

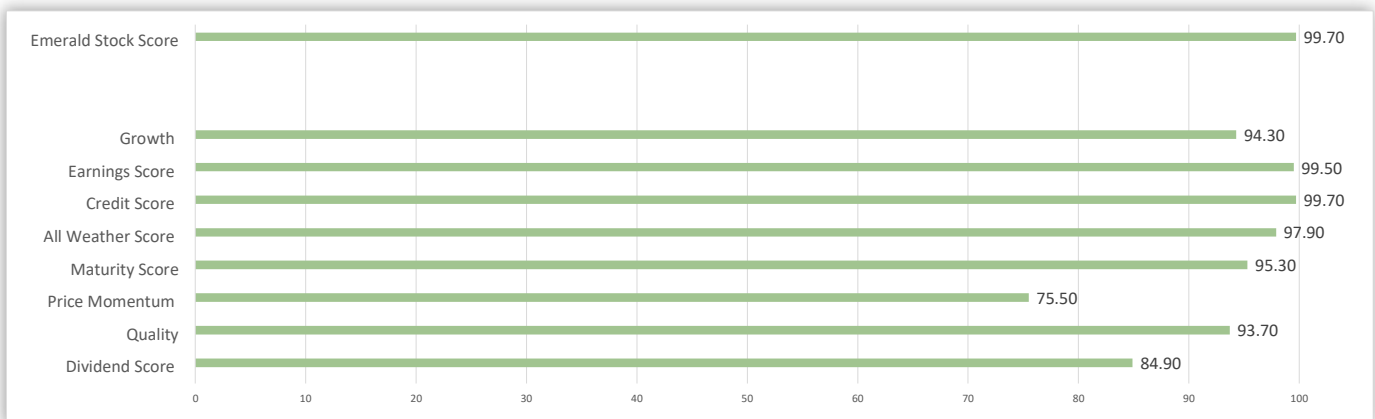
Fortescue Metals Group Ltd - FMG

Last Price	9.47	Country	Australia	Market Cap:	28,104,729,765
Net Change	0.30	Industry	Metals & Mining	Cap Index:	Large Cap
% Change	3.27%	Sector	Materials	Total Market Position:	13
		Next Reporting I	21/08/2020	IPO Date	19/03/1987

Description

Fortescue Metals Group Limited (Fortescue) is engaged in the exploration, development, production, processing and sale of iron ore. Fortescue owns and operates a fully integrated infrastructure and supply chain including five berth Herb Elliott Port in Port Hedland, the Judith Street Harbour towage infrastructure and the heavy haul railway covering 620 kilometers (km) of track. The Company is developing the Eliwana Mine and Rail Project and the Iron Bridge Magnetite Project. The Chichester Hub, which includes the Cloudbreak and Christmas Creek mines, is located in the Chichester Ranges. The Solomon Hub is located in the Hamersley Ranges, and includes the Firetail and Kings Valley mines, which produce in excess of 70 million tons per annum (mtpa). Its Iron Bridge project is located over 145 kms south of Port Hedland. Its Eliwana Mine and Rail development includes 143km of rail and a 30mpta dry ore processing facilities.

Emerald Indicators



Emerald Target - Buy to 11.00

FMG is a very quickly growing to be amongst the largest Iron Ore miners, with a 30% growth in profit. Being less diversified and with Iron Ore holding strong FMG has outperformed its peers over the past 12 months. Iron Ore has pulled back a little around the Coronavirus worries but seems to be finding support already. In saying that we are yet to hear the news that the Iron Ore refineries in China closing, but rebar is starting to pile up.

