



FY22 Full Year Results

29 AUGUST 2022

We are Fortescue



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Forward Looking Statements Disclaimer

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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

Integrity

Family

Enthusiasm

Empowerment

Courage and
determination

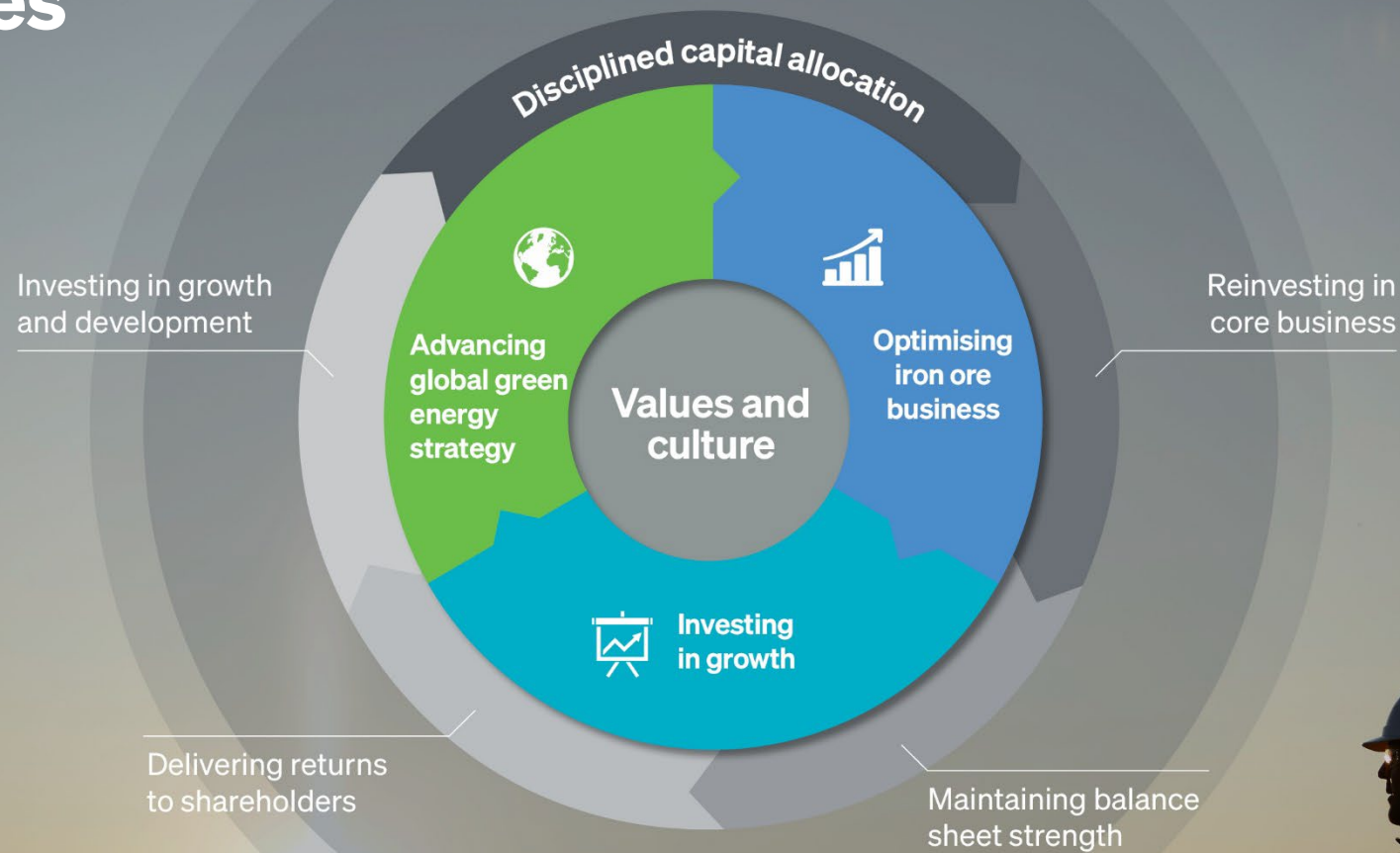
Frugality

Generating
ideas

Stretch targets

Humility

Global green energy and resources company



Safety and unique culture

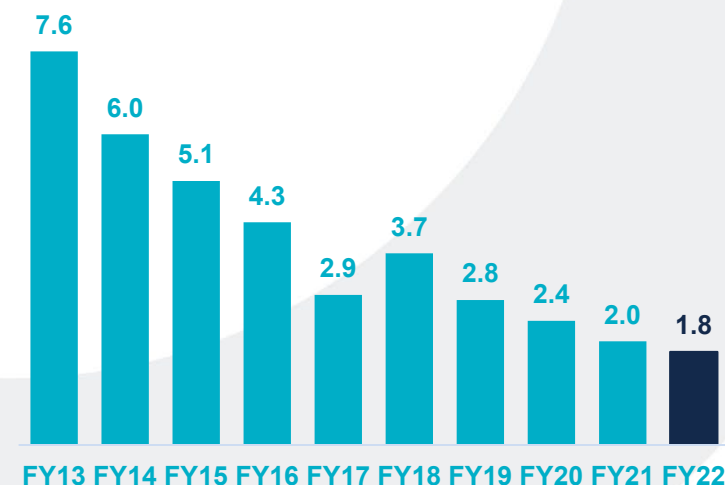
1.8 TRIFR ⇒ **10%** ⇒ **95%**

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 tonne¹

US\$2.01

Earnings per share (A\$2.77)

¹Excludes 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

A\$1.21 per share

Fully franked final dividend

A\$2.07 per share

FY22 total dividends

75% pay out ratio

A\$6.4bn

Value of FY22 dividends

FY23 guidance

187 – 192_{mt}

Iron ore shipments

US\$18.00 – US\$18.75/wmt

C1 cost for hematite

US\$2.7 – US\$3.1_{bn}

Capital expenditure, excluding
Fortescue Future Industries
(FFI)

US\$600 – US\$700_m

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

Strong and unique culture

Record annual shipments, exceeding full year guidance

Workplace Integrity Review

Engaging with Fortescue workers and contractors

Speak Up

Empowering our team to report inappropriate behaviour

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

Zero

Significant environment incidents

99% water use efficiency

at Cloudbreak and Christmas Creek mine sites

Building circularity

Reducing waste generation through prevention,
reduction, recycling and reuse

Creating opportunities through training, employment and business development

>A\$4bn in contracts

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

1,100 Aboriginal people

employed since 2006 through VTEC

Royal Flying Doctor Service

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

Industry leader in addressing climate change



FORTESCUE
FUTURE
INDUSTRIES



Carbon neutrality by 2030

Decarbonising our operations to run on
green energy

Green fleet development

Investing in renewable energy technologies
to decarbonise our mining fleet

Stationary energy

Energy infrastructure supporting incorporation
of large scale renewables

Net zero Scope 3 emissions by 2040

Addressing emissions across the value chain

Acquired Williams Advanced Engineering



Enabling Fortescue's decarbonisation

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

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

Vertically integrated

Establishing an important new business growth opportunity for Fortescue

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



Image: Liebherr partnership event
Colmar, France.

