



Fortescue
The New Force in Iron Ore

Working together. Delivering results.

CISA Conference, Sept 2015



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Additional Information

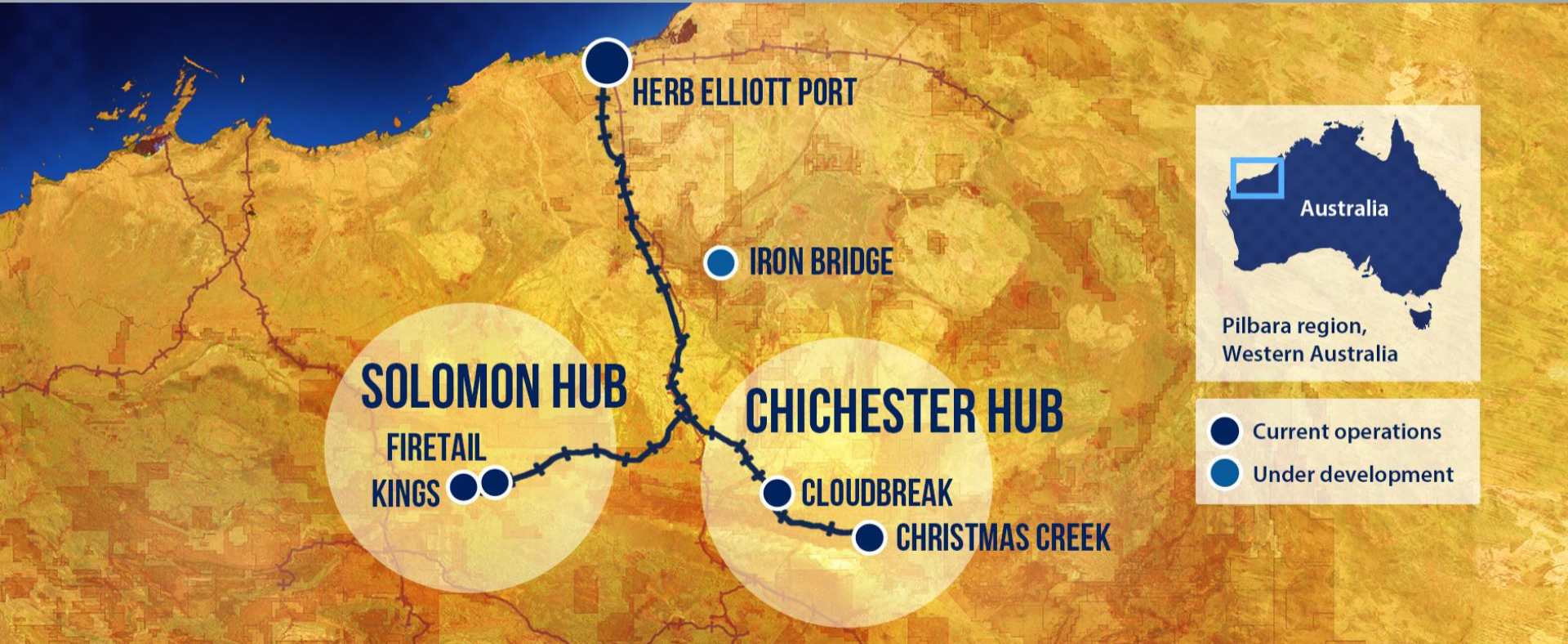
This presentation should be read in conjunction with the Annual Financial Report at 30 June 2015 together with any announcements made by Fortescue in accordance with its continuous disclosure obligations arising under the *Corporations Act 2001*.

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 2015 as released to the Australian Securities Exchange on 21 August 2015. 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. Tables contained within this presentation may contain immaterial rounding differences.

