

SE Business
HD **Forrest's \$70m show of confidence in FMG**

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Resources: Fortescue Metals Group chairman Andrew Forrest has spent \$70 **million** of his own money buying shares in the **company** over the past nine months as part of a one-man mission to boost confidence in the stock amid wilting **iron ore** prices.

He snapped up another 1.75 **million** shares in the miner on Monday and Tuesday this week, paying \$6.96m at an average price of \$3.97.

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In total, Mr Forrest has spent about \$68.5m buying Fortescue shares since September last year, according to seven disclosures he has made to the Australian Securities Exchange in that time.

Fortescue's share price rose 5 per cent to \$4.22 yesterday, meaning Mr Forrest has already made a paper profit of \$400,000 on his latest on-market purchases.

But he is underwater on all of the other shares he has bought in the past nine months. For example, he forked out \$10.99m last October to buy shares at an average price of \$5.49 and in March he paid \$4.93m for shares at an average price of \$4.93.

Fortescue's share price has fallen 28 per cent since the start of the year as **iron ore** prices have steadily weakened — to as low as \$US89 a tonne this week — amid plateauing **Chinese** demand for the commodity and an increased supply in the market.

In a further sign of market weakness, Fortescue has been discounting its **ore** by about 12.5 per cent as **Chinese** demand for its lower-quality **ore** plummets.

Chief executive Nev Power has said Fortescue's break-even point is an **iron ore** price of about \$US72, but few analysts expect the price to weaken to that level in the short term.

Mr Forrest's 33 per cent **stake** in Fortescue — the Perth-based **company** he founded in 2003 — was worth about \$4.36 **billion** last night.

The magnate is cashed up after receiving a half-year dividend cheque from Fortescue of more than \$100m in April.

In recent months he has also agreed to pump \$12m into **uranium** explorer **Energy** and Minerals Australia and bought West Australian beef processor Harvey Beef for more than \$30m, signalling his intention to become a key player in Australia's beef exports to **China**. Last month, Mr Forrest said he expected the price of **iron ore** to remain strong.

CO ambol : Fortescue Metals Group Ltd

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