Decarbonisation progress

Focusing on emissions reduction across the value chain

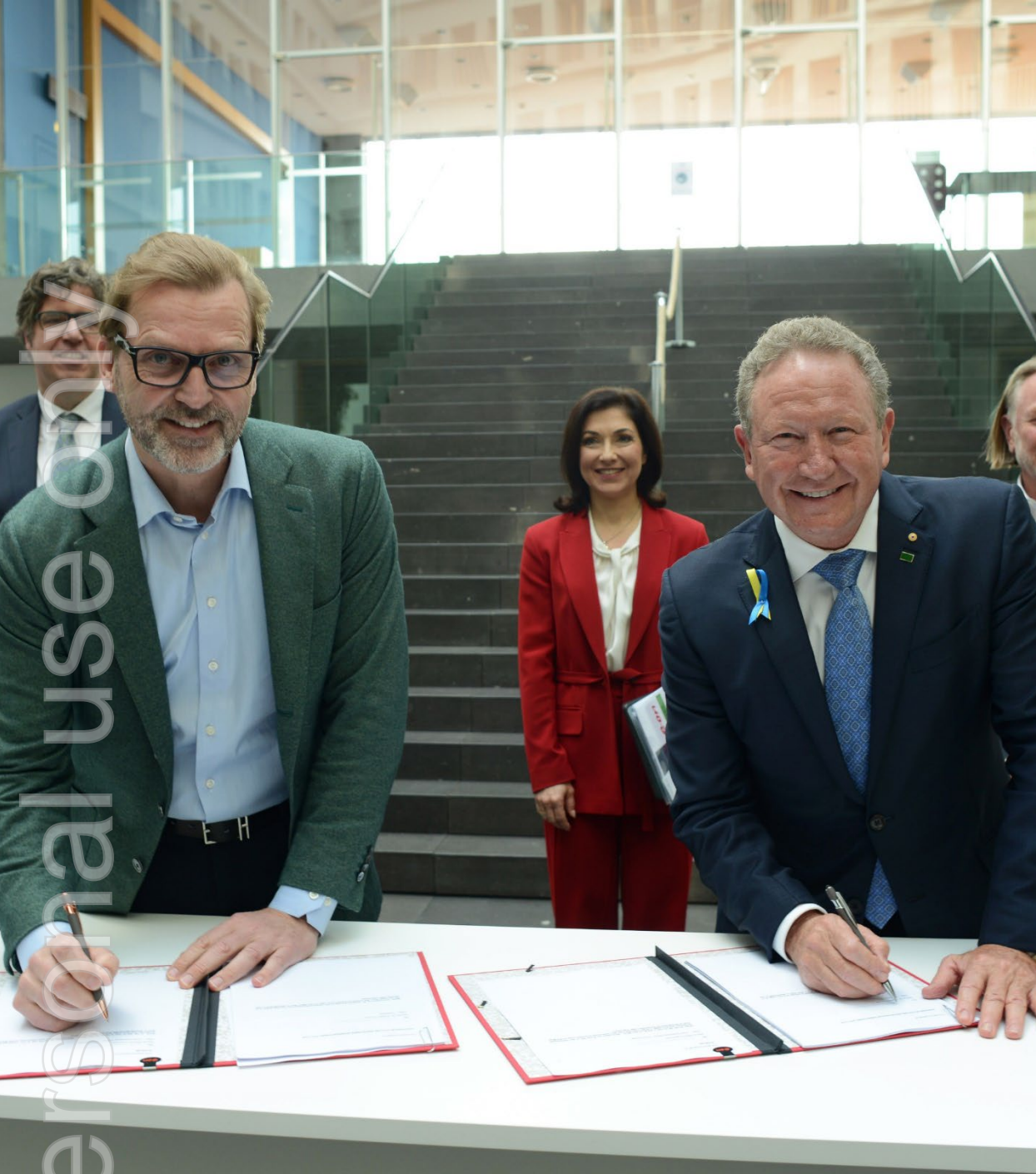
Green iron

- 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

Progressing committed offtake agreements

- Across Europe, Asia and North America
-

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

Green Energy Manufacturing Centre

Gladstone

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

Gibson Island

Partnering with Incitec Pivot Limited

- Conversion of existing ammonia production facility to produce green ammonia

FFI capital allocation

US\$600 – US\$700m

FY23 anticipated expenditure

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

10% of NPAT

Capital allocation

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



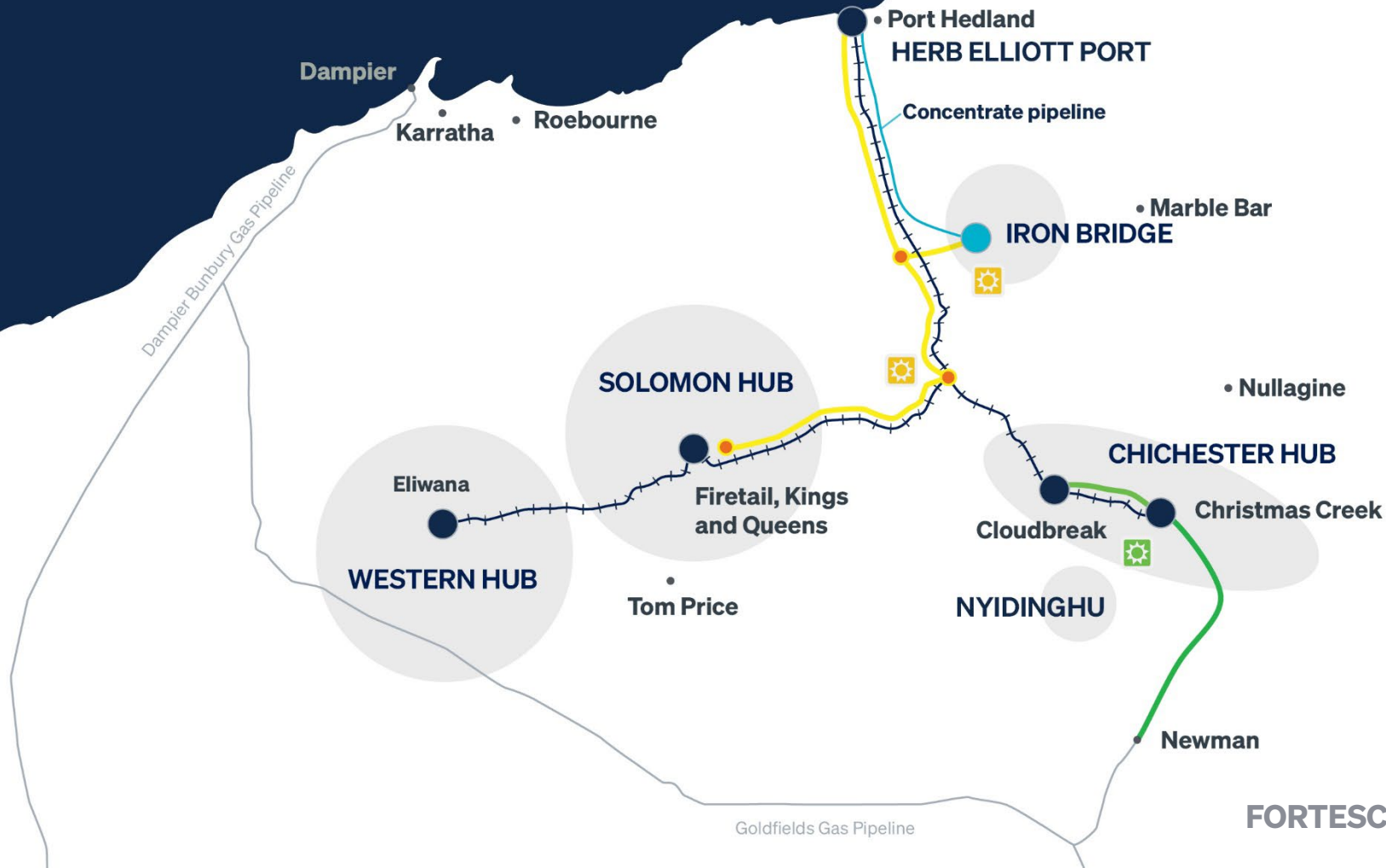
Integrated mine to market infrastructure

