JP Morgan Global High Yield & Leverage Finance Conference

February 2019

Together we are Fortescue

Fortescue
The New Force in Iron Ore

Forward looking statements

Disclaimer

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Additional Information

This presentation should be read in conjunction with the Annual Report at 30 June 2018 together with any announcements made by Fortescue in accordance with its continuous disclosure obligations arising under the *Corporations Act 2001*.

Any references to reserve and resources estimations should be read in conjunction with Fortescue's Ore Reserves and Mineral Resources statement for its Hematite and Magnetite projects at 30 June 2018 as released to the Australian Securities Exchange on 17 August 2018. 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 Limited, unless otherwise stated. Tables contained within this presentation may contain immaterial rounding differences.

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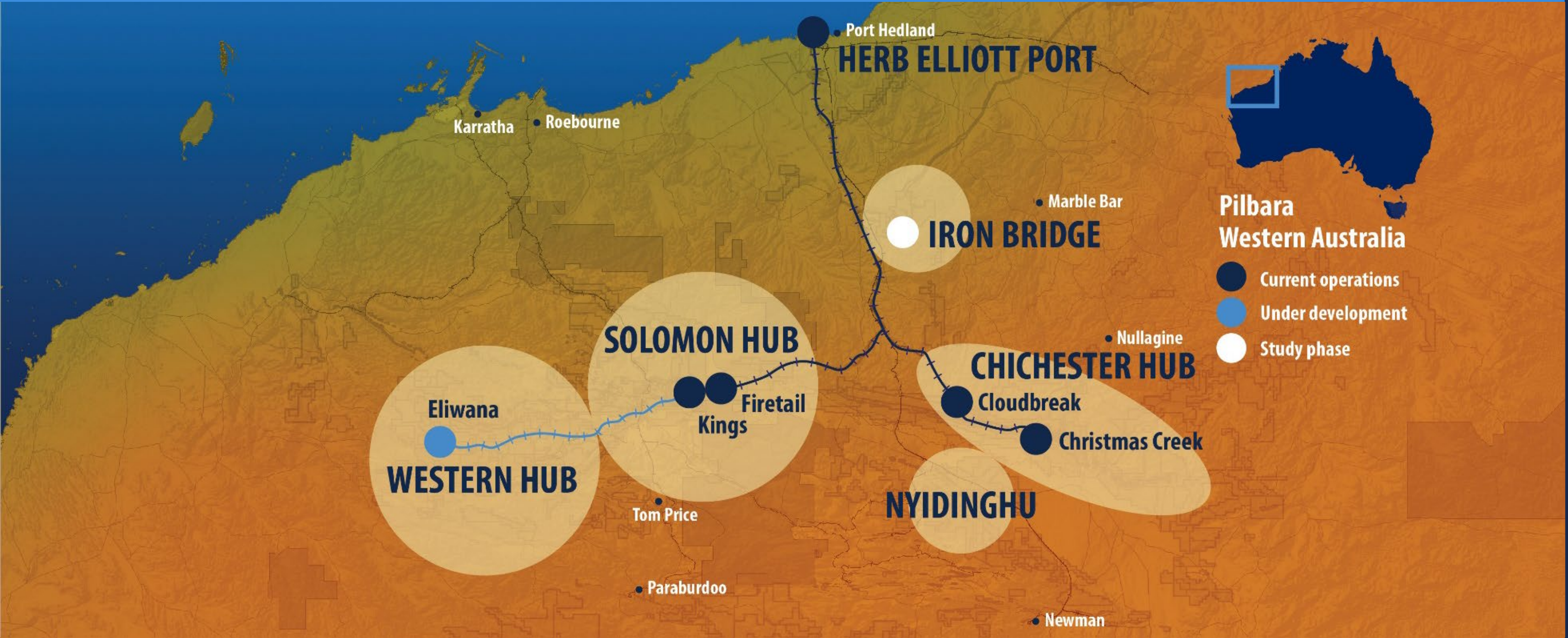
Integrated mining and infrastructure operations

Focus on safety, production and cost



Corporate video

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HY19 highlights

US$1.6bn
Underlying EBITDA

NPAT
US$644m

A$0.30/share dividends

82.7mt shipped

US$13.11/wmt C1 cost

West Pilbara Fines
Shipments commenced

Increasing shareholder returns

A$0.19/share
Fully franked
Interim dividend
65% pay-out ratio

A$0.11/share
Fully franked
Special dividend

A$139m
Share buy-back
Average price of A$3.997/share

50-80% of full year NPAT
Dividend pay-out policy

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Setting high standards

Championing safety, preserving Aboriginal heritage, embracing diversity, demonstrating integrity

18% Female employment

24% Female senior managers

Over **A$3bn** in Corporate Tax and **A$4.8bn** Royalties paid

Over 5,000 Aboriginal heritage places managed

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Creating positive social change

Building local communities, empowering Aboriginal people and eradicating modern slavery

