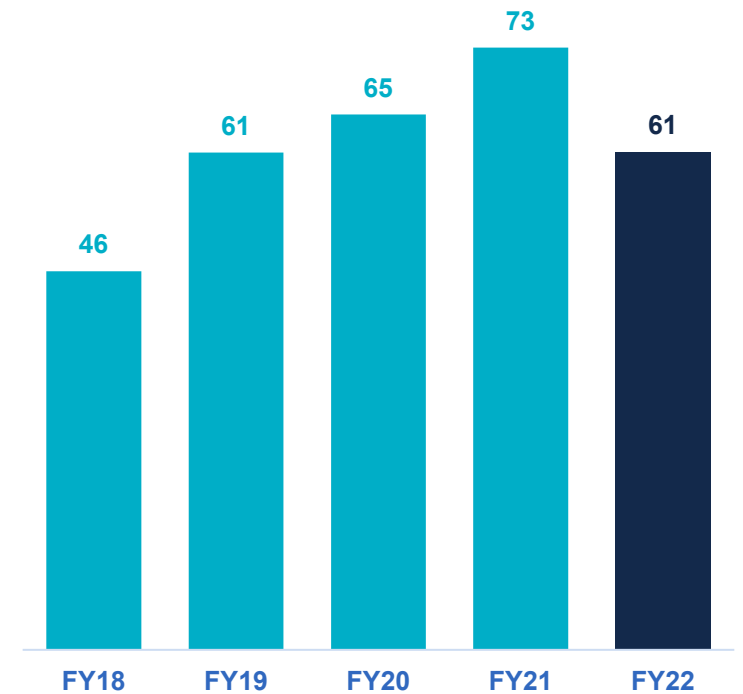
# Underlying EBITDA

Strong prices, volume growth and disciplined cost control

FY21 NPAT to FY22 NPAT reconciliation (US\$m)



Underlying EBITDA margin (%)



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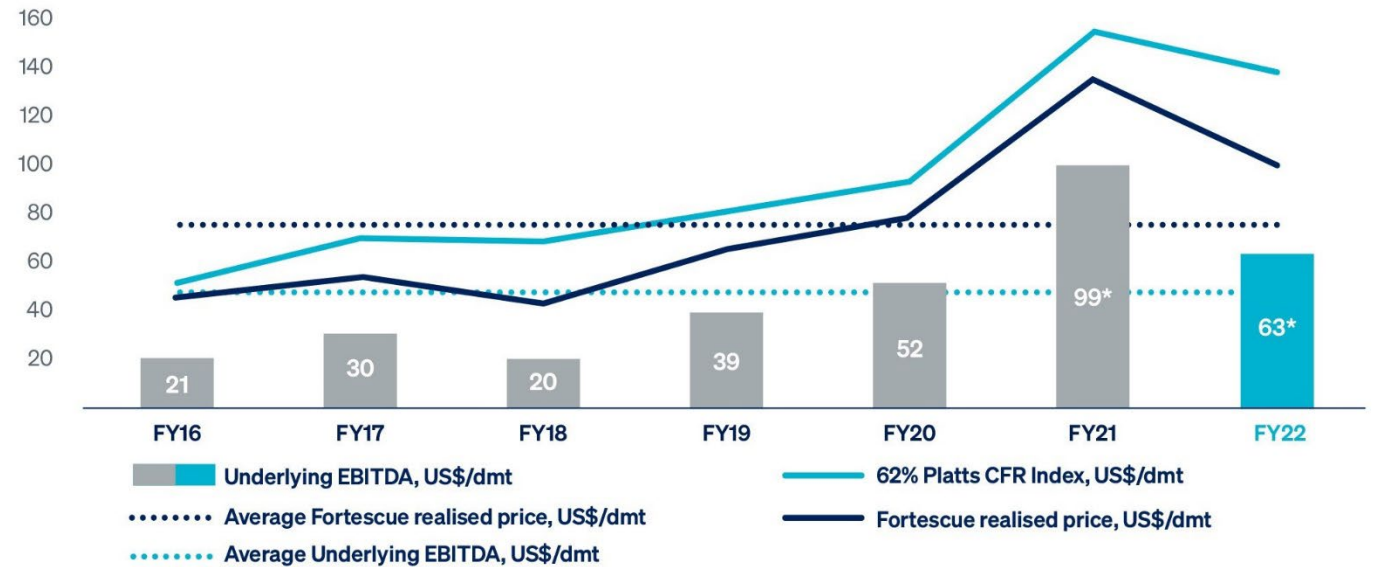
# Price and margins

