

SE Business
HD **Twiggy strikes \$103.3m paydirt**
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LP

THE bank account of Andrew “Twiggy” Forrest will swell by another \$103.3 **million** tomorrow when he collects what must rank as one of corporate Australia’s largest ever individual dividend payments.

But with **iron ore** prices continuing to plunge, the upcoming dividend looks likely to be the biggest — if not the only — one he will enjoy for some time.

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The 10c a share fully franked dividend was declared by **iron ore** miner Fortescue Metals at its full-year results last month. It matched the interim dividend paid by the **company** earlier this year, but — with Mr Forrest having increased his **stake** in Fortescue since the interim result — the total dividend he will collect tomorrow will be even bigger than six months ago.

The interim dividend payment preceded a series of significant investments by Mr Forrest.

In the weeks following that payment, he spent an estimated \$40m buying Western Australia’s largest meat processor, Harvey Beef, as well as \$16.7m on more shares in Fortescue.

While Fortescue is shipping more tonnes of **ore** than ever before, the plummeting **iron ore** price could force the **company** to scale back or even scrap dividends in the year ahead.

The benchmark **iron ore** price has fallen by almost 39 per cent this year to about \$US81.40 a tonne, its lowest level in five years.

Analysts have been trimming their dividend forecasts for Fortescue in recent weeks on the back of the weakness, and Credit Suisse analyst Paul McTaggart last week said he no longer expected Fortescue to pay a dividend at all in 2015.

Fortescue chief executive Nev Power last week said the **company** would reassess shareholder returns in February but emphasised the continued repayment of Fortescue’s debt position would remain a priority.

The continued slide in Fortescue shares since it announced its full-year result means it is unlikely Mr Forrest and other shareholders will take advantage of the **company**’s dividend reinvestment plan. The DRP was priced at \$3.9602 a share, but with the stock falling to \$3.44 apiece yesterday shareholders could buy shares on market at a cheaper price.

Mr Forrest is by far Fortescue’s biggest shareholder, with the 1.03 **billion** shares owned by the **company**’s founder representing just under 33.2 per cent of stock.

Fortescue shares have fallen 42.5 per cent since peaking at \$6.02 apiece in February. The drop has wiped more than \$2.5 **billion** off the value of Mr Forrest’s **stake**.

Fortescue this year put the finishing touches on an expansion that took the nameplate annual **iron ore** production capacity of its Pilbara network to 155 **million** tonnes.

But the **company** believes it can exceed that figure and reduce its operating costs as it improves efficiencies across its network.

Speaking at a conference in Melbourne last week, Mr Forrest flagged the potential for the **company** to ship up to 170 **million** tonnes of **iron ore** this year.

The **iron ore** price has been falling this year in response to slower economic growth in **China** and a wall of new supply, predominantly from Fortescue and its Pilbara rivals, BHP Billiton and Rio Tinto.BHP PERSISTS WITH **IRON** P18

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