



Company	Fortescue Metals Group Ltd
Code	FMG
Meeting	AGM
Date	15 th November 2018
Venue	Grand Ballroom, Hyatt Regency Perth 99 Adelaide Terrace
Monitor	Len Roy assisted by Ian Berry

Number attendees at meeting	134 shareholders including proxy holders plus 119 visitors.
Number of holdings represented by ASA	195
Value of proxies	\$4.77m (based on \$3.97 per share)
Number of shares represented by ASA	1,202,485
Market capitalisation	\$12.67bn
Were proxies voted?	Yes, on a poll
Pre AGM Meeting?	Yes, with Co-Deputy Chairman Sharon Warburton & Company Secretary Cameron Wilson

FMG upholds production, lowers C1 costs by 4% & benefits from refinance arrangements.

Non-executive Chair Andrew Forrest AO opened the meeting by introducing all directors and the Core Leadership Team. The latter was established November 2017 and is made up of Ian Wells CFO, Ms Julie Shuttleworth Deputy CEO, Greg Lilleyman COO and Ms Elizabeth Gaines CEO. Mr Forrest was upbeat about the effectiveness of the Core Leadership Team following its creation one year ago. A welcome was also extended to former CEO Neville Power who retired from FMG February 2018.

The chair quickly summarised headline achievements including:

Shipping 1bn tonnes of iron ore since the first shipment 2008;
Continuance of the C1 cost level of US\$12.36 per wet metric tonne;
Launching & commissioning of FMG's 8th dedicated ore carrier;
First company in WA to control a railway from outside the region of operation; and
First company in the world to use CAT® autonomous haulage technology on a commercial scale.

Attendees were anxious to hear from Ms Elizabeth Gaines who was appointed CEO in February 2018. Ms Gaines was first appointed to the FMG board as a non-executive director (NED) February 2013. Ms Gaines did not disappoint. She initially outlined FMG's strong sense of culture, values & community. This was followed by specific commentary on safety, delivering on FMG targets, upholding FMG's world class operations and maximising the benefits of technology.

Ms Gaines stated that diversity was much broader than gender (24% of the senior management team is female & FMG is one of two listed companies in Australia with greater than 50% female board members). FMG is a leader in training & engaging Aboriginal people and in February 2018 the company celebrated a milestone award of \$2.0bn of contracts & sub contracts to Aboriginal businesses & joint ventures.

The US\$1.275bn Eliwana mine & rail project was given board approval May 2018 and involves 143km of rail, a dry ore processing facility & associated mine infrastructure. The project underpins FMG's 60% iron grade product with production & blending planned to commence second half FY19. Eliwana will be financed from operating cash flows.

Ms Gaines referenced the lower indebtedness, improved credit terms and lower cost of capital resulting from repaying & refinancing the outstanding US\$2.16bn of the 9.75% Senior Secured Notes, through a combination of US\$1.90bn refinancing and US\$260m cash payment.

Whilst FY18 financial performance was significantly lower compared to FY17, (EPS FY18 US\$0.282 cps compared to FY17 US\$0.673 cps), attendees seem to recognise that FMG focuses on matters within its control & influence and that the FY18 realised price of USD44/dry metric tonne (dmt) compared to FY17 USD/53 dmt reflected the change in the global iron ore pricing. The total delivered cost was USD/24 dmt for both FY18 and FY17.

FY19 guidance numbers provided:

165-173mt in shipments with focus on margins through product mix;
C1 cost US\$12-13/wet metric tonne (wmt);
Average strip ratio 1.5 (Eliwana strip ratio is estimated at 1:1);
Total capex US\$1.2bn; and
Depreciation & amortization of USD7.10/wmt.

ASA supported all resolutions and acknowledged FMG's high level of governance, financial performance – given the lower commodity price, the initiative of the Core Leadership Team and successful CEO succession.

All 6 resolutions were passed on a poll. The remuneration report received 95.27% support of share voted and director re-election / elections received in excess of 99% support. The refresh approval of Performance Rights Plan received 98.97% support whilst the Resolution 6, FMG Performance Rights Plan by Ms Elizabeth Gaines, received a 24.43% Against vote.

Results of meeting <https://www.asx.com.au/asxpdf/20181115/pdf/440bdps3kfyt0x.pdf>

FMG AGM presentation <https://www.asx.com.au/asxpdf/20181115/pdf/440b35kn4blk39.pdf>