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## Strong margins through all market cycles

Prices and Underlying EBITDA margin (US\$/dmt)

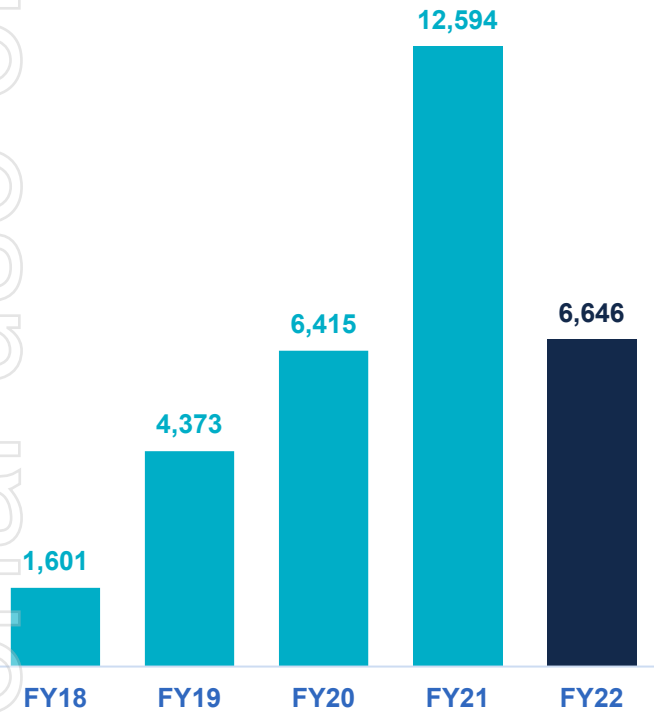


*\*Excludes FFI costs*

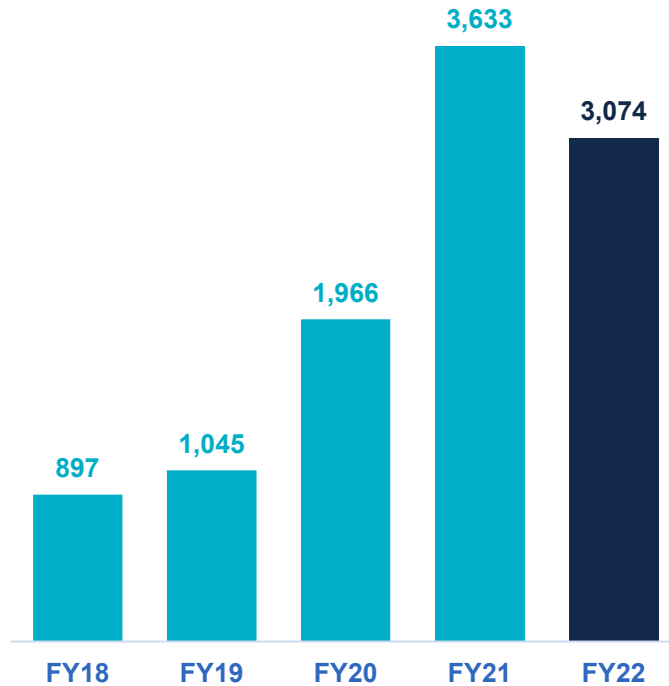
# Cash generation

Strong operating performance and disciplined capital investment

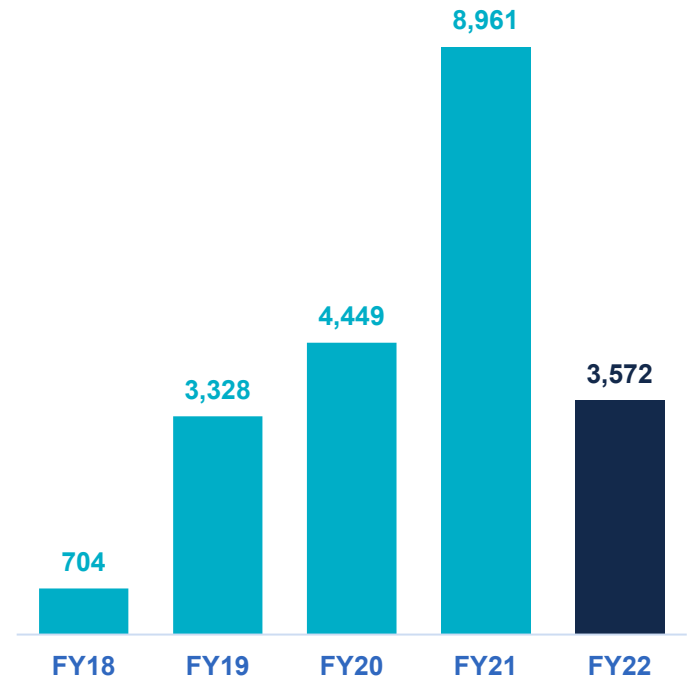
Net cash from operations (US\$m)



