

# China Iron Ore Conference



Together we are Fortescue

# Forward looking statements

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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 2017 as released to the Australian Securities Exchange on 18 August 2017. 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.

# Building a world class company



Safety focus: engagement, empowerment and innovation

Core supplier  
to China

Shipped over  
**965mt**



Low cost  
producer

**170mt**  
Production rate





# Our Vision: The safest, lowest cost, most profitable iron ore producer



**Fortescue**  
The New Force in Iron Ore



**Safety**



**Family**



**Empowerment**



**Frugality**



**Stretch targets**



**Integrity**



**Enthusiasm**



**Courage and  
determination**



**Generating ideas**



**Humility**



# Generating shareholder value

Focus on safety, productivity and efficiency

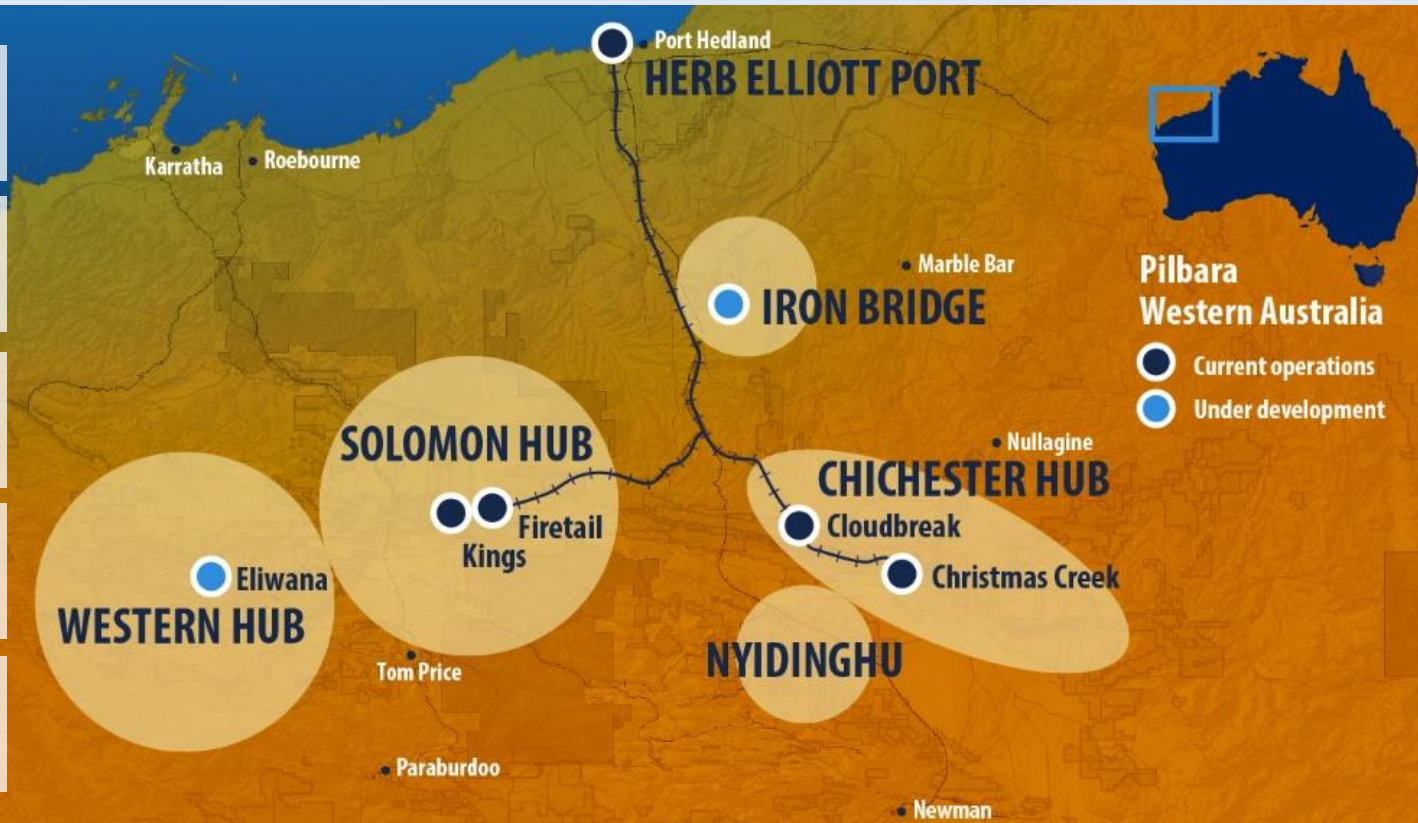
Market strategy

Operational performance

Long life resources

Capital discipline

Shareholder returns





# Operating and financial performance



# FY18 Q2 on track

Operational performance delivering financial results and cashflows