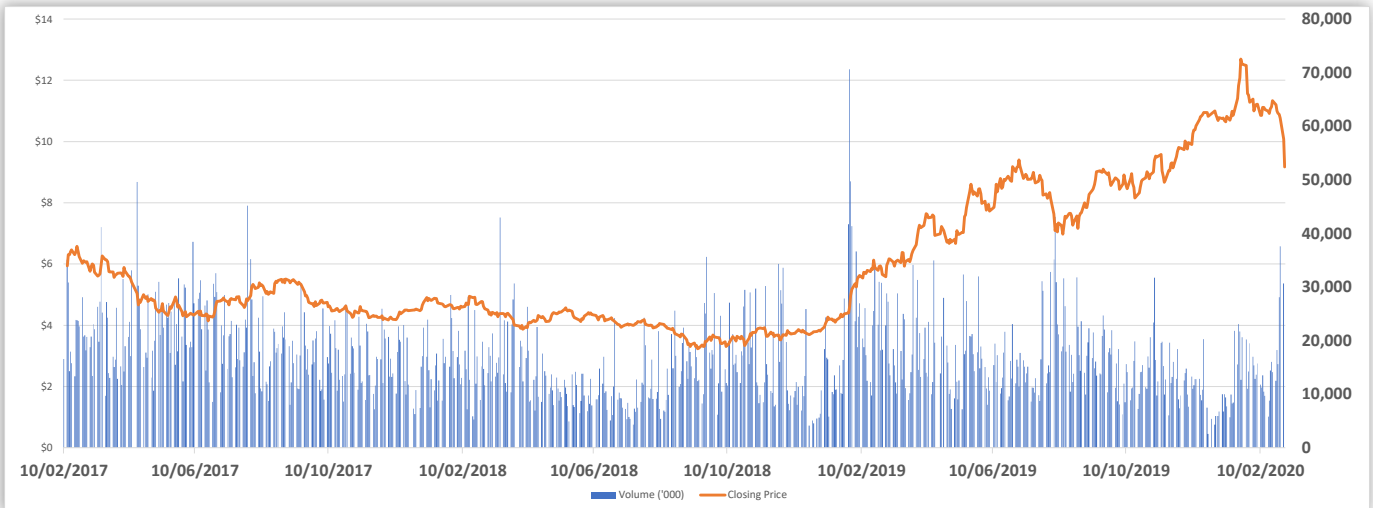
They have done a fantastic job of paying down debt over the years with the Debt to Equity ratio now at 32.24. Also inline with BHP and RIO they have dropped costs down to US12.73/WMT.

FMG has offered a very generous dividend with an expected yield of around 13% and went ex-dividend yesterday.

Consensus Recommendation

# of Analysts:	Strong Sell	Sell	Hold	Buy	Strong Buy
18	1	5	11	1	0
HOLD 			Previous Close	Price target mean	% from Mean
			9.47	9.80	8.80%
Upgrades Last 30 Days:	Downgrades Last 30 Days:	Upgrades Last 60 Days:	Downgrades Last 60 Days:	Upgrades Last 90 Days:	Downgrades Last 90 Days:
11	4	13	2	13	2