Capital expenditure (US\$m)



Free cash flow (US\$m)

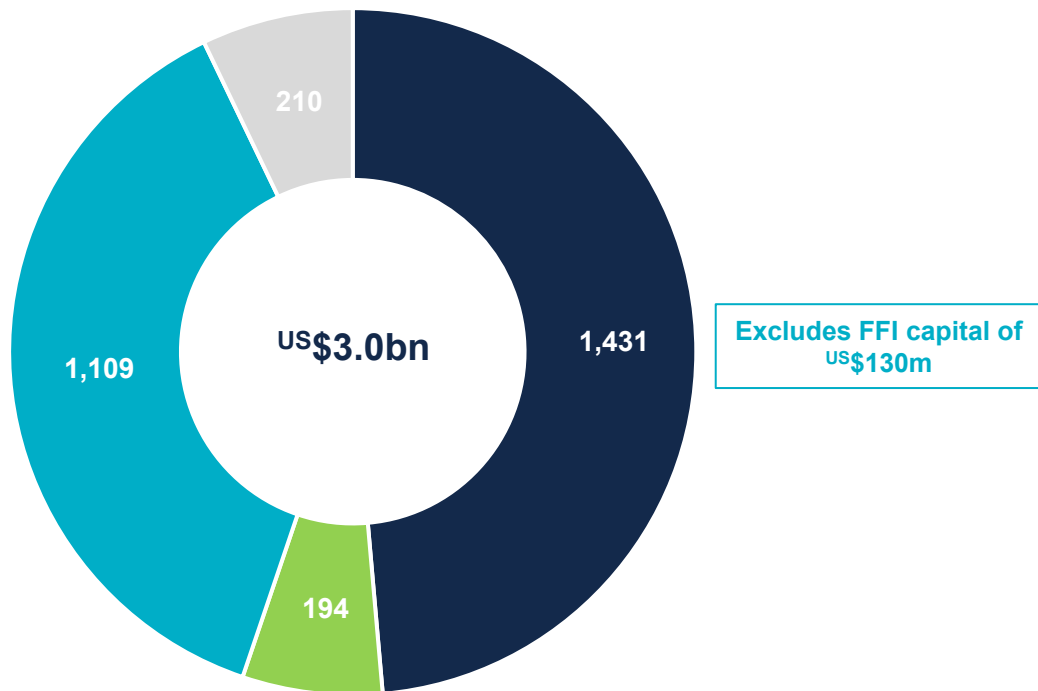


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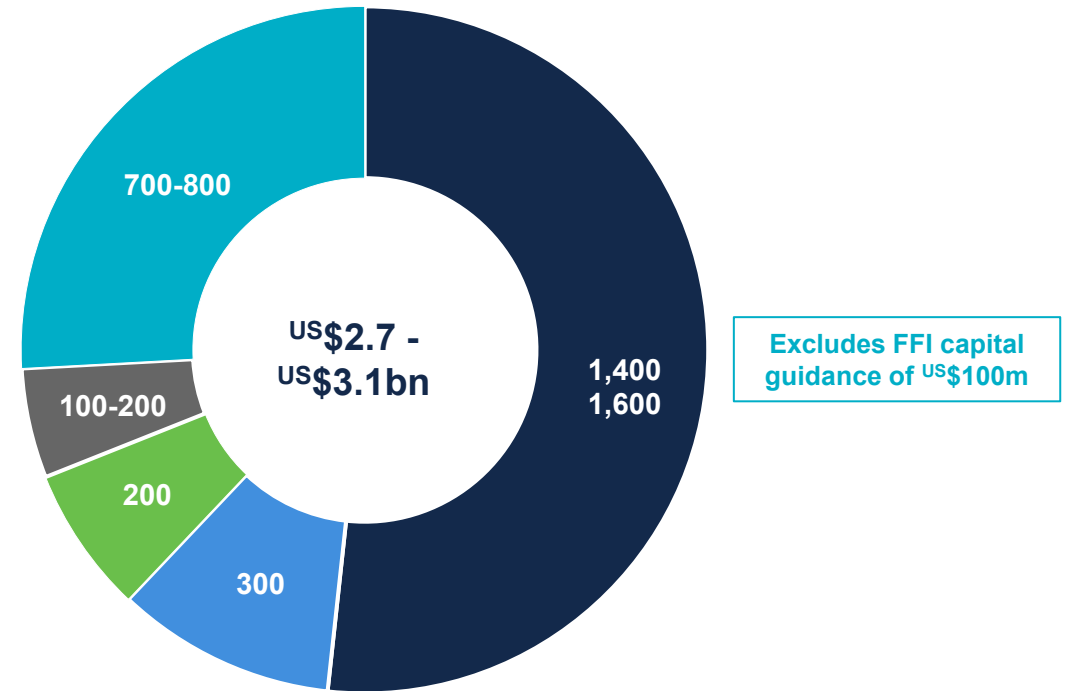
# Capital expenditure

## Reinvesting in business and growth

FY22 capital expenditure (US\$m)



FY23 capital expenditure guidance (US\$m)



- Sustaining and development capital