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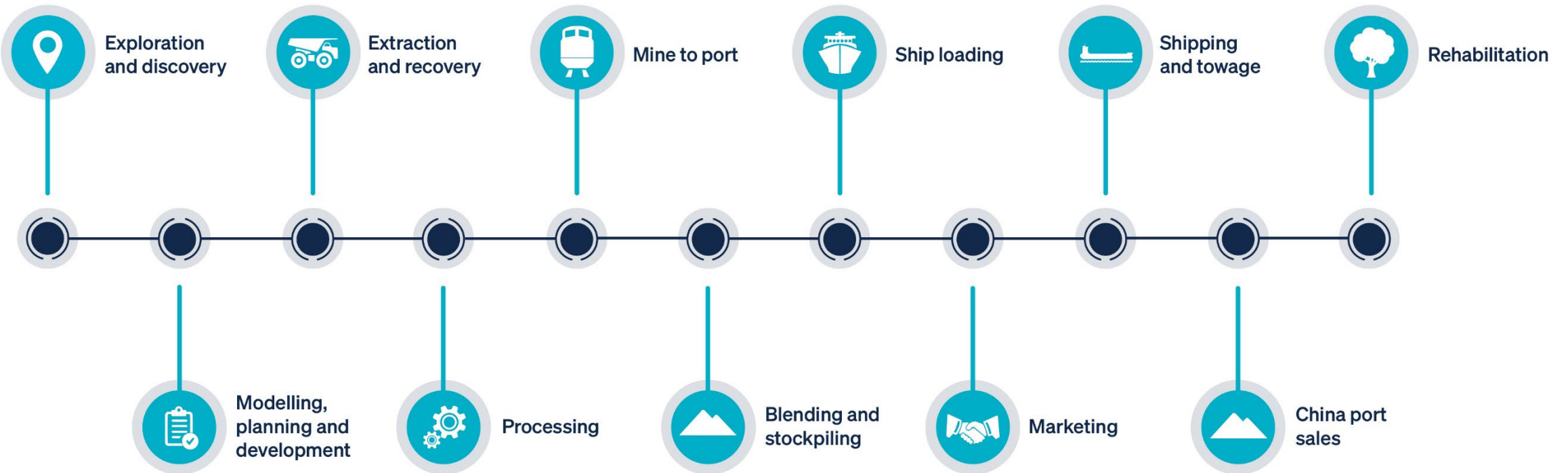


Pilbara Western Australia

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



Value chain



Marketing strategy

Direct engagement

Customers and stakeholders

Flexible and innovative

Product and logistics offering

Long term relationships

Built on mutual respect and trust

Product suite

Aligns with the needs of the market



Global macroeconomic uncertainty

Supportive China policy

Increasing measures to bolster demand

Global growth challenges

Inflation and energy issues impacting steel demand

Iron ore supply

Continued challenges in non-traditional supply

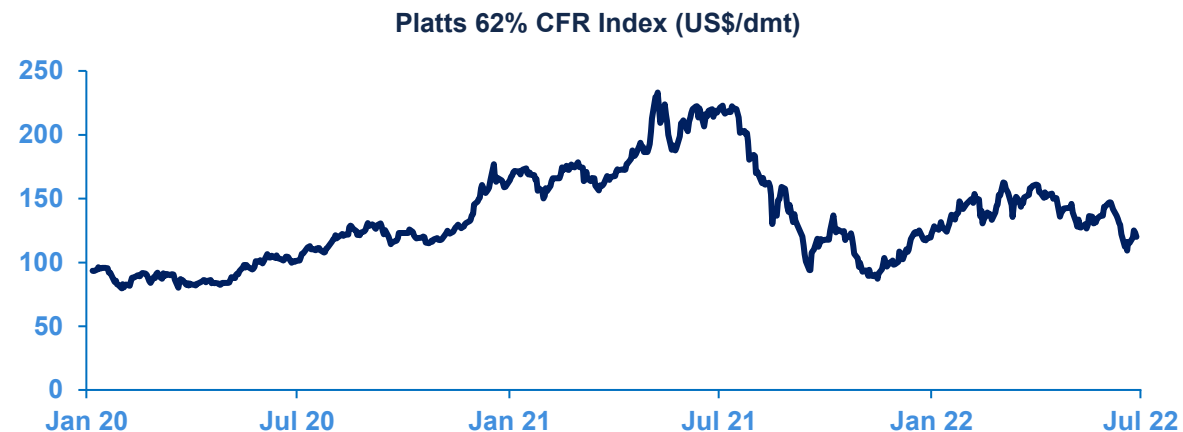
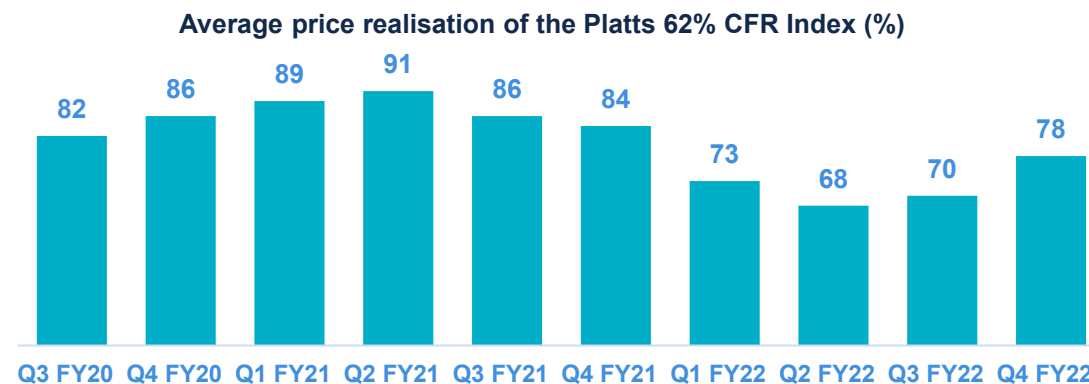
Strong demand for Fortescue's products

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

Iron Bridge

Strategic investment providing an enhanced product range to meet customer demand

US\$3.6 – US\$3.8bn

Capital estimate

67% Fe

High grade magnetite concentrate

22mtpa

First production in March 2023 quarter

Iron Bridge 2021



Iron Bridge 2022



Exploration

Pilbara

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

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 ATIF¹ (20%)
- Exploration Leases covering 4,500km²

