

SE News
HD Fortescue buys mega ship fleet
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FORTESCUE Metals Group plans to buy eight huge ships from **China** for \$550 **million**.

But the world's fourth biggest **iron ore** producer says the investment will not affect its strategy to pay down more than \$7 **billion** in debt.

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Chief executive Nev Power said the **purchase** of eight huge **ore** carriers, each capable of carrying 250,000 to 260,000 tonnes of **ore**, would improve loading efficiencies at its shipping hub of Port Hedland.

"The key benefit for us from having those larger ships is they're designed specifically to maximise the output from our berths and from Port Hedland inner harbour," Mr Power said.

"We expect to see more and more 250,000 tonne ships coming into Port Hedland which will continue to push up the average ship size through the harbour, improve the efficiency and improve the capacity and throughput." **Chinese** steel makers are the biggest buyers of Fortescue's **iron ore** and the eight ships are expected to account for 12 per cent of the **company**'s shipping portfolio.

Perth-based Fortescue said there was a relatively limited fleet of large vessels suited to Port Hedland, which has limited capacity.

"We are encouraging other shipowners and shipping companies to invest in these ships because they will form a core part of the trade between the Pilbara and Asia," he said.

The **company** will pay cash on delivery, which is expected to be between November 2016 and early 2018. Fortescue expects operating costs of vessels to be below market rates for similar sized ships which are in high demand.

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