- Exploration and studies
- Major projects
- Acquisition of Williams Advanced Engineering

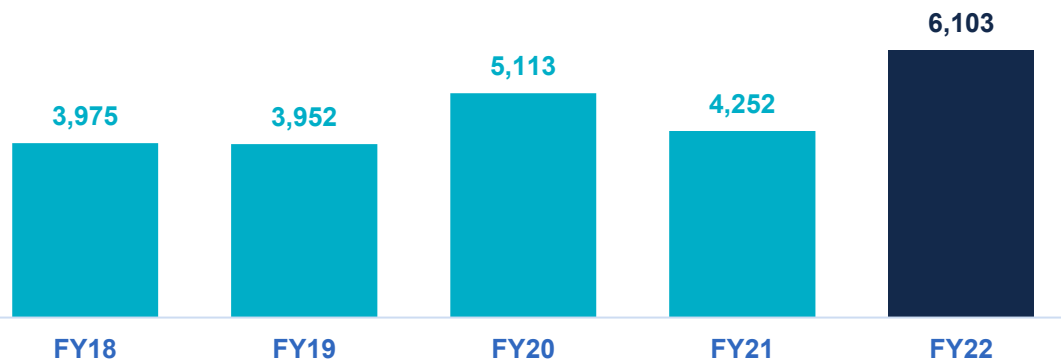
- Sustaining and development capital
- Exploration and studies
- Major projects
- Hub development
- Decarbonisation

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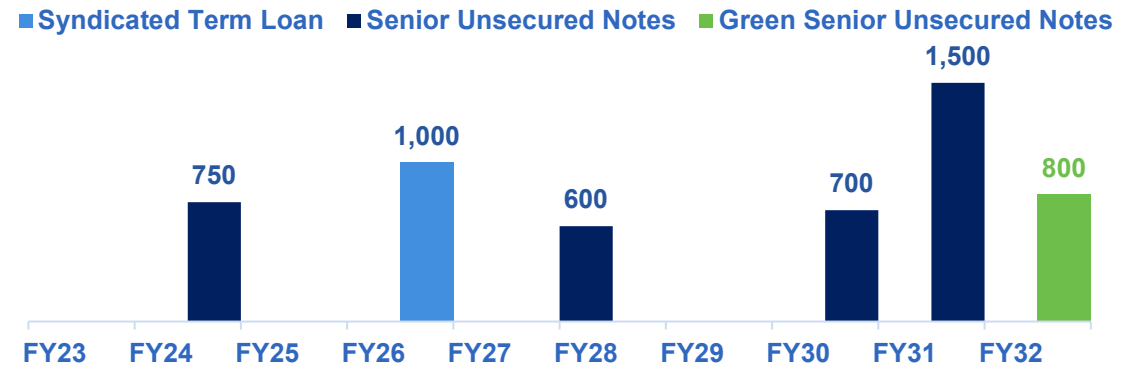
# Robust balance sheet