Initial focus

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

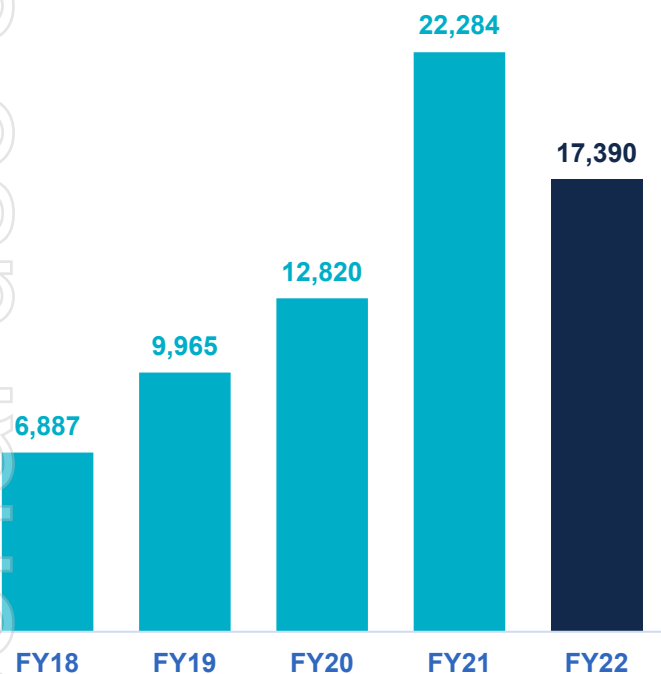
¹*Africa Transformation and Industrialization Fund*

FY22 Results

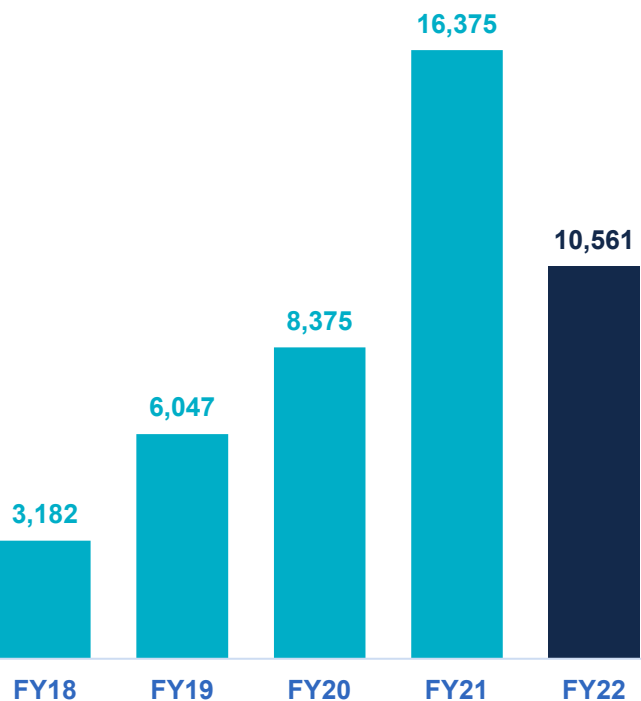
Revenue and earnings

Second highest in Company's history

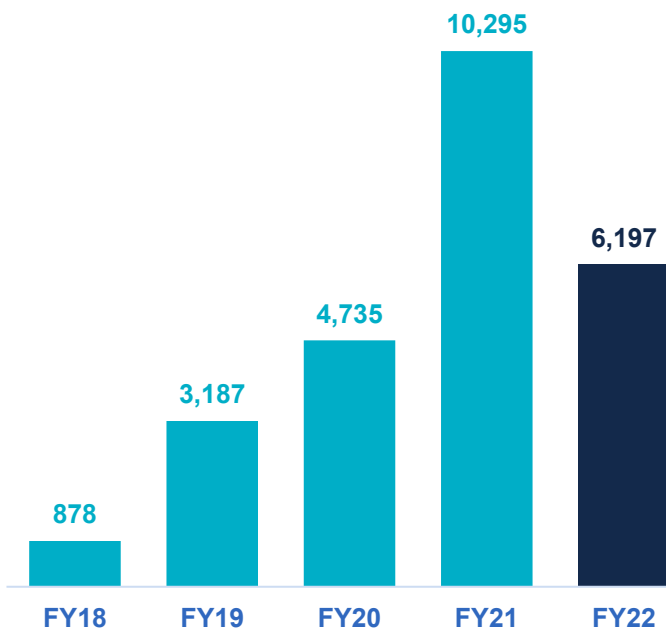
Revenue (US\$m)



Underlying EBITDA (US\$m)



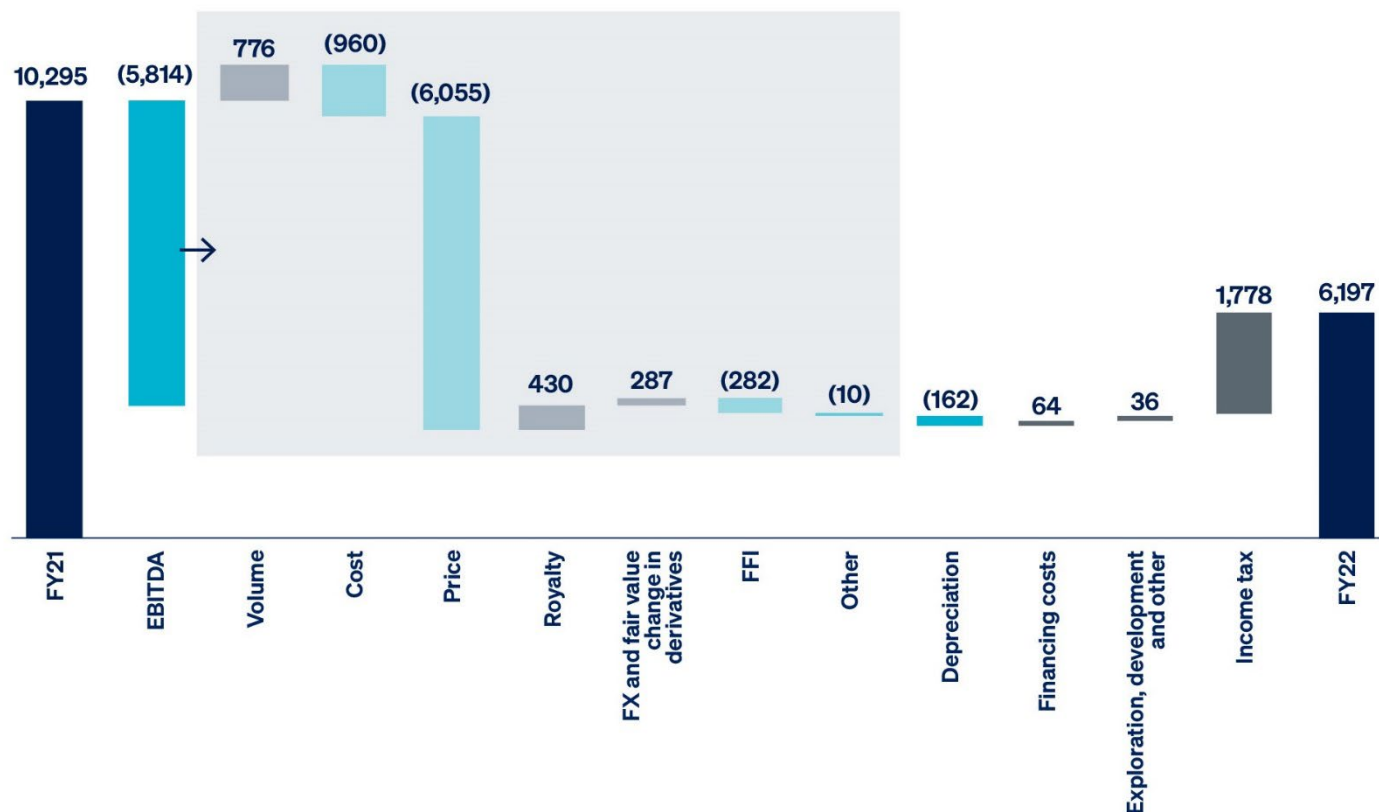
NPAT (US\$m)