13% Aboriginal employment across Australian workforce

Over A$2.2bn contracts with Aboriginal businesses

824 Aboriginal team members trained and employed via VTEC

Support of **Modern Slavery Act**

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Financials

HY19 financial results

US$644m
NPAT

US$962m
Cash on hand

US$1.1bn
Cash from operations

US$0.21
Earnings per share

US$1.6bn
Underlying EBITDA

A$0.30/share
Dividends declared

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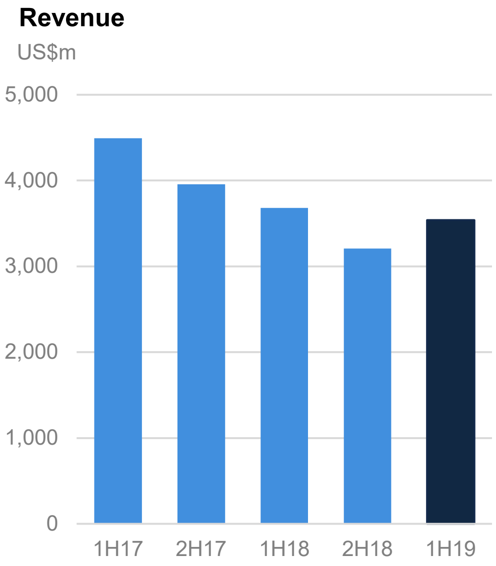
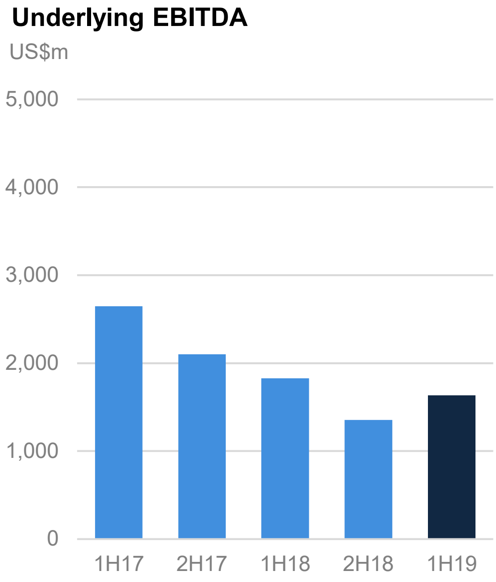
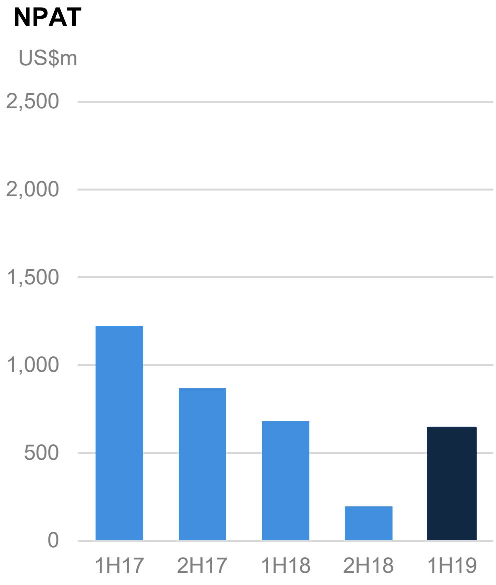
HY19 highlights

Delivering strong results







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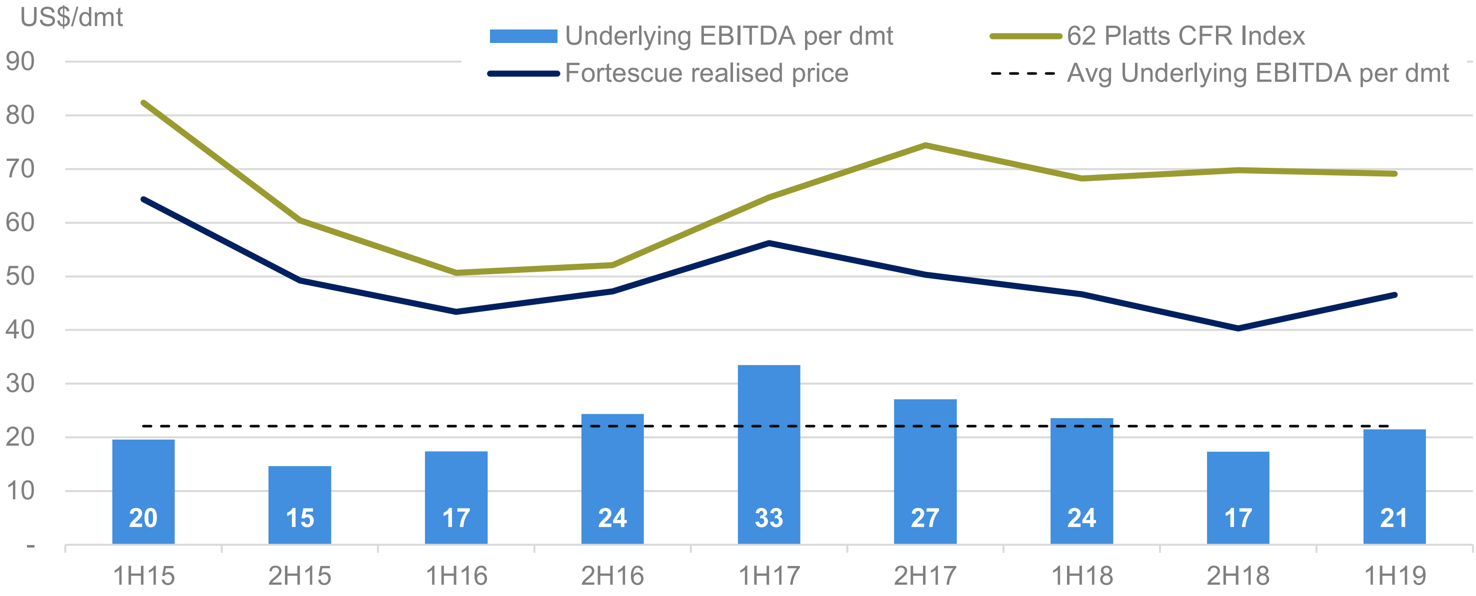
Price and margins