Price Chart

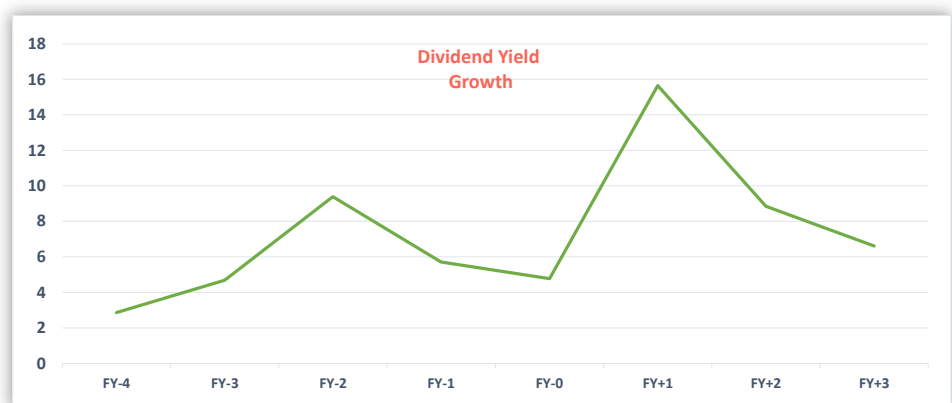


Price Performance

Year High	12.87	YTD	5.581	Percentage Performance	64.30%
% to Yr. High	-28.75%	QTD	8.800		4.20%
Year Low	5.71	MTD	11.390		-19.49%
% to Yr. Low	60.54%	WTD	11.200		-18.13%
Close vs 200 SMA	-0.11	Beta	0.351		
Close vs 100 SMA	-1.03			XJO	FMG VS XJO
Close vs 50 SMA	-1.90			Benchmark YTD	60.00%
5 day Volatility	58.65			Benchmark QTD	7.63%
30 day Volatility	47.22			Benchmark MTD	-11.54%
90 day Volatility	36.44			Benchmark WTD	-8.60%
Volume 30 days Avg	16390891	VWAP Avg 30 days	11.18		Distance from VWAP
Volume 15 days Avg	16163485	VWAP Avg 15 days	10.85		-18.00%
Volume 5 days Avg	23786550	VWAP Avg 5 days	10.48		-15.51%
					-12.49%

Dividend

Dividend per share	1.14
Reported Div. Yield %	4.77
Current Div. Yield %	15.58
5 Year Average Div. Yield %	5.79
Franking	100
Div. Payout Ratio	36.90
Div. Payout Ratio 5 year average	43.97



Key Ratios

Growth & Value

	LTW	FY-3	FY-2	FY-1	FY0	FY+1	FY+2	FY+3
PE Ratio	5.67	21.64	10.51	24.12	6.26	4.448	7.25	9.61
PEG Ratio	0.01	-0.13	-0.10	-0.19	0.02	NaN	NaN	NaN
EPS	1.62	0.42	0.87	0.38	1.47	2.06	0.82	0.63
ROA	25.37	4.84	10.89	4.75	16.98	22.96	13.69	10.60
ROE	44.45	12.36	23.11	9.04	31.39	35.84	20.79	15.03
ROC	33.30	21.95	22.96	23.15	21.83	25.95	17.48	13.35

Financial Summary

Scale = 6

	FY-3	FY-2	FY-1	FY0	FY+1	FY+2	FY+3
Total Revenue	9,507	10,990	9,304	14,195	18,186	14,552	13,784
Growth		15.60%	-15.34%	52.57%	28.11%	-19.98%	-5.28%
Gross Income	2,710	4,631	2,644	6,909	10,227	8,381	6,363
Margin	28.50%	42.13%	28.42%	48.67%	56.24%	42.41%	53.83%
EBITDA	4,150	6,116	4,216	8,540	11,527	7,820	6,679
Margin	43.65%	55.65%	45.32%	60.16%	63.39%	53.74%	48.45%
EBIT	2,481	4,472	2,491	6,712	9,306	5,359	4,351
Margin	26.09%	40.69%	26.78%	47.29%	51.17%	36.82%	31.56%
Net Income after Tax	1,321	2,723	1,188	4,540	6,392	3,864	3,033
Margin	13.89%	24.78%	12.76%	31.98%	35.15%	26.55%	22.00%
EPS	0.4237	0.8722	0.3802	0.2478	2.0616	0.8230	0.6313
PE	221.24%	105.85%	-56.40%	285.31%	40.71%	-60.08%	-23.29%
Free Operating Cash Flow	2,800	4,589	946	4,736	4,509	2,803	2,943

Valuation

Price to Book	1.47	Book Value per Share	4.88
Price to Tang. Book	1.47	Tangible Book Value per Share	4.90
Price to Sales	1.42		
Price to Earnings	6.26		