Building a world class company

Core supplier to China's growth



Building a world class company



Core supplier to China's growth

**Founded
in 2003**

**First ore
in 2008**



**Low cost
producer**



Shipped over
550mt

165mt
Production rate



Unique culture



Safety is at the heart of Fortescue's values

My brothers' / sisters' keeper

- **Safety Priorities**
 - 1 Look after yourself
 - 2 Look after your mates
- **Engagement** active participation
- **Empowerment** to make decisions
- **Encouragement** to speak up
- **Leadership** strong and visible



Safety

Four legs of China engagement

Shared innovation and sustainable partnerships

- **Supplier** of iron ore – over **500 million tonnes** shipped
- Purchase of major equipment and ships – more than **US\$1.5 billion** in Chinese contracts
- **Partner** with Chinese entities **investing in Australia**
- Sponsor of **educational opportunities**





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The New Force in Iron Ore

Operating and Financial Performance



FY15 Performance



Cost savings of \$1.8bn (FY12-FY15) + \$1.4bn (FY16)

165_{mtpa}

Run rate maintained

US\$2.4bn
cash on hand

 **C1 \$18/wmt**
FY16 Guidance

US\$2bn
Operating cashflow

Dividends paid

Interim: A\$0.03/share

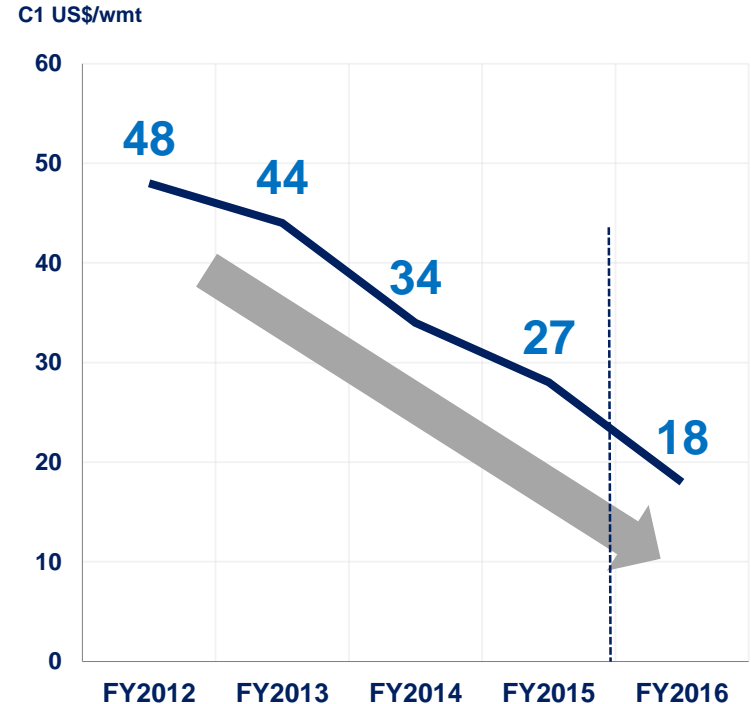
Final: A\$0.02/share

 **US\$39/dmt**
Breakeven price

Key C1 cost drivers

Tier 1 asset base, efficiency and productivity

- 1 **Solomon** operations
- 2 **Blending** strategy 58% Fe
- 3 **Processing**, wet plants + de-sands
- 4 Operational **efficiencies**
- 5 Fx and fuel **decreases**