Cost leadership and efficient operations generating cash margins



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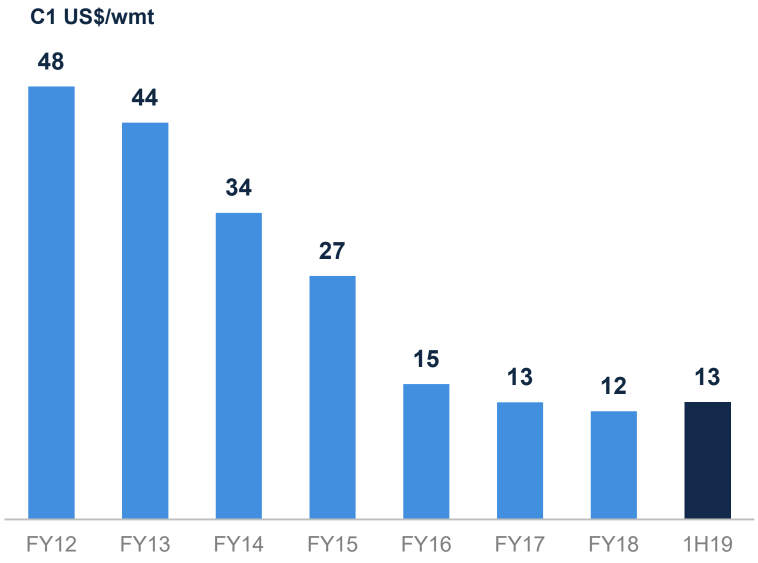
Sustainable cost improvements

Structural improvements
Solomon + blending + processing

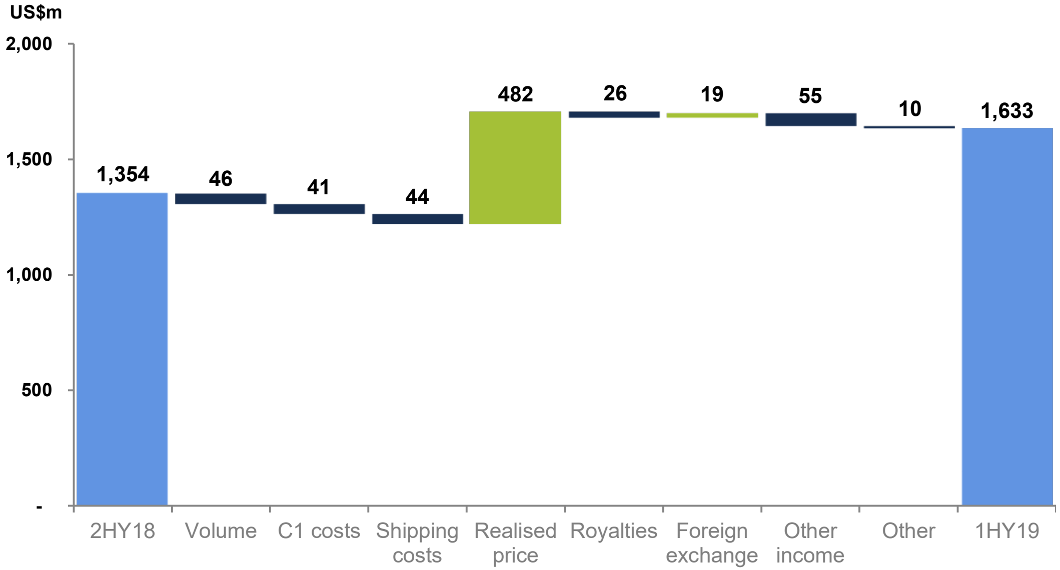
Productivity and efficiency
Utilisation, recoveries, maintenance

