Fortescue's Q3'18 iron ore shipments, C1 costs slip on maintenance, weather

Fabian Diego Miguel de la Paz
348 words
25 April 2018
SNL Metals & Mining Daily: West Edition
SNLMMDW
Issue: 100279
English

Fortescue Metals Group Ltd. said April 24 that iron ore shipments slipped 2% to 38.7 million tonnes at a 1% higher C1 cash production cost of US$13.14 per wet tonne during the third quarter of fiscal 2018.

In the same year-ago period, the Australian iron ore miner shipped 39.6 million tonnes at C1 costs of US$13.06 per wet tonne.

The company revised upwards its full year C1 costs to between US$12.00 to $12.50 per wet tonne, from between US$11 and US$12 per wet tonne previously.

Fortescue was in line with lower expectations, with the effects of Cyclone Joyce affecting its iron ore shipments at Port Hedland in January. Planned extended maintenance, equipment downtime and seasonal wet weather at the mines also affected the company's performance, but the target for full-year 2018 shipments remained at 170 million tonnes.

The increased C1 cash costs in the three-month period reflected production volumes, maintenance, a higher Australian dollar exchange rate and fuel prices, but was partially offset by the company's productivity and efficiency measures.

In the previous quarter, Fortescue brought cash production costs to an all-time low of US$12.08 per wet tonne

In March, the company updated its iron ore price guidance for its fiscal 2018 ending June 30 to approximately 65% of the average benchmark Platts 62 CFR index, following a slowdown in Chinese construction, reduced steel production in Chinese mills and the potential impact of global trade tensions due to the U.S.-imposed tariffs on steel and aluminum imports.

CapEx in the quarter ended March 31 was US$228 million.

Fortescue accepted for purchase US$446.9 million aggregate principal amount of 2022 notes and subsequently launched an offer to redeem US$1.55 billion of its 9.75% senior secured notes due 2022.

S&P Global Market Intelligence and S&P Global Platts are owned by S&P Global Inc.

Document SNLMMDW020180426ee4p00006