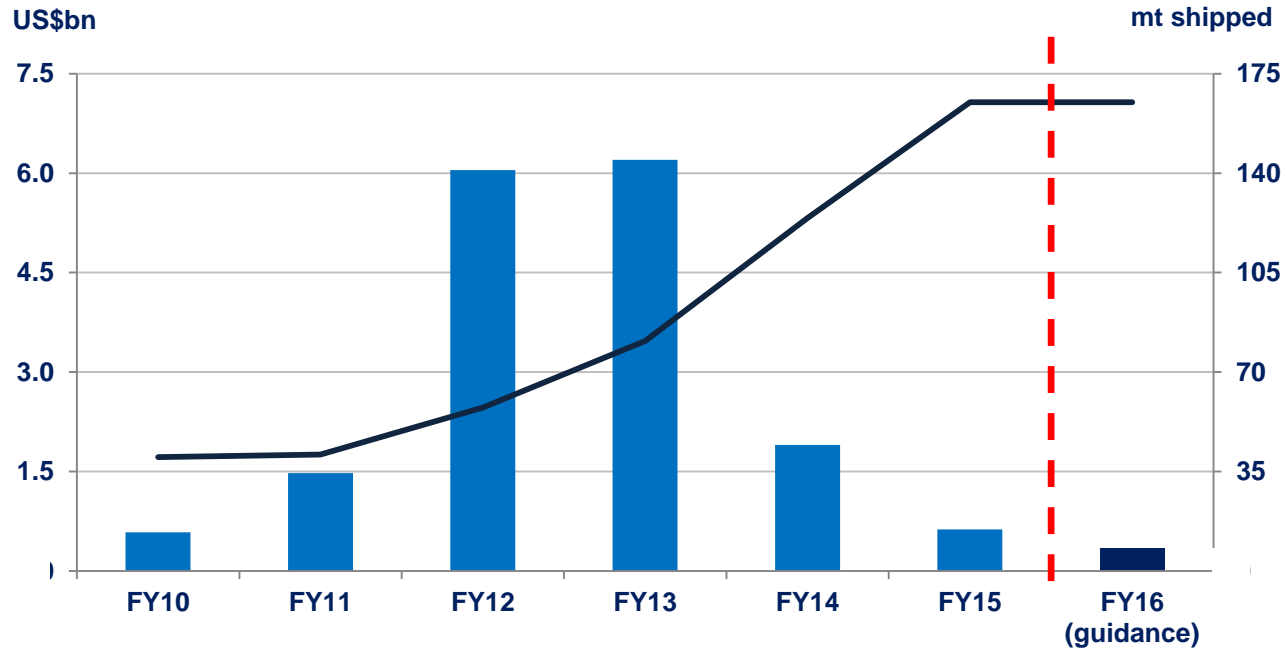


Balance sheet



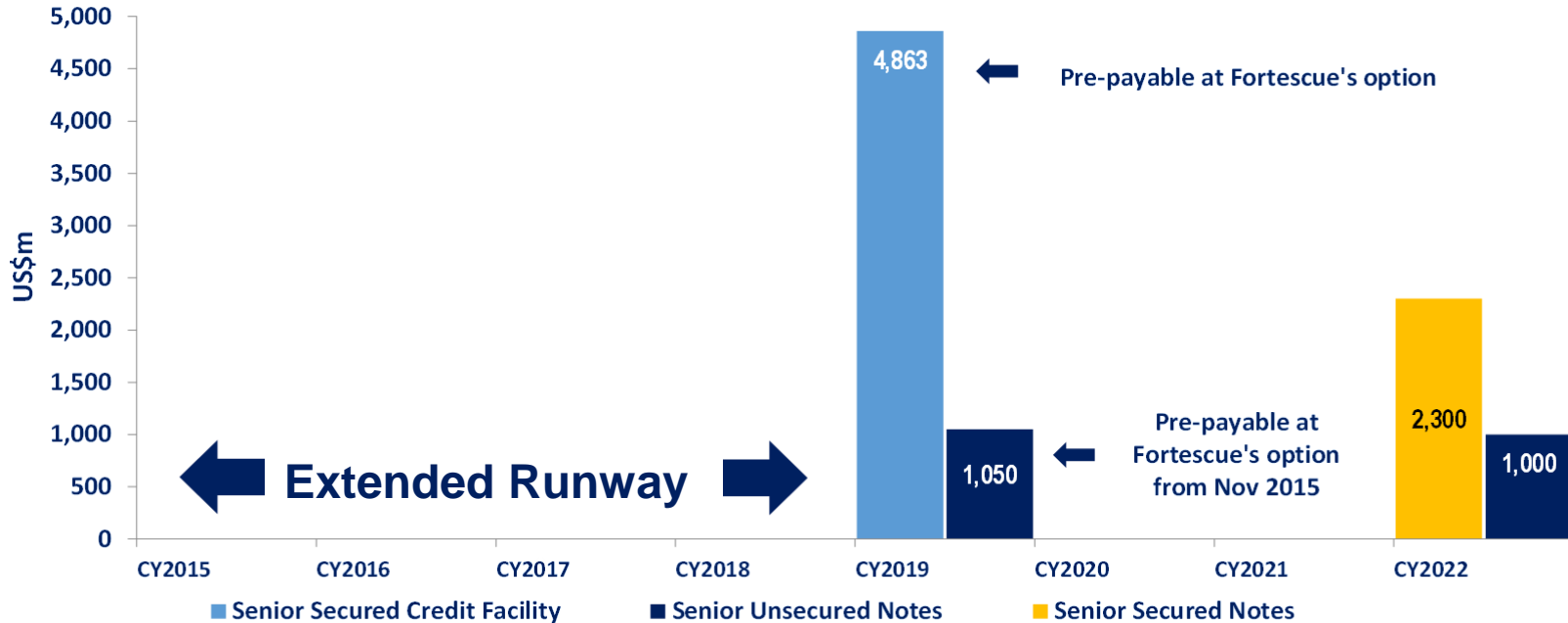
Capital expenditure profile

US\$2/wmt post expansion sustainable capex



Debt maturity profile

No repayments due until June 2019 with flexibility for early repayments

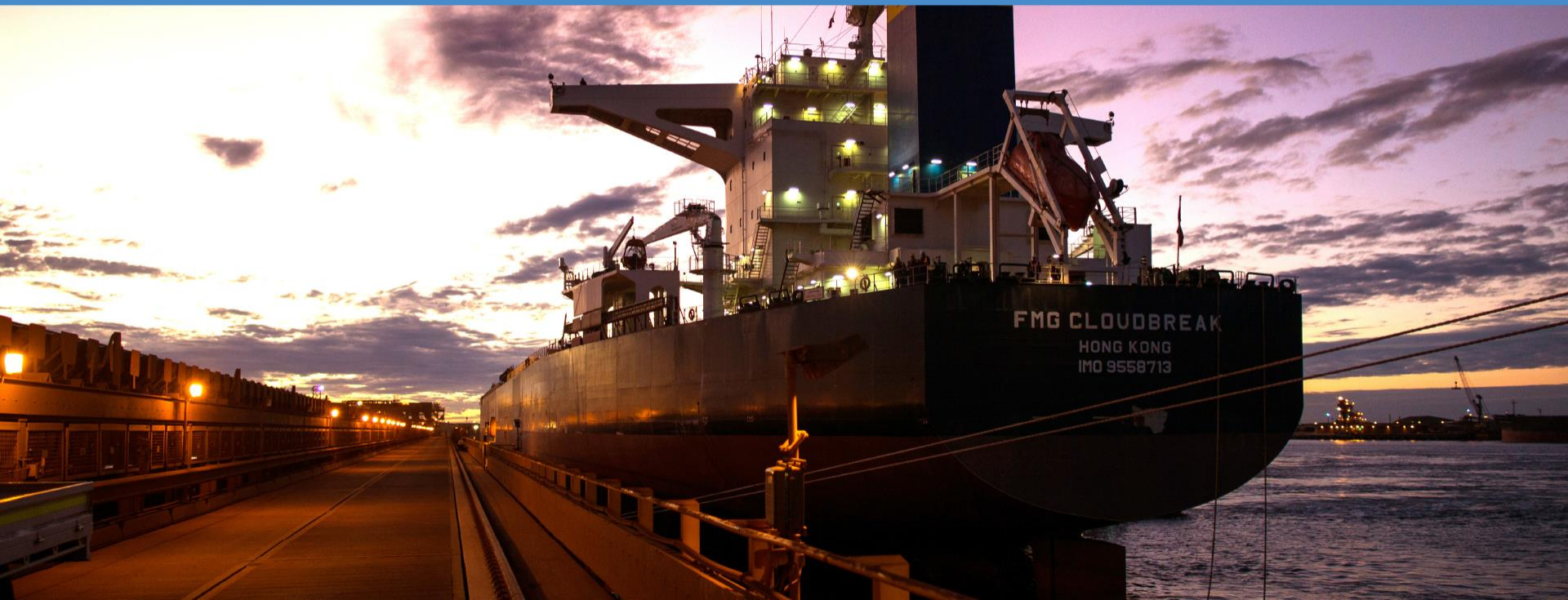


\$2.4bn cash on hand at 30 June 2015



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Market



Core supplier to Asia

Well established 18% market share of imported iron ore to China

- **Low impurity** 58% Fe average
- High **value in use**
- Large diverse **customer base**
- **Reliable consistent** delivery
- **Proximity** to high growth region