Innovation and technology
Autonomy, conveyor, ore carriers, data analysis

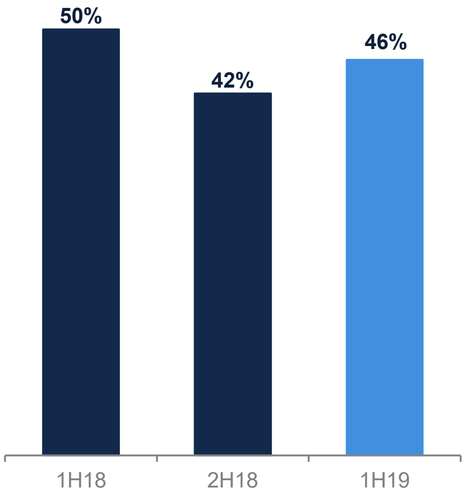


Underlying EBITDA

Strong margins maintained at an average realised ore price of $47/dmt



Underlying EBITDA Margin



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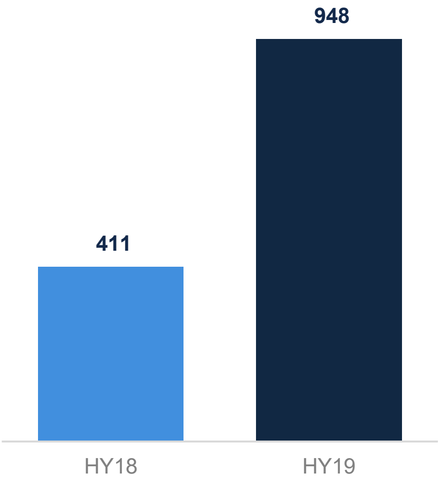
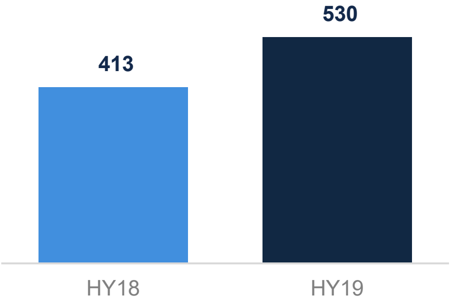
Cash flow

Continuing to generate strong cash flows from operations

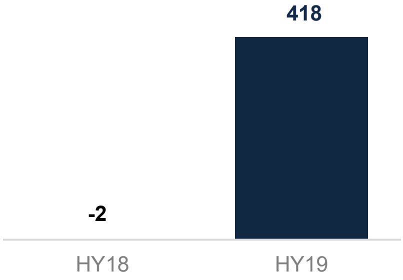
Net cash from operations, US$m



Capital expenditure, US$m



Free cash flows, US$m



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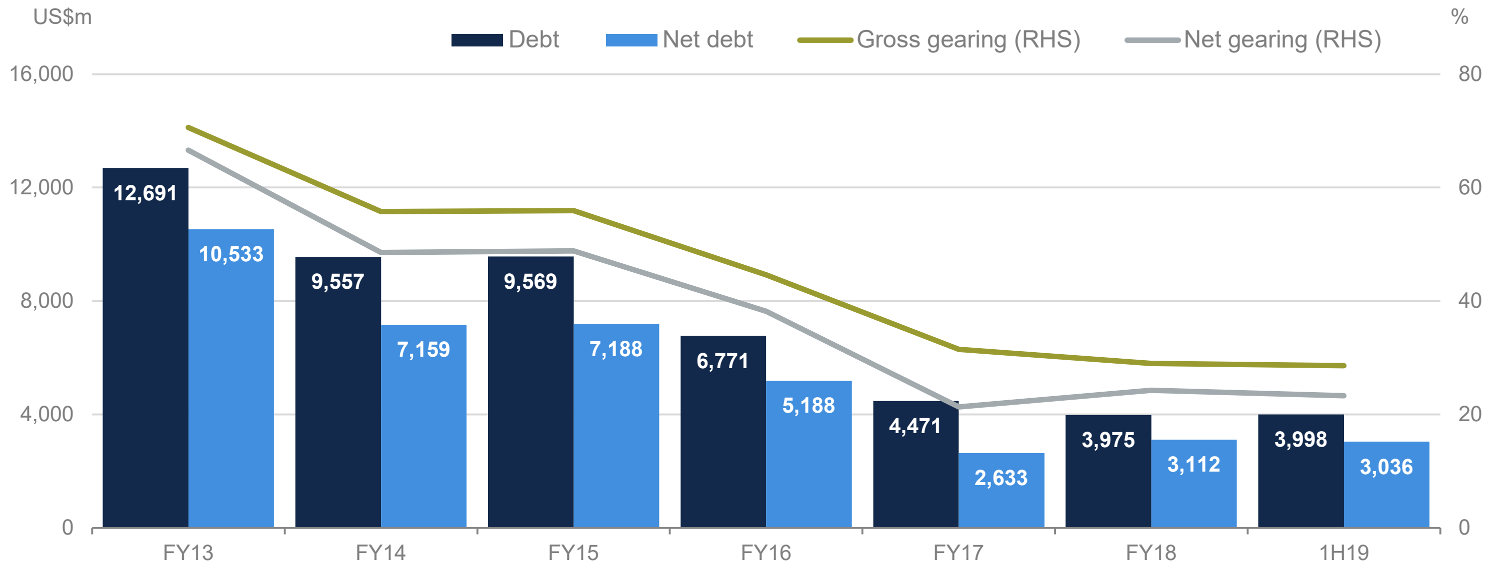
Debt repayments

