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HD **Corporate News: Iron-Ore Price Rise Helps Fortescue Speed Payments**

BY By Rhiannon Hoyle

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SYDNEY -- Robust iron-ore prices are helping Fortescue Metals Group Ltd. of Australia pay down its multibillion-dollar debt pile a lot faster than expected.

Fortescue said Wednesday it had accelerated the repayment of bonds accumulated during a decadelong campaign to turn itself into the world's No. 4 iron-ore producer supplying China's thirst for the steelmaking ingredient.

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According to Fortescue, it will pay back US$1.64 billion in March on a pair of senior unsecured notes due to mature over the coming two years. That follows a $1 billion repayment last month, and will chop the company's net debt down to $7.8 billion by the end of March, compared with $10.53 billion on June 30.

The mining company, founded by billionaireAndrew Forrest, used large loans to build up a network of land assets, power-and-water infrastructure, and rail-and-port facilities in the resource-rich Pilbara region of Western Australia state.

Its massive borrowings have weighed on Fortescue's stock price, however, and forced emergency talks with lenders to renegotiate its finances when iron-ore prices slumped in 2012.

Investors said Fortescue's decision to back away from a multibillion-dollar sale of a stake in its port-and-rail assets last year signaled confidence in its ability to repay its debt -- even as many investment banks forecast the pace of Chinese demand for iron ore would soften.

"This debt reduction exceeded our expectations" and shows that Fortescue is well-positioned to pay back its loans rapidly, said Chris Drew, a Sydney-based analyst at RBC Capital Markets.

Credit Suisse analyst Matt Hope said the repayments were scheduled to take place earlier than he had anticipated too, given that Fortescue's newest operation in Pilbara, known as Kings, had only just started producing iron ore.

Fortescue is one of a number of big mining companies prioritizing debt reduction in the face of a cooling commodities boom that has already triggered thousands of job losses across the industry.

Last month, Rio Tinto PLC detailed plans to cut spending significantly over the next couple of years -- part of efforts to reduce debt it accumulated alongside an expansion of its own operations. The company reported net debt of $22.1 billion as of June 30. Chief Executive Sam Walsh said he wanted to reduce that to the "midteens."

Ratings companies have rewarded Fortescue's efforts. In November, Standard & Poor's Ratings Services lifted the mining company's long-term corporate credit rating to double-B from double-B-minus. It said it would consider increasing Fortescue's credit rating again if its debt-reduction strategy maintained a solid pace.

The relatively strong performance of iron-ore prices last year has helped Fortescue take the latest debt-reduction measures. The metal has mostly traded above $130 a metric ton since the middle of 2013, holding firm even as the value of other commodities such as gold and nickel fell.

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