China's long term growth remains strong

300 million people to urbanise by 2030

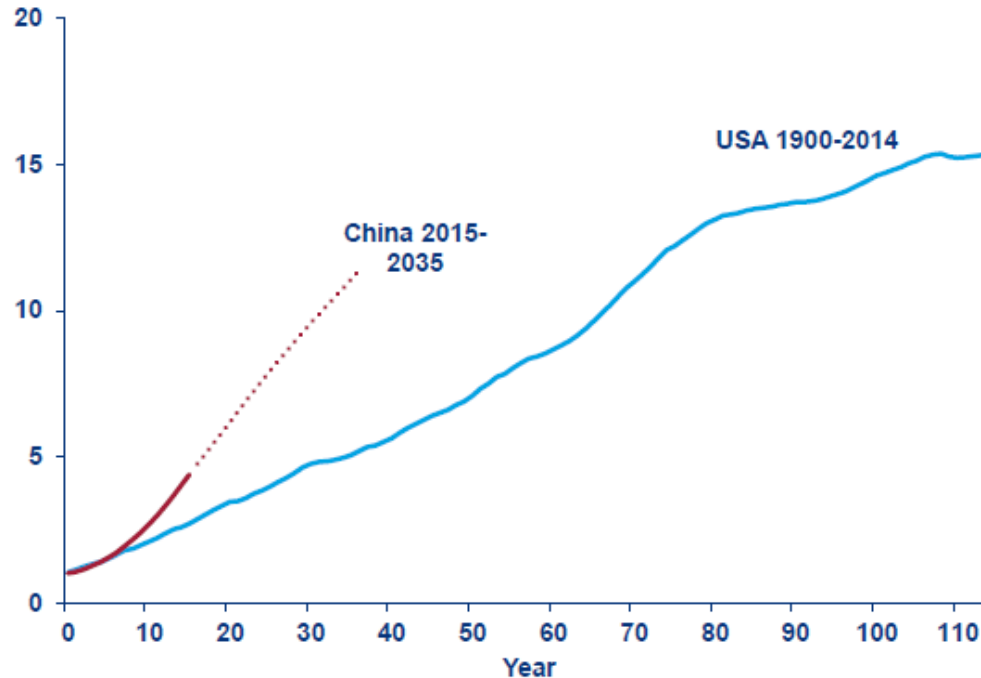
- **Steel** stock-in-use **1/3 USA**
- Steel **demand above 800mtpa**
- **Competitive** and rising steel exports:
 - **One Belt One Road** over billion tonnes
- Short term **growth stabilising**
- Real estate **market recovery**