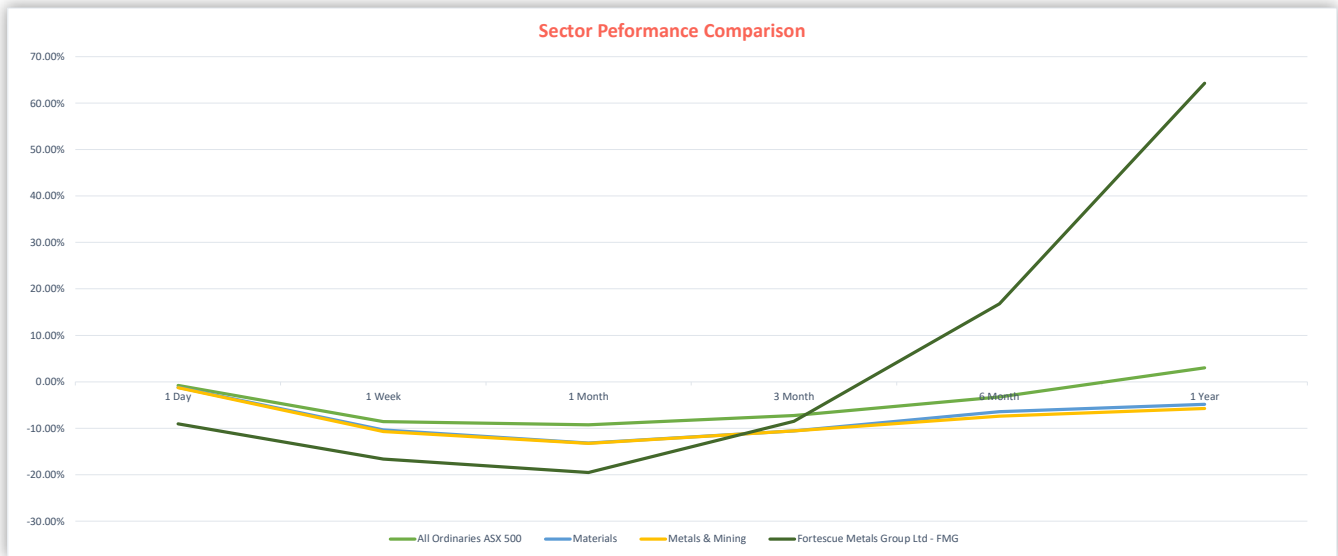
Financial Health

Total Assets	28,054	Tangible Book Value	15,074	Debt to Tangible book value	37.35
Total Liabilities	12,971	Total Debt Outstanding	5,630	Debt to Equity	32.24
Net Assets	15,650	Operating Margin	48.39	Debt to Capital	24.36
Cash and short term investments	2,125			Current Ratio	1.37

Sector Analysis

	1 Day	1 Week	1 Month	3 Month	6 Month	1 Year	Earnings %	PE	Dividends
All Ordinaries ASX 500	-0.77%	-8.55%	-9.27%	-7.24%	-3.24%	2.99%	5.98%	16.72	5.67%
Materials	-1.19%	-10.40%	-13.21%	-10.59%	-6.46%	-4.86%	5.69%	17.58	7.26%
Metals & Mining	-1.25%	-10.71%	-13.23%	-10.58%	-7.39%	-5.75%	6.06%	16.50	7.69%
Fortescue Metals Group Ltd - FMG	-9.03%	-16.64%	-19.49%	-8.48%	16.82%	64.30%	15.98%	6.26	15.58%

Sector Performance Comparison



Disclaimer

This stock report was published by Emerald Financial Group Pty Ltd ABN 85 106 823 741 which holds Australian Financial Services License number 241041.

Any advice contained in this presentation is general advice and does not consider your objectives, financial situation or needs, and you should consider whether it's appropriate for you. The information we are giving you is for educational purposes only. "Investing is about understanding your risk" and every time you invest in the share market there is a risk of loss. If you are thinking about acquiring a financial product, you should consult our Financial Services Guide (FSG) at www.emeraldfinancial.com.au and the relevant Product Disclosure Statement first. Please note past performance is not a reliable indicator of future performance.