Flexible structure with target gearing achieved



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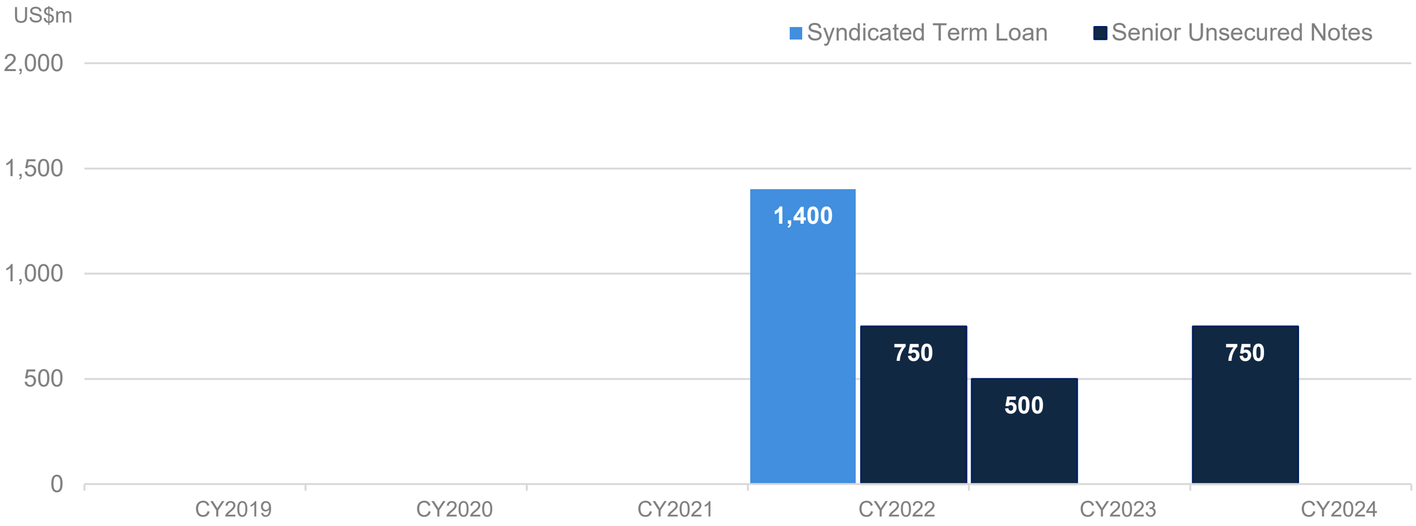
Debt profile

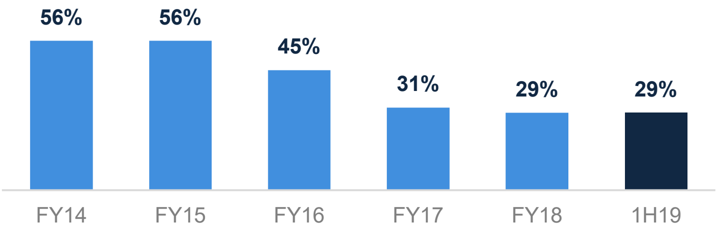
Flexible structure, lower annual interest costs with investment grade terms supports ongoing operations and future growth



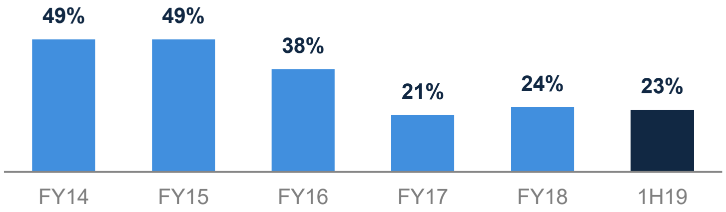
Credit metrics

Key metrics reflecting investment grade and financial strength

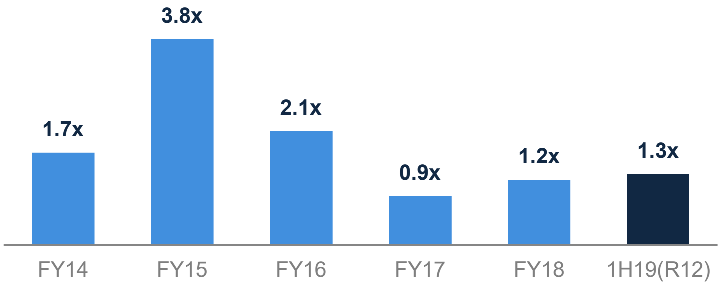
Gross gearing (%)



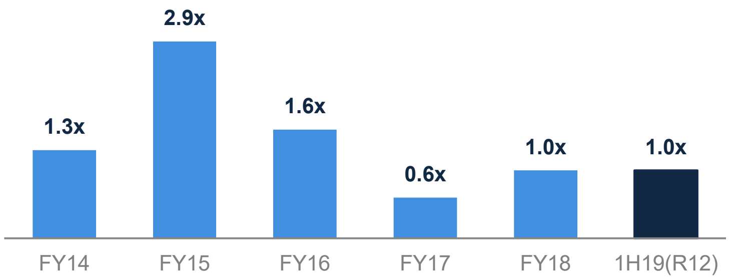
Net gearing (%)



Gross debt to underlying EBITDA (x)



Net debt to underlying EBITDA (x)