**Safety**

**3.1** TRIFR

**Production**

**40.5<sub>mt</sub>**

Shipped for the quarter

**C1 Cost**

**\$12.08/wmt**

On target to <sup>US</sup>\$11-12



# Sustainable cost improvements

Initiatives delivering long term low cost outcomes

## Structural improvements

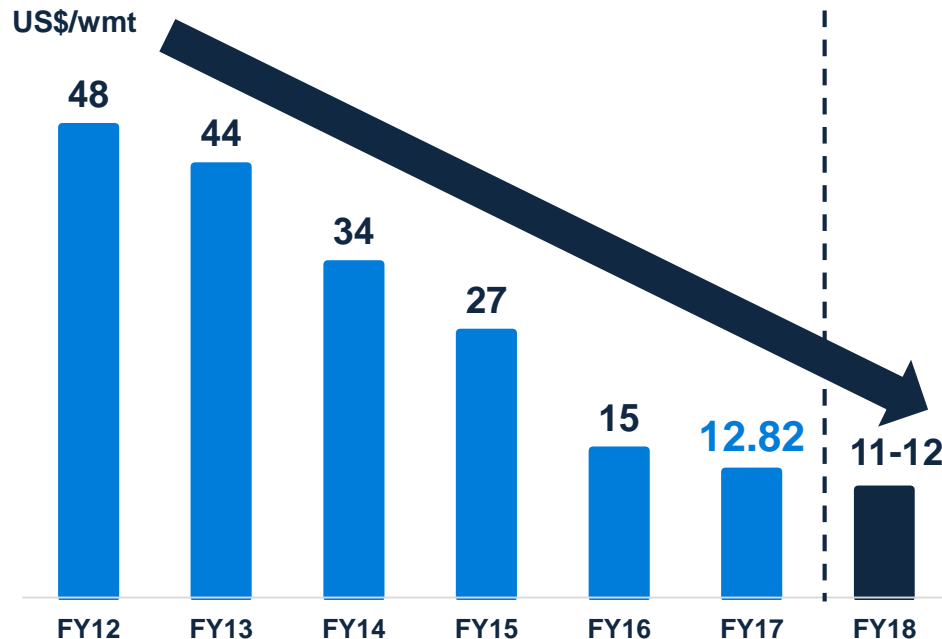
Solomon + Blending + Processing

## Productivity and Efficiency

Utilisation, Recoveries, Maintenance

## Innovation and Technology

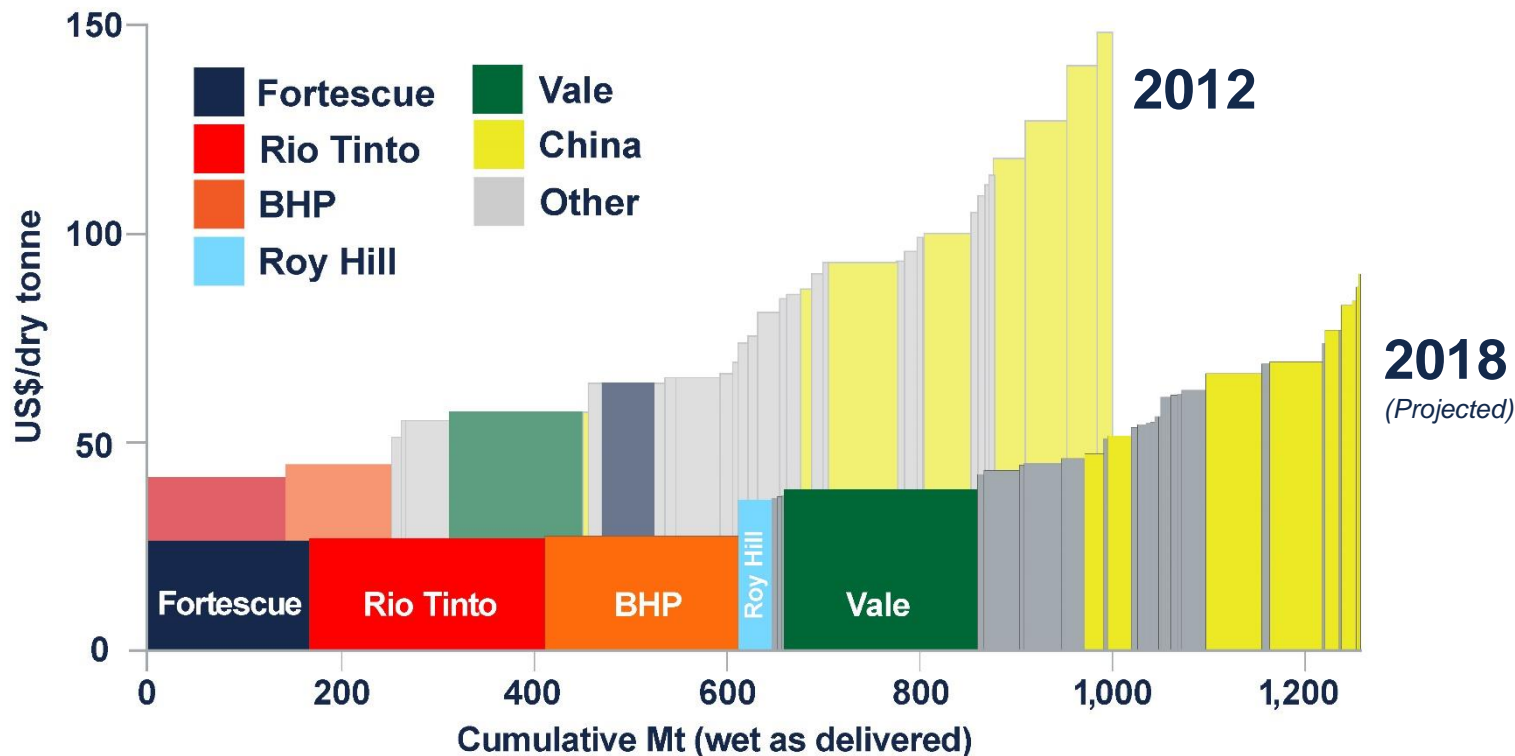
Autonomy, Gas, Ore Carriers, Data analysis



