

Shareholders benefit from Fortescue’s super performance in 2020 with additional vision on future investment in green hydrogen

Company/ASX Code	Fortescue Metals Group Ltd ASX:FMG
AGM date	Wednesday November 11, 2020
Time and location for attending in person	1000hrs Level 3 Perth Convention & Exhibition Centre 21 Mounts Bay Rd Perth
Registry/Virtual meeting	Link Market Services Limited
Webcast	Online platform provided by Link Market Services
Poll or show of hands	Poll on all items
Monitor	Len Roy assisted by Ian Berry
Pre AGM Meeting?	Yes, with Chair of Remuneration & People committee and Company Secretary Cameron Wilson

97 shareholders physically attended with a further 60 attending online. The Chair dialled in remotely from Paraguay and other directors were similarly present from the East Coast, the UK, China and North America. Deputy Chair Mark Banaba, Director Jennifer Morris and the CEO/MD, Elizabeth Gaines attended in person together with the majority of the Core Leadership Team and the Company Secretary. There were no technical issues with the remote attendees.

The Deputy Chairman and CEO addressed the meeting. Fortescue was successful in increasing NPAT to US\$4.7 billion, (up 49% on 2019), maintaining a strong balance sheet with net debt reduced to US\$.3 billion and capital expenditure doubling on 2019 to US\$2 billion, whilst declaring fully franked dividends totalling \$1.76 for the year (well over 10% yield). Fortescue shipped 178.2 million tonnes of iron ore increasing its revenue to US\$12.8 billion and costs to US\$12.94 per weighted metric tonne, achieving EBITDA margin of 65% and return on equity of 40%.

Fortescue has overcome ore grade problems which impacted on profits in previous years and this improvement will continue as Eliwana, the new mine comes into production in early 2021 with no budget or time over-runs. No major problems are envisaged with the Iron Bridge project where earthworks have commenced, and design is approaching completion with some delays attributable to COVID-19. Commissioning and ore production planned for CY22.

Total iron ore imports by China have currently recovered to around 110 million tonnes per month supporting crude steel output of 90 to 95 million tonnes a month provides confidence that Chinese demand will continue even when COVID-19 impacted ore production resumes. FMG had signed incremental ore contracts in recent weeks

The Chair Dr Forrest, attributed much of the success of his original vision for a third force in Pilbara iron ore mining to the Fortescue family culture and envisages a new parallel vision for Fortescue by investing in the development of a Green Hydrogen industry with fuel for transport and shipping, the production of ammonia- based fertiliser, and steel making

utilising green hydrogen as well as fuel for industrial heating. Finance raised would be non-recourse to Fortescue and the target is making agreements with up to 47 countries to progress the project.

The ASA monitor complemented the company on its sterling result and stated that there were no governance, financial or remuneration issues to raise this year.

There were a number of questions including one on Fortescue's targets on climate change and concern that the green hydrogen project could be based on gas. This together with a number of questions from Stephen Mayne who had concerns regarding the relationship between the Minderoo Foundation and Fortescue were addressed satisfactorily.

As regards resolutions the Remuneration Report sailed through with 96% approval and directors up for re-election sailed through with 95 to 99% support. CEO participation in the Performance Rights Plan was approved by 87% of votes cast. The resolution relating to renewal of proportion takeover approval provisions attracted 99% support.

The hybrid meeting was successful in more ways than one.