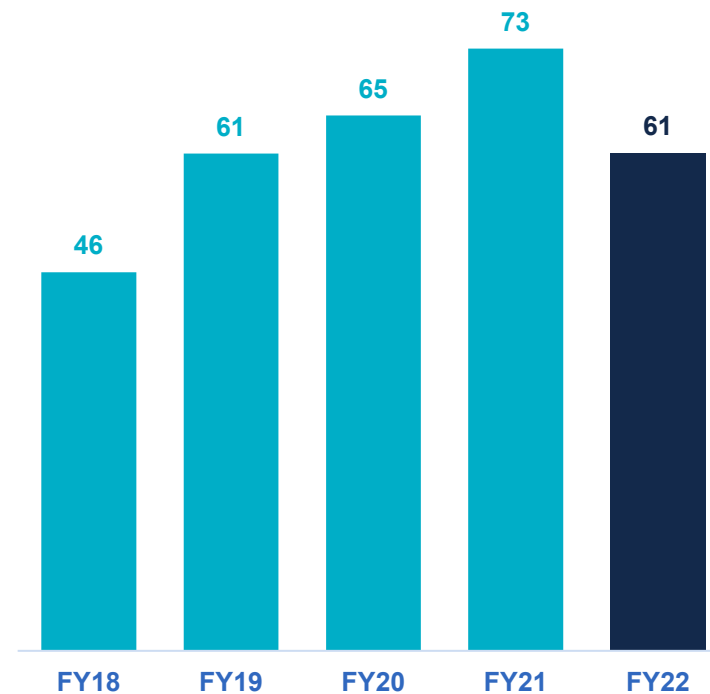
Underlying EBITDA

Strong prices, volume growth and disciplined cost control

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



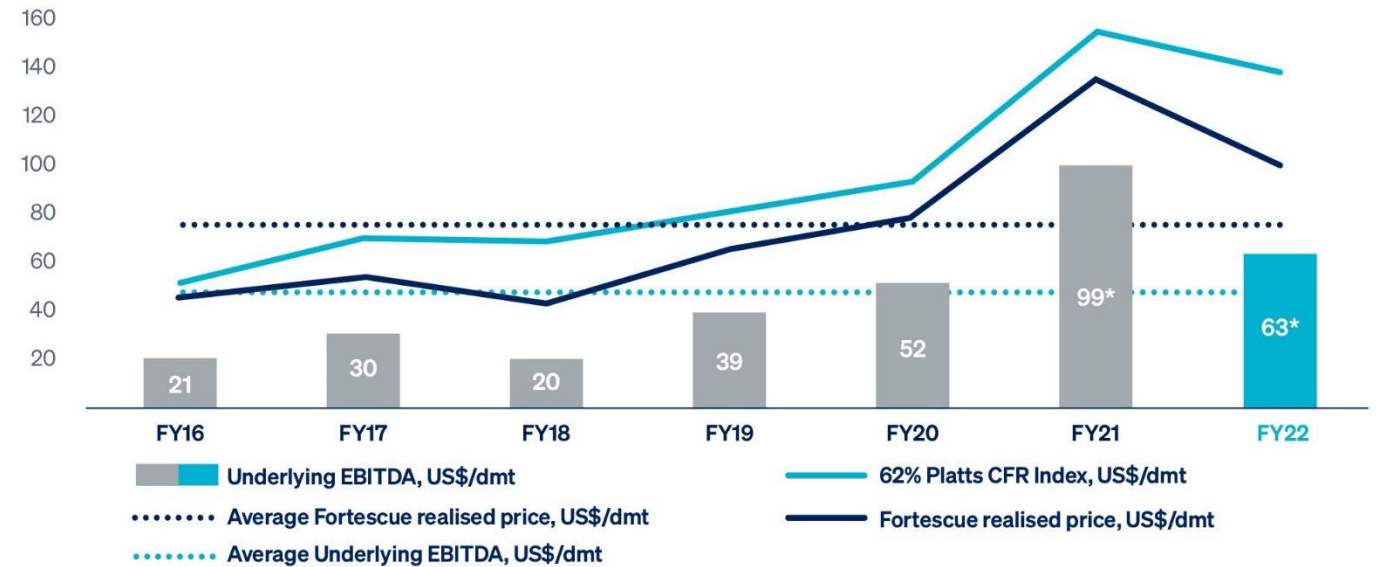
Underlying EBITDA margin (%)