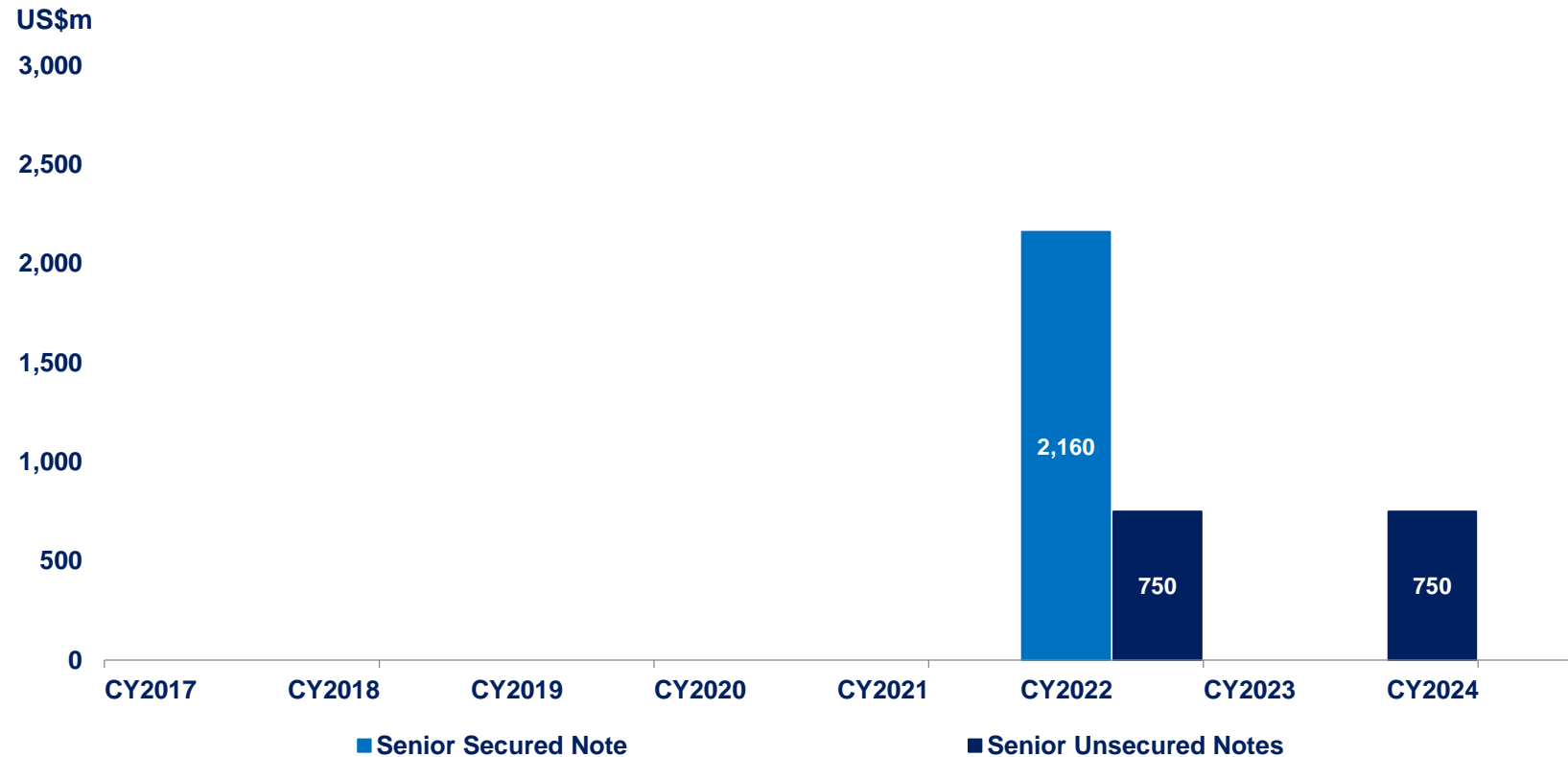


# Maintaining position on the cost curve

## China's Iron Ore Supply CFR Costs *(including royalties & ocean freight)*



## First maturity in 2022 and a US\$525 million revolver facility



# Innovation

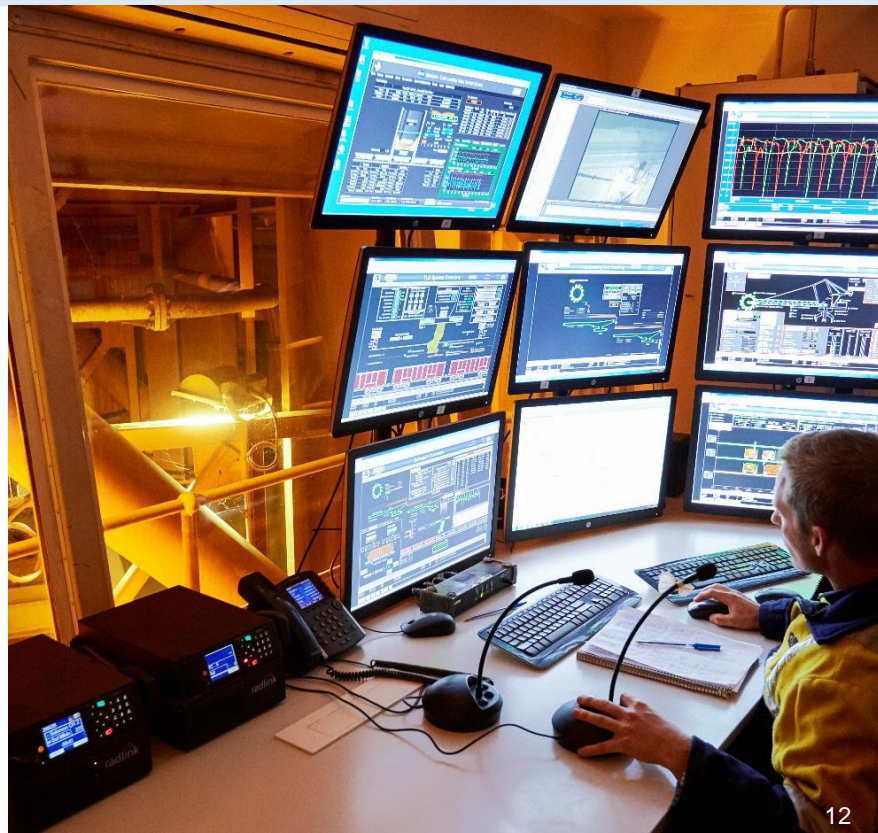




# Generating ideas for future innovation

People, processes and techniques are all catalysts for innovation


- **Exploration** techniques
- Integrated **Operations Centre**
- Mine **planning** and **optimisation**
- Harnessing **automation**
- Low cost, relocatable **conveyor**
- Fortescue **Ore Carriers**