Credit metrics below target range, with future capacity

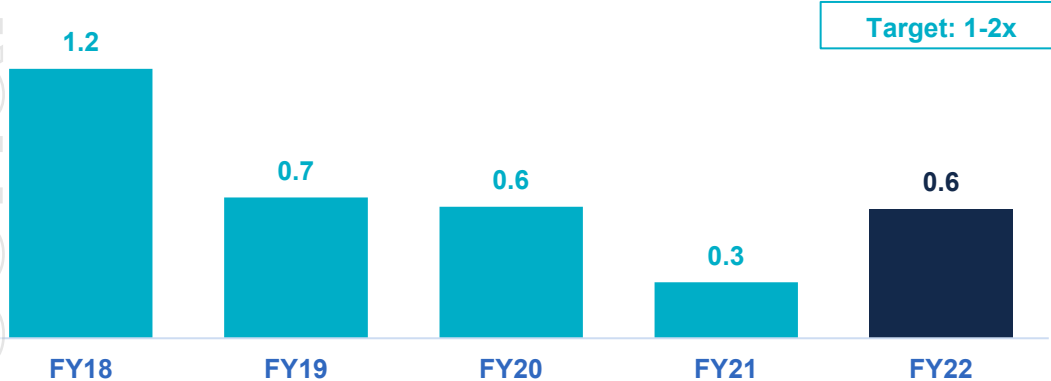
Gross debt (US\$m)



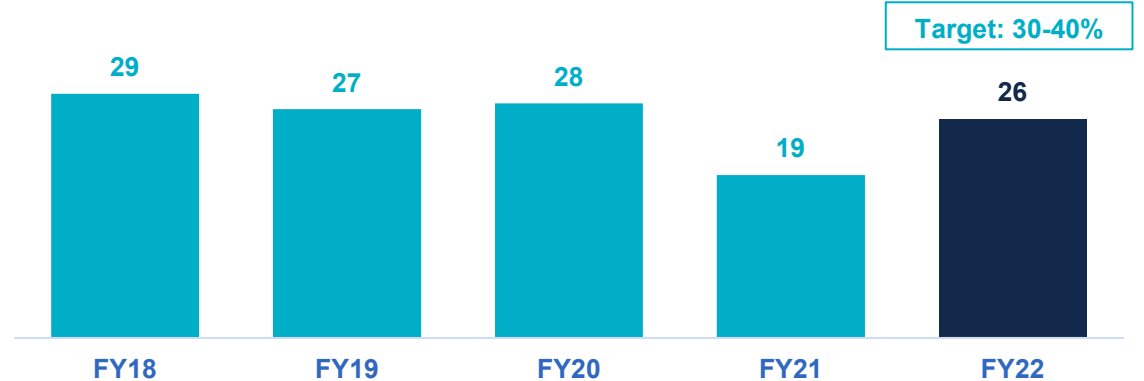
Debt maturity profile excluding leases (US\$m)



Gross debt to EBITDA (x)