Price and margins

Strong margins through all market cycles

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

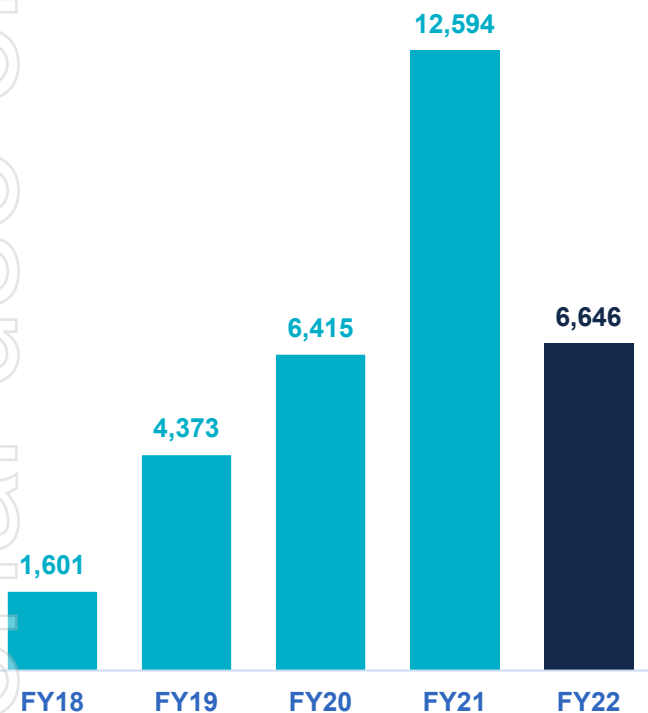


**Excludes FFI costs*

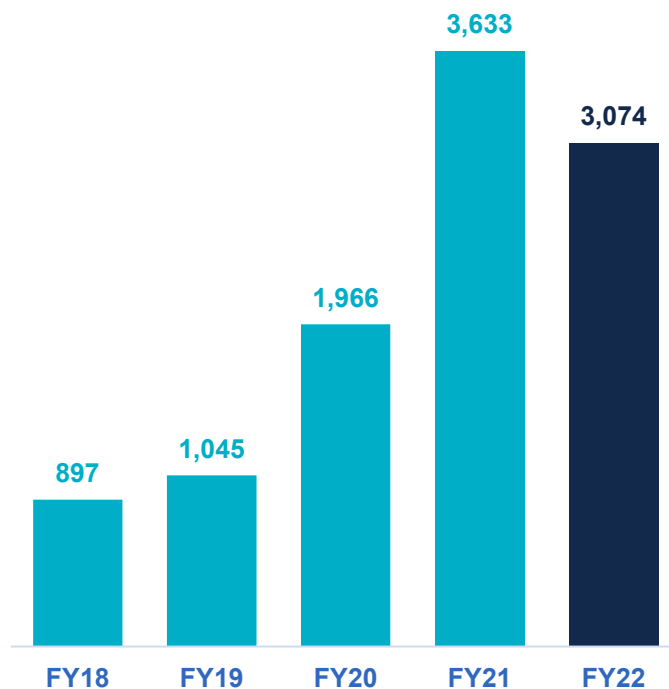
Cash generation

Strong operating performance and disciplined capital investment

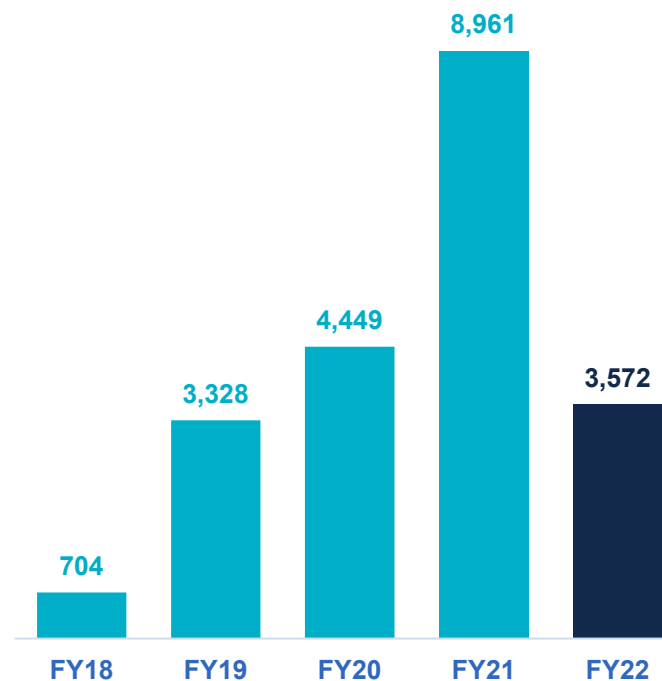
Net cash from operations (US\$m)



Capital expenditure (US\$m)



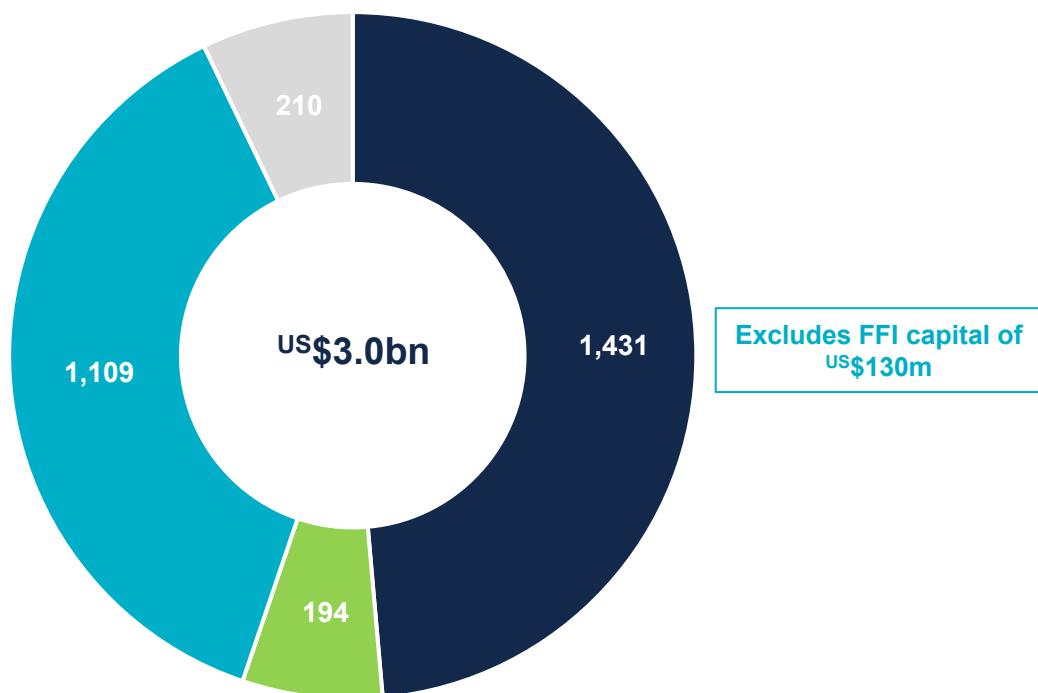
Free cash flow (US\$m)



Capital expenditure

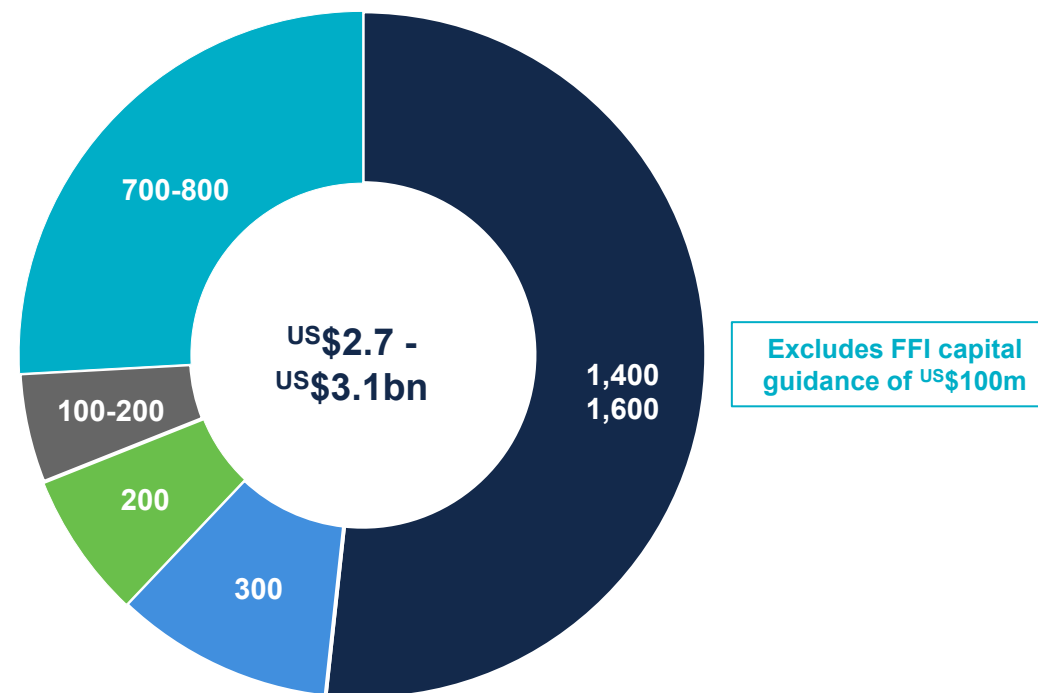
Reinvesting in business and growth

FY22 capital expenditure (US\$m)



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

FY23 capital expenditure guidance (US\$m)