# World class autonomous haulage operation

Building on our success and expanding to the Chichester Hub

 **Improved  
safety +  
productivity**

 **56**  
Operating at Solomon  
+12 to be converted

Chichester Expansion

**100 trucks  
over 3 years**

**500mt**  
Material moved at  
Solomon





# Market





# Core supplier to Asia

Well established market share of imported iron ore to China

**Low impurity** 58% Fe average

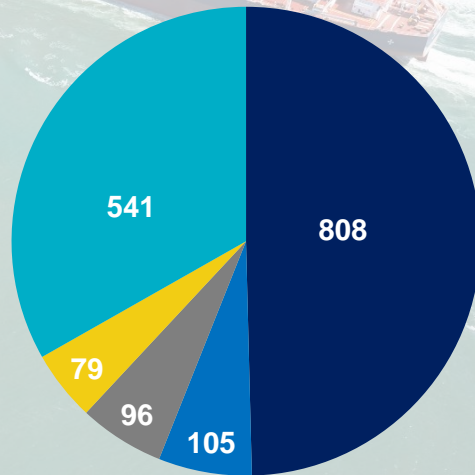
Competitive  
**value in use**

Large diverse  
**customer base**

**Responsive**  
to market needs

**Proximity**  
to high growth  
region

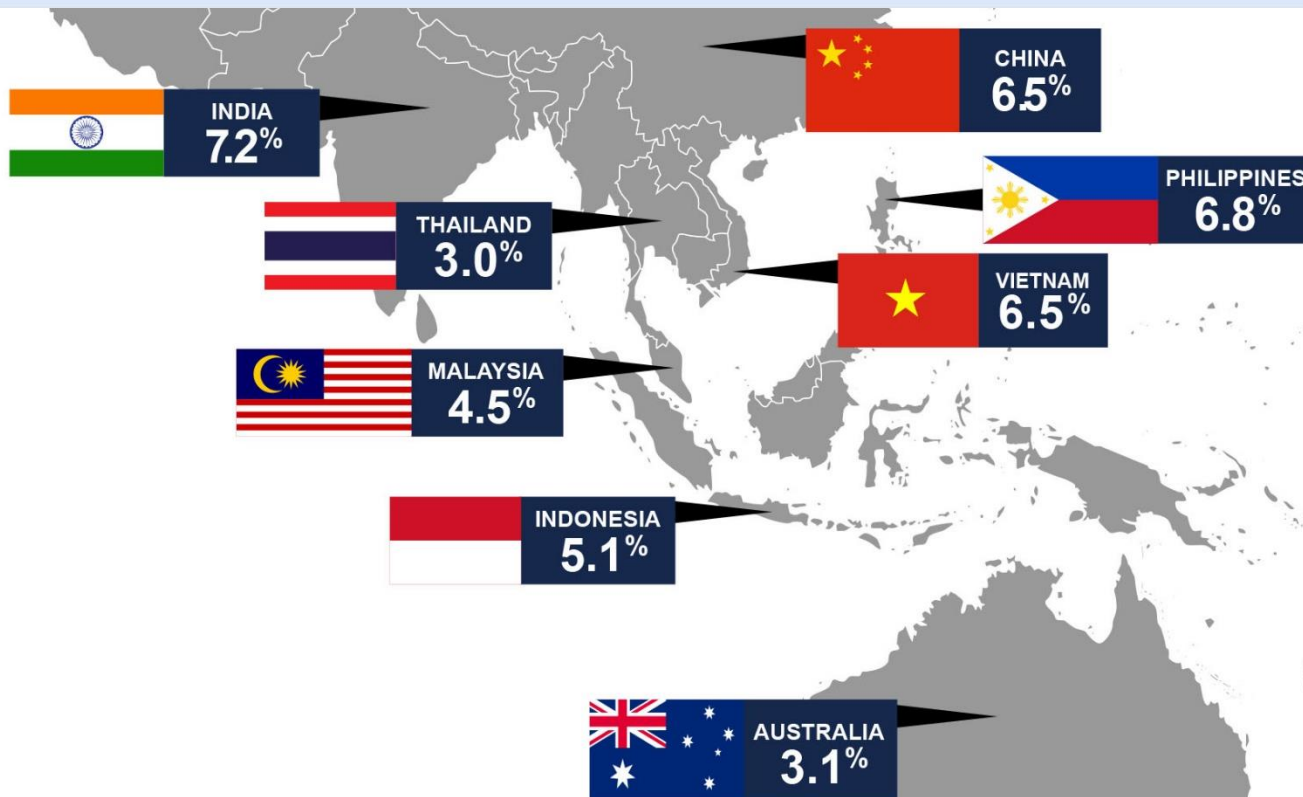
Total 2016 global steel production 1,629mt