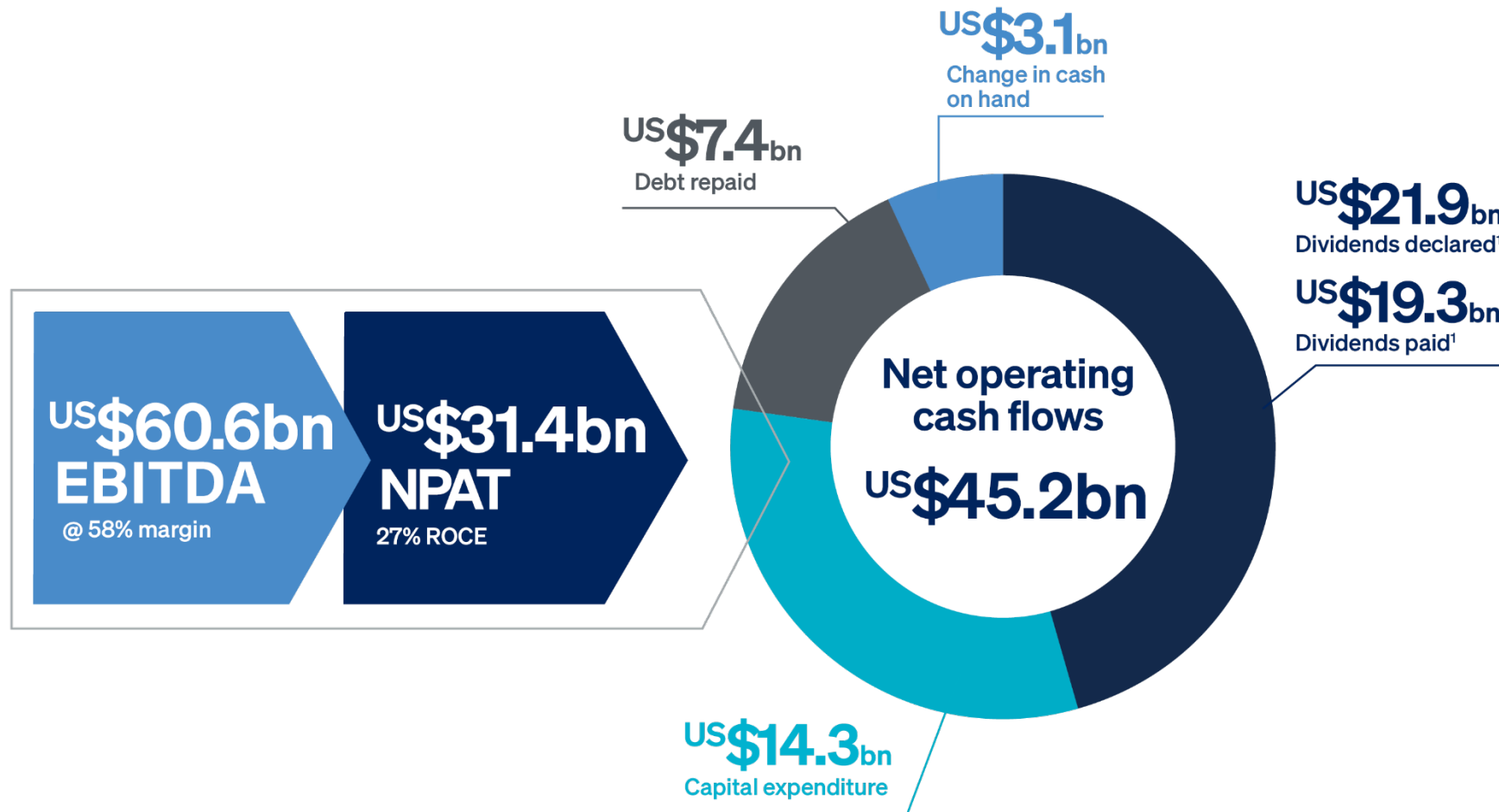


Gross gearing (%)



# Disciplined capital management

Aggregate earnings and cash flows FY14 - FY22



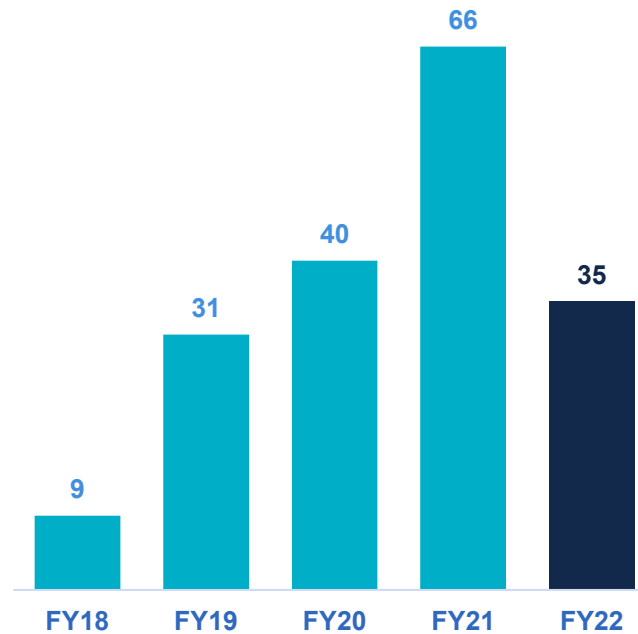
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<sup>1</sup>Includes share buyback