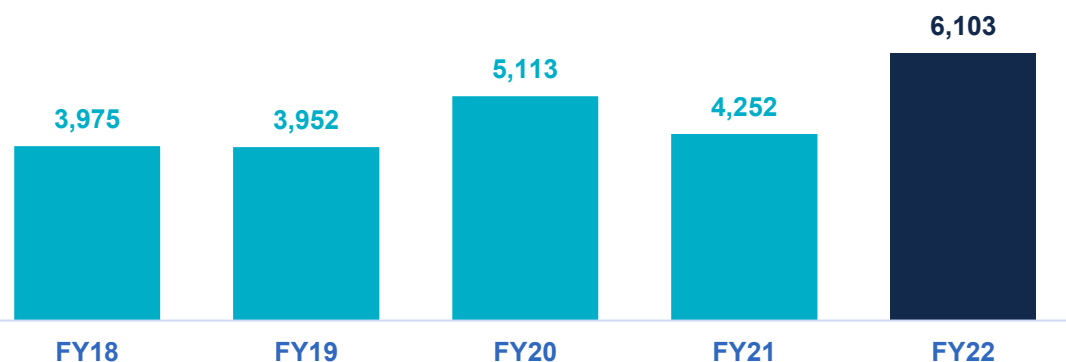


- Sustaining and development capital
- Exploration and studies
- Major projects
- Hub development
- Decarbonisation

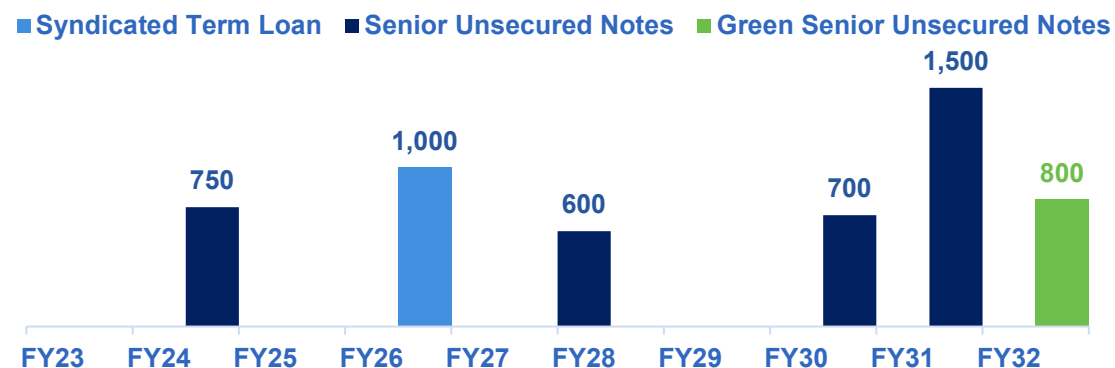
Robust balance sheet

Credit metrics below target range, with future capacity

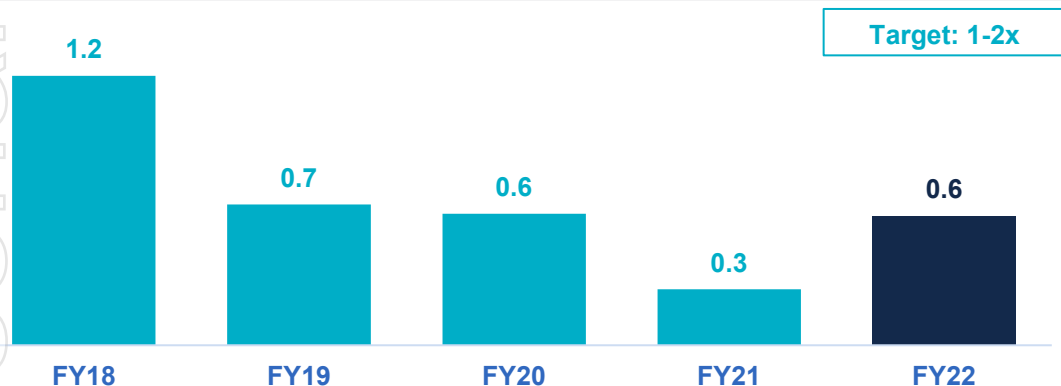
Gross debt (US\$m)



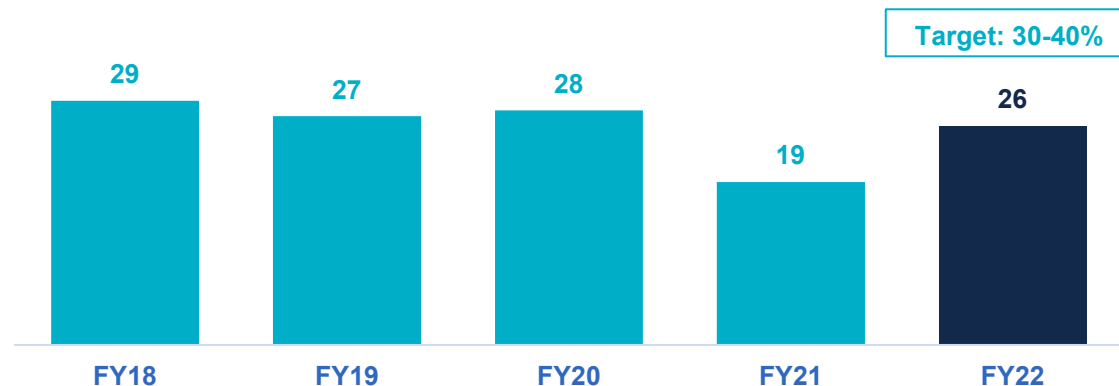
Debt maturity profile excluding leases (US\$m)



Gross debt to EBITDA (x)