■ China ■ Japan ■ India ■ United States ■ Rest of the World

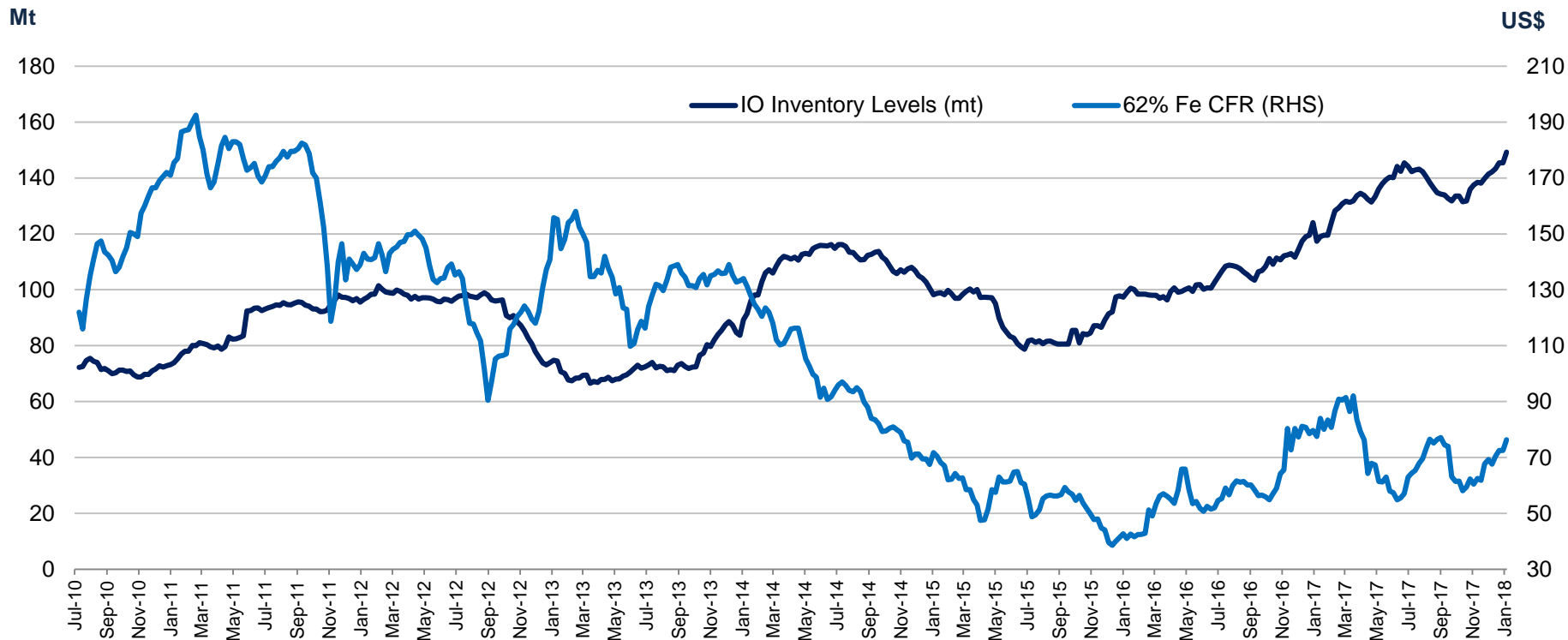
# Developing and emerging Asia

Asian economies generating two thirds of global growth



# Iron ore inventory levels

## Iron ore port inventory at record levels





# Building strong communities



# Diverse workforce representing our communities



Creating opportunities through training, employment and business development



**17%** Female employees

 **A\$1.95bn**  
Contracts to  
Aboriginal companies

 **Training**  
VTEC  
Trade Up

**15%** Aboriginal employees



# Focussed strategy





# FY18 guidance

Sustainable performance driven by innovation

**170mt  
shipped**

**US\$11-12/wmt  
C1 cost**

**70-75%  
Price realisation**

**US\$3/wmt  
Sustaining capital**

**Depreciation  
US\$7.40/wmt**

**Dividend policy  
50-80% pay-out of NPAT**



# Key strategic focus

Ensuring our communities benefit from the growth and development of Fortescue

**Debt repayment and  
capital flexibility**

**Long term sustainability**

**Low cost growth options**

**Returns to shareholders**





# Our Vision: The safest, lowest cost, most profitable iron ore producer



**Sustainable**

Low cost producer

**World class**

Assets and people

**Customer focus**

Reliable and competitive

**Unique culture**

Drives performance







**Fortescue**  
The New Force in Iron Ore

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