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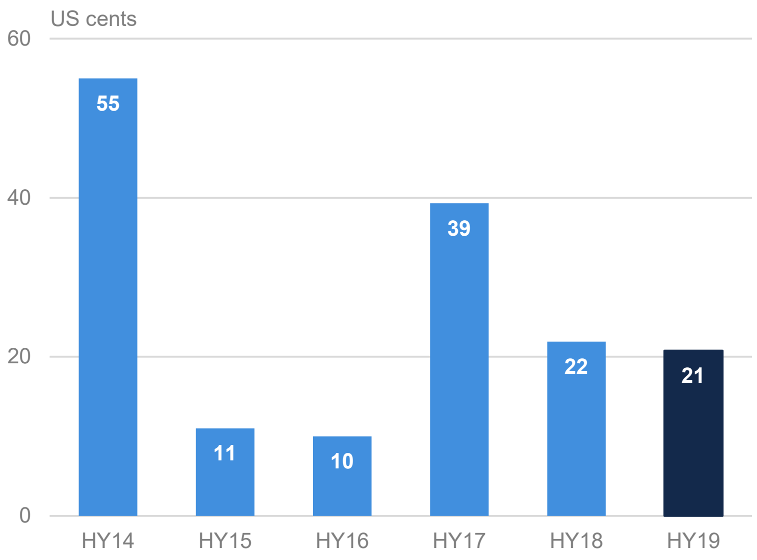
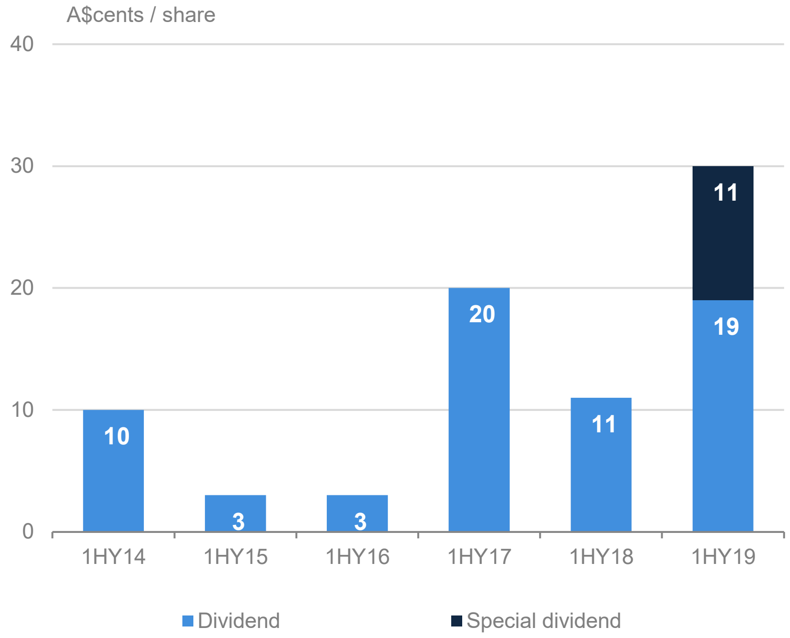
Dividends

Interim dividend A$0.19/share (65% of 1H19 NPAT) and special dividend A$0.11/share

Earnings per share



Interim dividends



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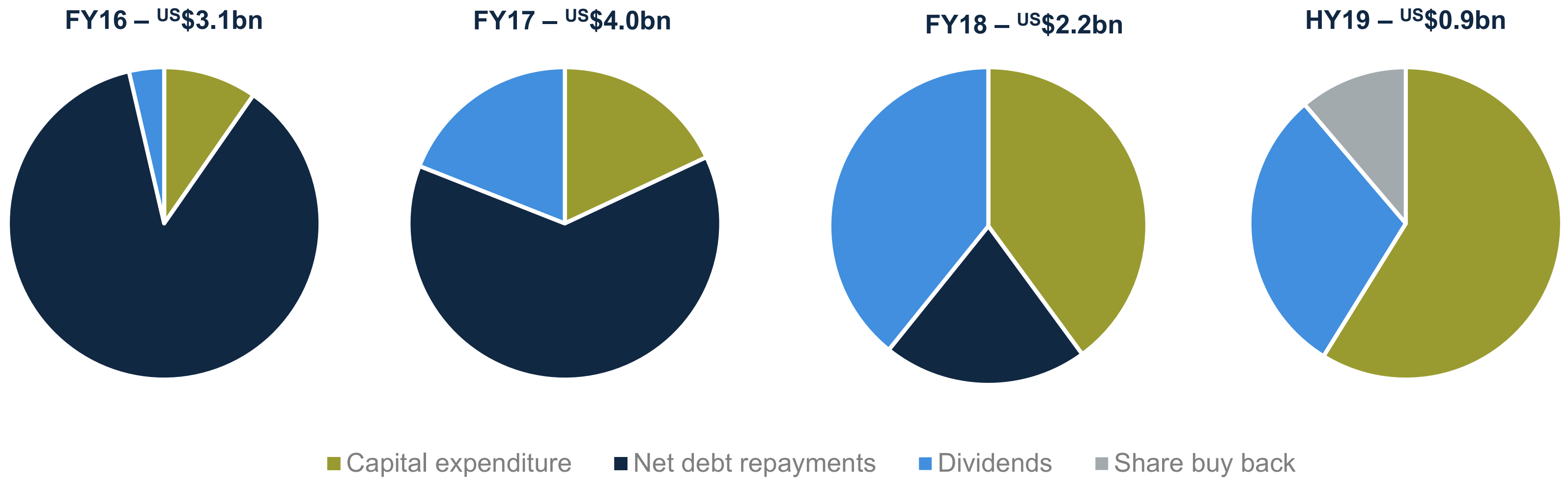
Capital allocation