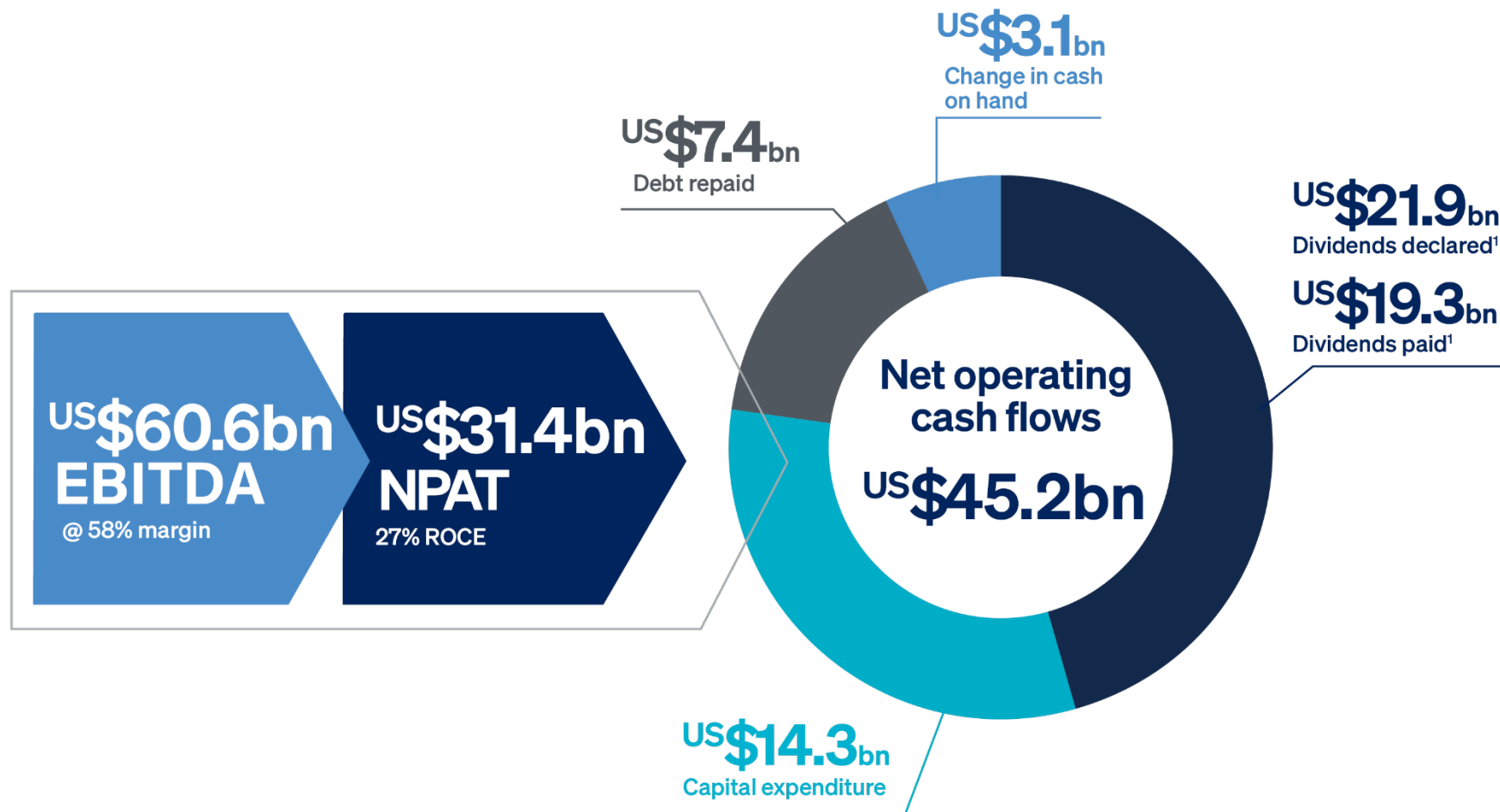


Gross gearing (%)



Disciplined capital management

Aggregate earnings and cash flows FY14 - FY22

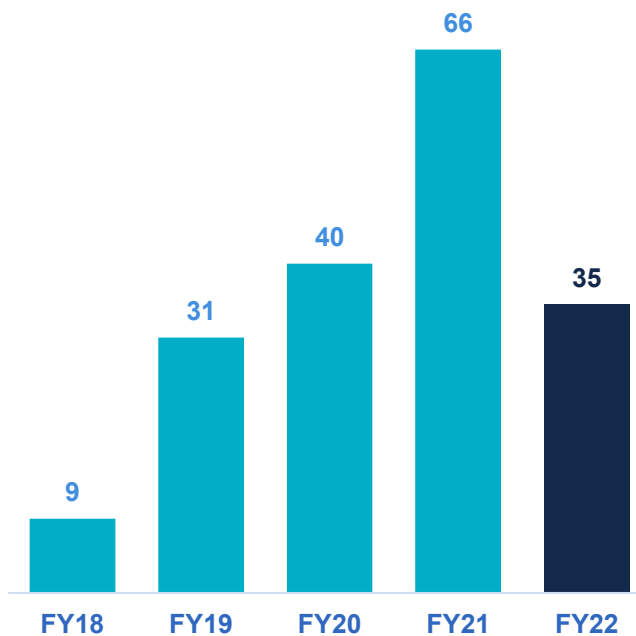


¹Includes share buyback

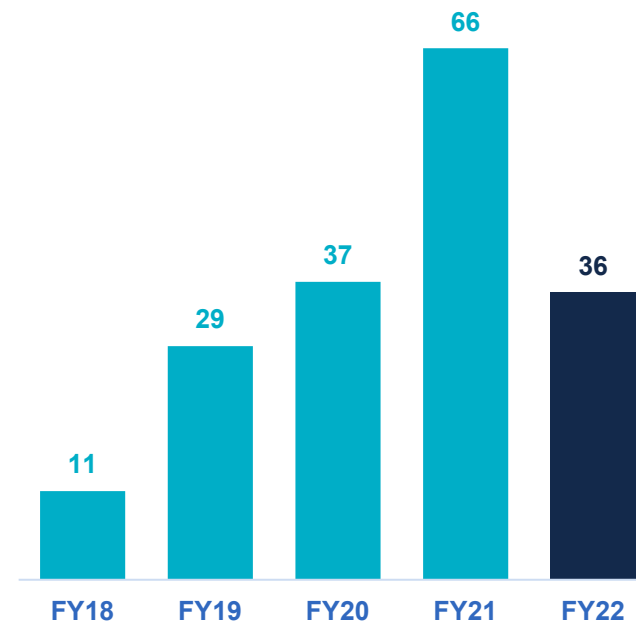
Return on capital

Profitable and capital efficient

Return on equity (%)



Return on capital employed¹ (%)

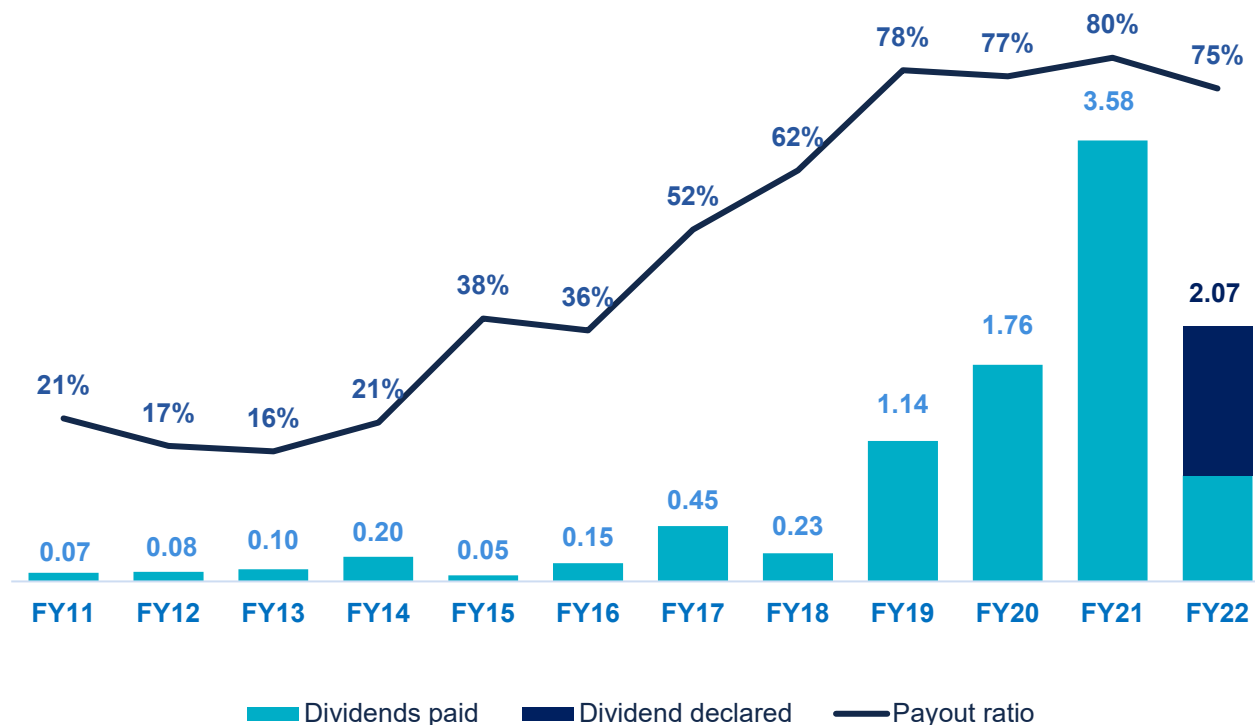


¹ROCE is calculated as earnings before interest and tax divided by average capital (total assets minus current liabilities)

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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