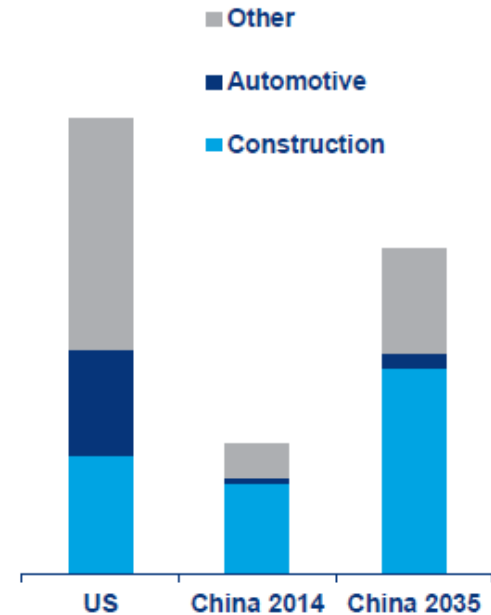
Steel consumption to build economy

Above 800mtpa – driven by policy decisions

Steel stock-in-use per capita (tonne): China vs. US

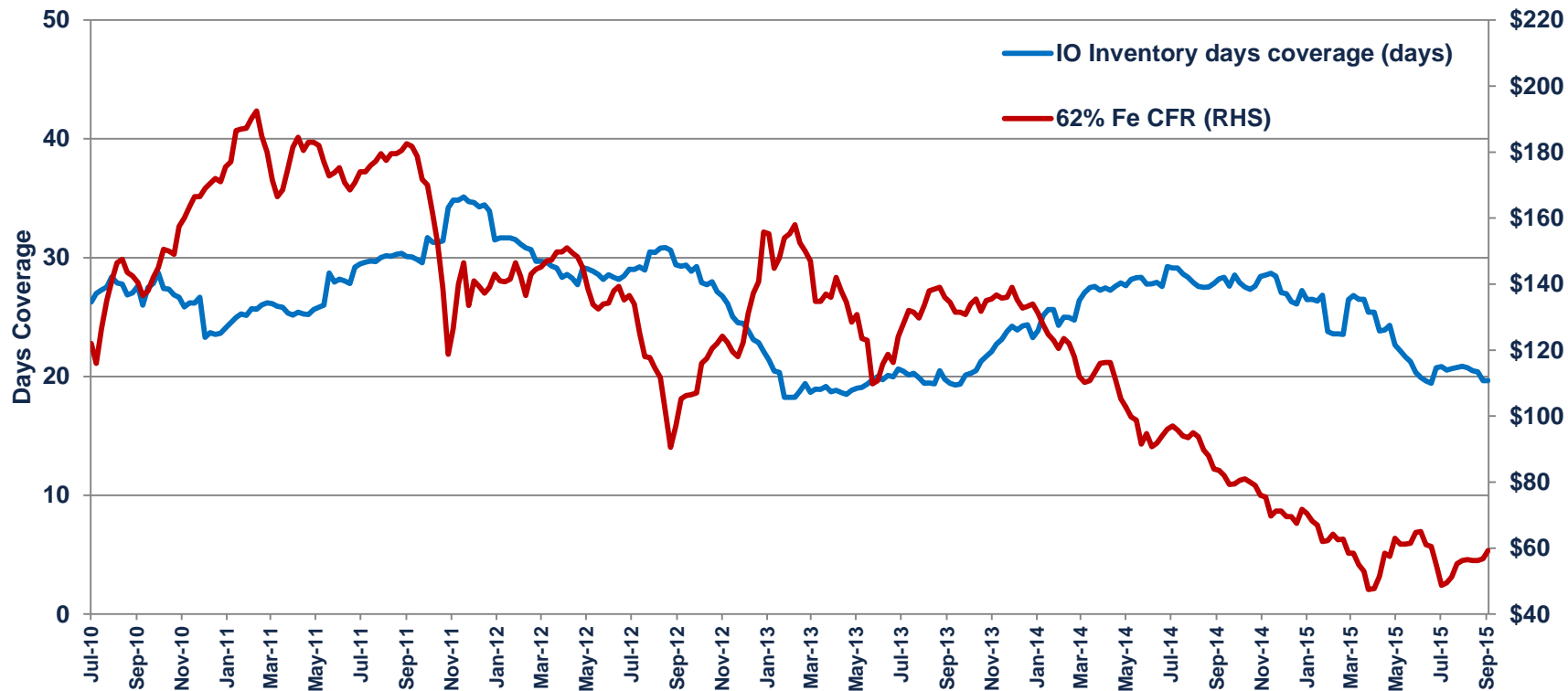


Stock by sector



Iron ore supply in balance...sentiment driving price

Port stocks continuing to decline, currently at 80mt



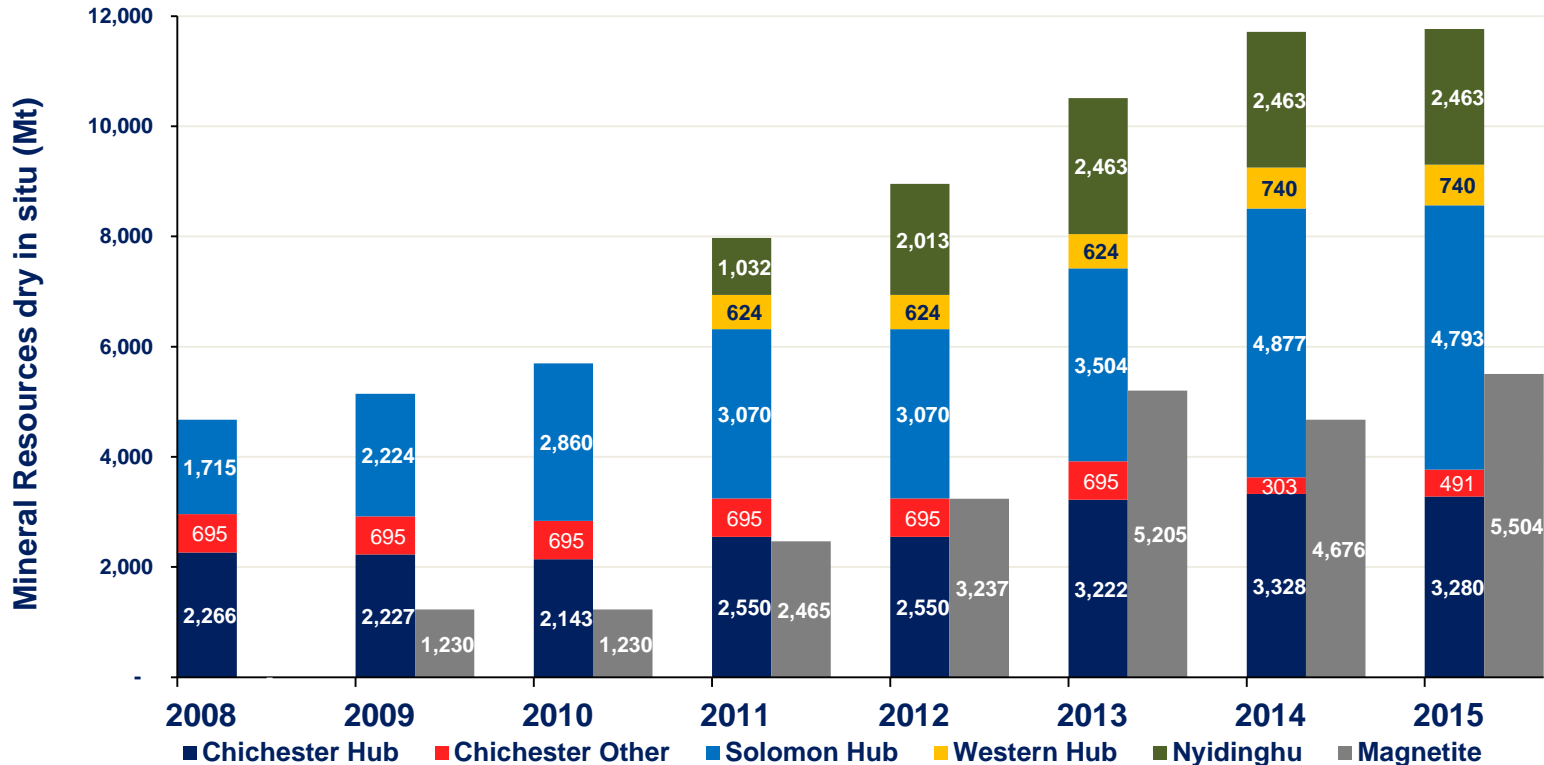


Reserves and resources



Resource portfolio supports asset base

Largest Pilbara tenement footprint





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Supporting our local community



China community support

Focus on education and research

- **Central South University** Education Scholarship
 - **106 scholarships**
 - RMB **18 million** research funding
- **Lingnan (University) College** International Advisory Board
- Major Sponsor **Boao Forum for Asia** – SBLF, ASA100