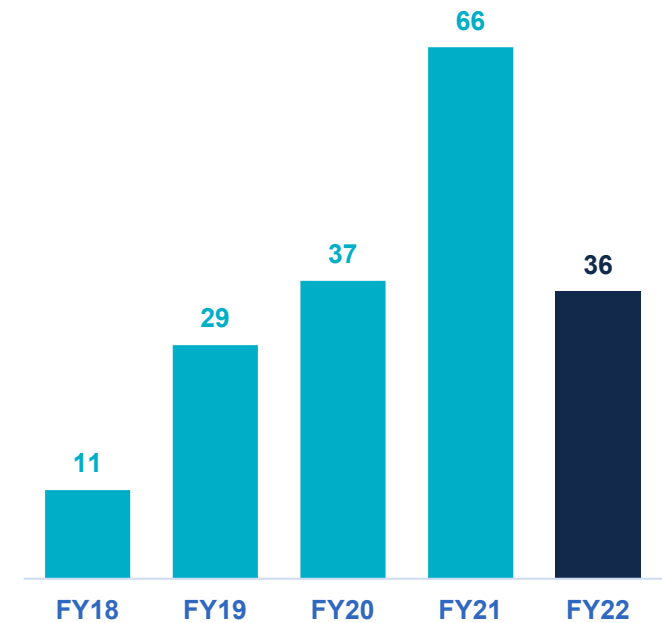
# Return on capital

## Profitable and capital efficient

Return on equity (%)



Return on capital employed<sup>1</sup> (%)



<sup>1</sup>ROCE is calculated as earnings before interest and tax divided by average capital (total assets minus current liabilities)

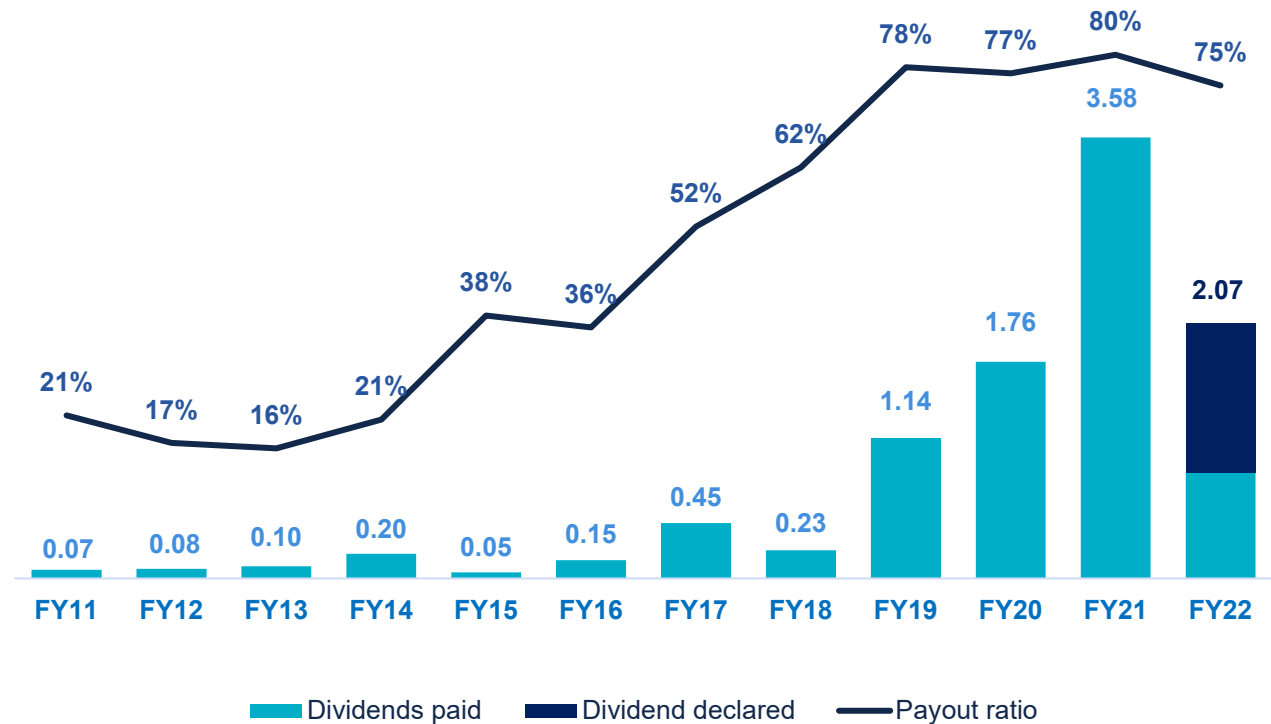
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# Delivering returns to our shareholders

Fully franked dividend of A\$1.21 per share, representing a 75% payout of FY22 NPAT

Dividends (A\$/share) and payout ratio (%)



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