Disciplined allocation to capital investment and shareholder returns

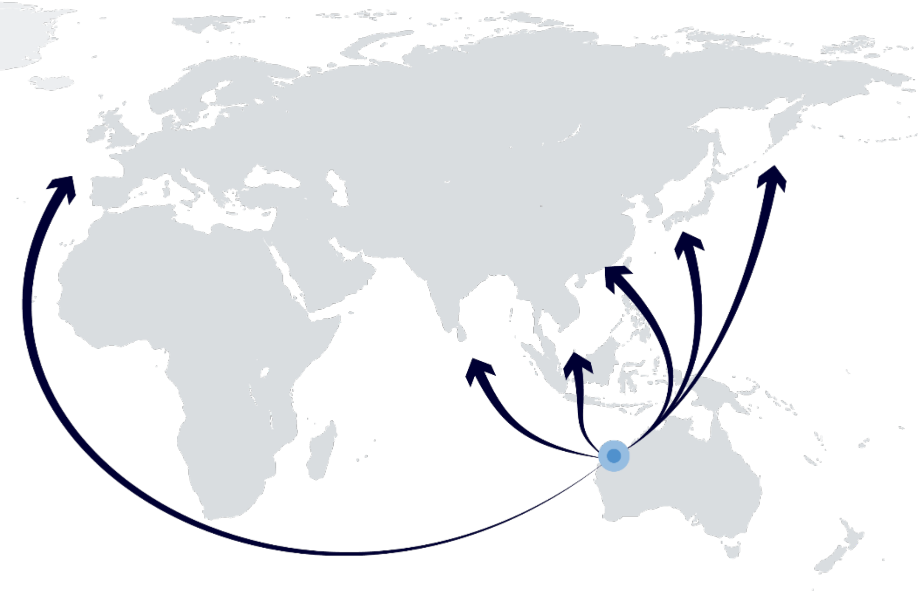


Market

Strong demand for Fortescue products in China and other regions

China steel production increased 12% in 2018 to 928mt

- **Proximity** to high growth region
- **Responsive** to market needs
- **Diverse customer** base
- **Half year sales outside China** 10 per cent
- Maiden **shipments** to new Indonesian and German customers
- Competitive **value in use**



Chinese steel mill profits moderating

China steel
margins moderating

Focus moved to
input costs

Increasing demand
for **lower Fe** products

Source: Mysteel and Platts

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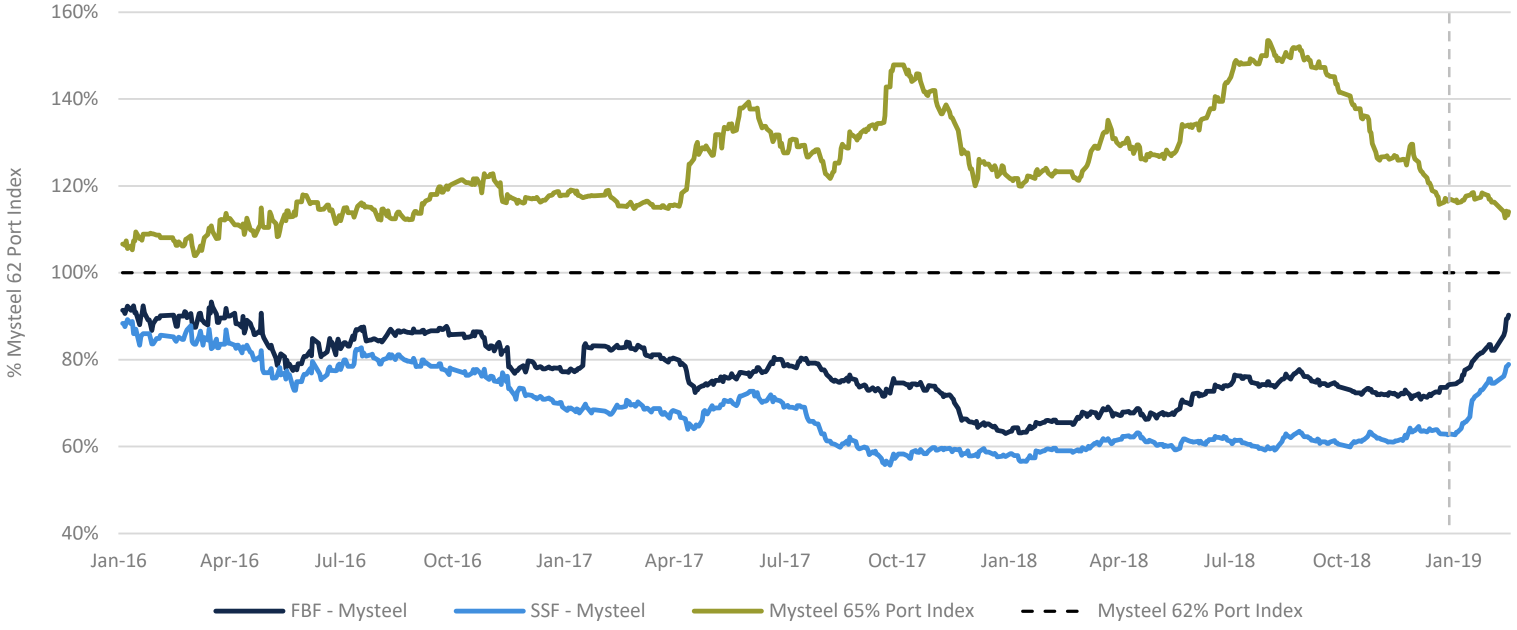
Iron ore price