Ending Aboriginal disparity in the Pilbara

Creating opportunities through training, employment and business opportunity



1,000

Aboriginal employees



13%

Aboriginal people in
Fortescue workforce



A\$1.8bn

Contracts to Aboriginal
companies and JVs



VTEC

Roebourne | South Hedland





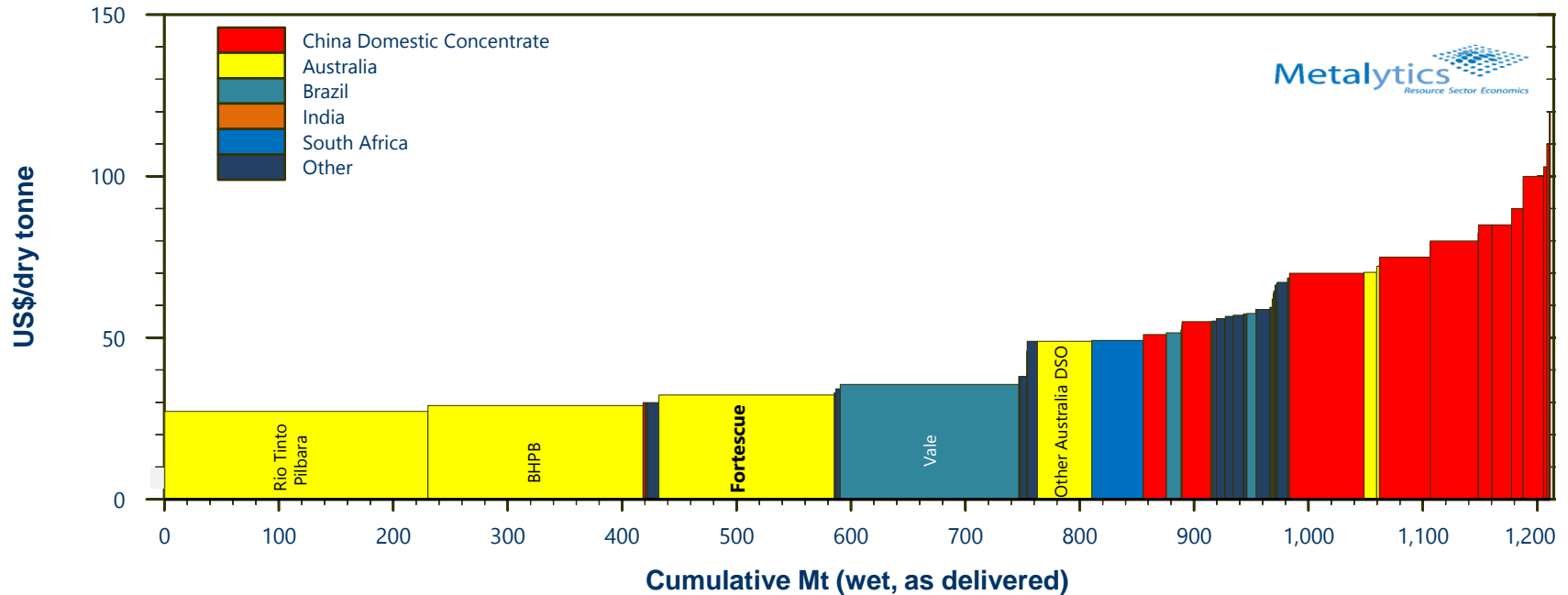
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Focused strategy



Moving down the global cost curve

China's 2015 Iron Ore Supply CFR Costs (including royalties & ocean freight)



Source: Metalitics August 2015.

The new force in iron ore

Unique culture drives performance



Low cost
producer

World class
assets +
people

165mt
Production rate

Reliable
Efficient
Delivery





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C1:	Operating costs of mining, processing, rail and port. The reconciliation of C1 to the amounts disclosed in the financial statements prepared under the Australian accounting standards is provided in the Financial Report for the full year ended 30 June 2015 accompanying this announcement.
CFR:	Cost and freight rate.
mtpa:	million tonnes per annum.
HY:	Half year.
FY:	Full year.
dmt:	dry metric tonnes.
Debt coverage ratio:	debt / Underlying EBITDA
Interest coverage ratio:	Underlying EBITDA / Interest
NPAT:	Net profit after tax. The reconciliation of Underlying EBITDA to the financial metrics disclosed in the financial statements prepared under the Australian accounting standards is presented below.
Underlying EBITDA:	Earnings before interest, tax, depreciation and amortisation, exploration, development and other expenses.
wmt:	wet metric tonnes.

Reconciliation of Underlying EBITDA to IFRS measures	30 June 2015 US\$m	30 June 2014 US\$m
Profit before income tax	420	3,913
Finance income	(15)	(21)
Finance expenses	644	741
Depreciation and amortisation	1,405	965
Exploration, development and other	52	38
Underlying EBITDA	2,506	5,636