Variation driven by steel mill profitability with price spreads narrowing due to lower steel margins



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West Pilbara Fines

Typical grade	WPF	Platts IODEX 62
Iron content (Fe)	60.1	62.0
Alumina (Al_2O_3)	2.3	2.25
Silica (SiO_2)	4.7	4.0
Phosphorous (P)	0.075	0.09

First shipments in Dec 2018

8-10mt in FY19

Growing to ~40mtpa for 20+ years on completion of Eliwana

Offtake agreements with customers

Operations and Innovation

Innovation drives productivity and efficiency

- Focus on people and process
- Data analytics
- Generate value from assets
- Maximising margins

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Automated mining

Delivering productivity and efficiency improvements

AHS operation

24.7million km safely travelled

AHS conversion

47 Trucks converted at Christmas Creek

Relocatable conveyor

Operating at full capacity

Autonomous drills

30% improvement

Remote integrated

operations centre

Data analytics

Driving productivity and efficiency

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Eliwana mine and rail project

Underpins West Pilbara Fines

US**$1.275bn** capital investment

143km rail

30mtpa dry OPF

First ore on train **Dec 2020**

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Fortescue ore carriers

Designed to optimise efficient port infrastructure

Eight ore carriers now operational

Completed 114 voyages

29mt of iron ore to China to date

14% annual volume

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Growth and Development

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Significant Pilbara footprint for long life production

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Strategic mine plan to 2050

West Pilbara Fines at 40mtpa

Flexible product mix

Exploration

Western Hub Stage 2 prospects

Nyidinghu potential

Long mine lives

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Exploration in Australia

Iron ore
Lithium
Copper

Largest tenement holding in the Pilbara

NSW
~2,000km^2 tenure

South Australia
~10,000km^2 tenure

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Opportunities in Latin America

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Exploration is key to low cost growth opportunities

Ecuador

32 concessions

Potential for porphyry copper

Drilling at Santa Ana, Ecuador concessions to commence 2019

Argentina

48 tenements

in San Juan prospective for copper-gold

Colombia

64 applications for exploration concessions. Prospective copper-gold

Landmark partnership with CSIRO

Develop and **commercialise** hydrogen technology

Metal membrane technology has potential for bulk hydrogen transportation

Potential for **export market opportunities**

Potential fuel source for **operational requirements**

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FY19 Guidance

165-173mt

Shipments

Including 8-10mt WPF

US$12-13/wmt

C1 cost

towards top end of range

US$1.2bn

Capital spend

Dividend policy

50-80%

pay-out of NPAT

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Key strategic focus

Balance sheet strength

Long term sustainability

Growth and development options

Returns to shareholders

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Fortescue's Values

Our Vision:
The safest, lowest cost, most profitable mining company

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Glossary

C1 - Operating costs of mining, processing, rail and port on a per tonne basis, including allocation of direct administration charges and production overheads.

CFR - Cost and freight rate

Dmt - Dry metric tonnes

Free cash flow - Net cash inflow from operations less capital expenditure

FY - Full year

Gross gearing – (Gross debt) / (Gross debt + Equity)

HY - Half year

mtpa - Million tonnes per annum

Net debt - Total borrowings and finance lease liabilities less cash and cash equivalents

Net gearing ratio - (Net debt) / (Net debt + Equity)

NPAT - Net profit after tax

SIFR - Significant Incident Frequency Rate per million hours

TRIFR - Total Recordable Injury Frequency Rate per million man hours worked

wmt - Wet metric tonnes

Underlying EBITDA - Earnings before interest, tax, depreciation and amortisation, exploration, development and other expenses.

Underlying NPAT - Net profit after tax adjusted for the after tax impact of one-off refinancing and early debt repayment costs.

The reconciliation of underlying EBITDA and underlying NPAT to the financial metrics disclosed in the financial statements prepared under the Australian Accounting Standards is presented below:

US$ millions	1H19	2H18	1H18
Operating sales revenue	3,540	3,208	3,679
Cost of sales excluding depreciation	(1,905)	(1,844)	(1,821)
Net foreign exchange gain	39	28	1
Gain on sale of fixed assets	-	1	-
Administration expenses	(41)	(39)	(31)
Underlying EBITDA	**1,633**	**1,354**	**1,828**
Finance income	9	12	12
Finance expenses	(141)	(438)	(214)
Depreciation and amortisation	(581)	(647)	(630)
Exploration, development and other	(4)	(10)	(22)
Net profit before tax	916	271	974
Income tax expense	(272)	(74)	(293)
Net profit after tax	**644**	**197**	**681**
Cost of early debt repayment	-	190	12
Underlying net profit after tax	**644**	**387**	**693**

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