

## OUR PICK – FORTESCUE METALS GROUP Ltd (FMG.ASX)



**Recommendation – Investor (long term)** *Bullish -target long term \$9.50*

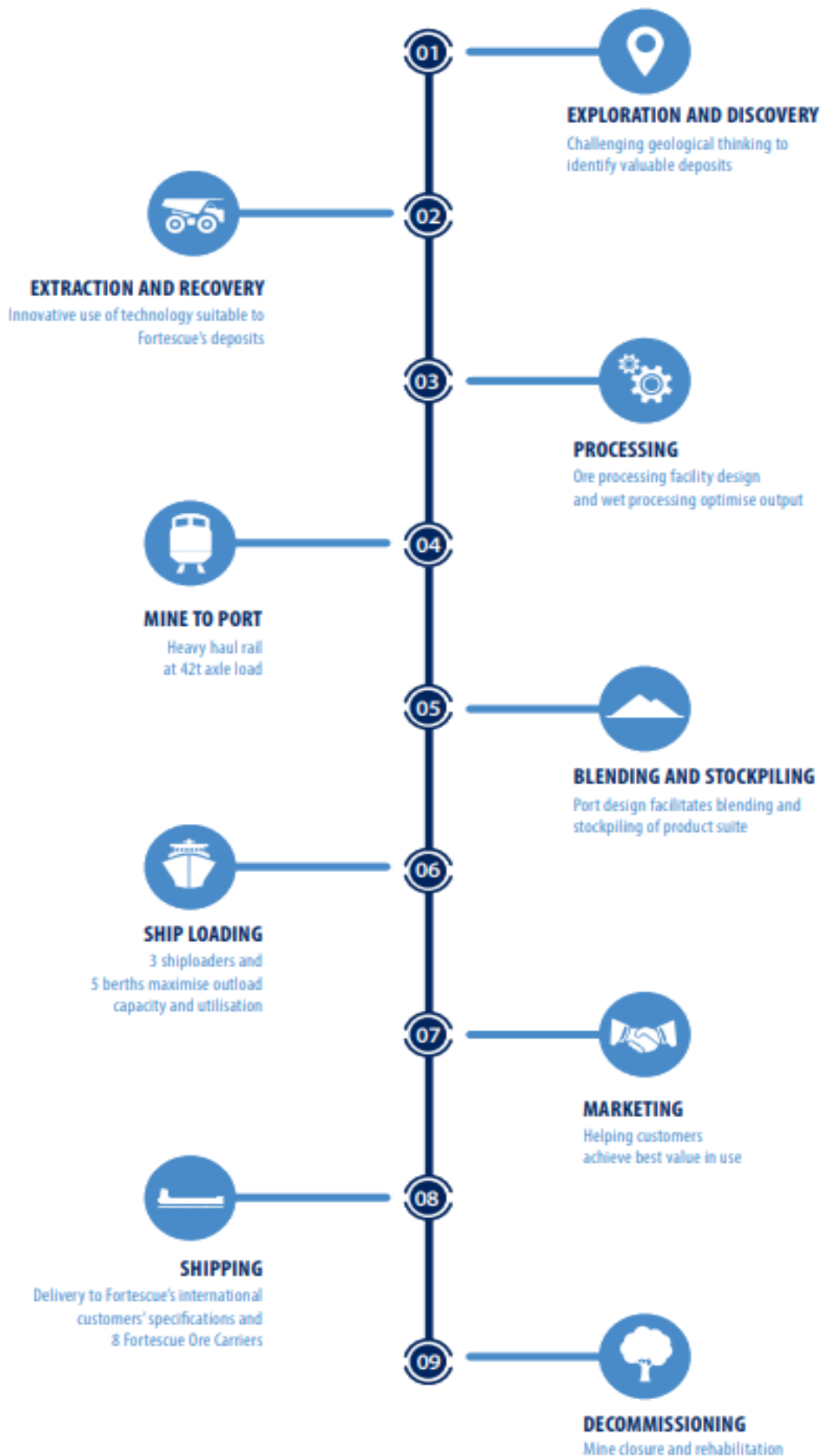
**Recommendation – Conservative trader (medium term)** *Neutral*

**Recommendation – Aggressive trader (medium term)** *Neutral*

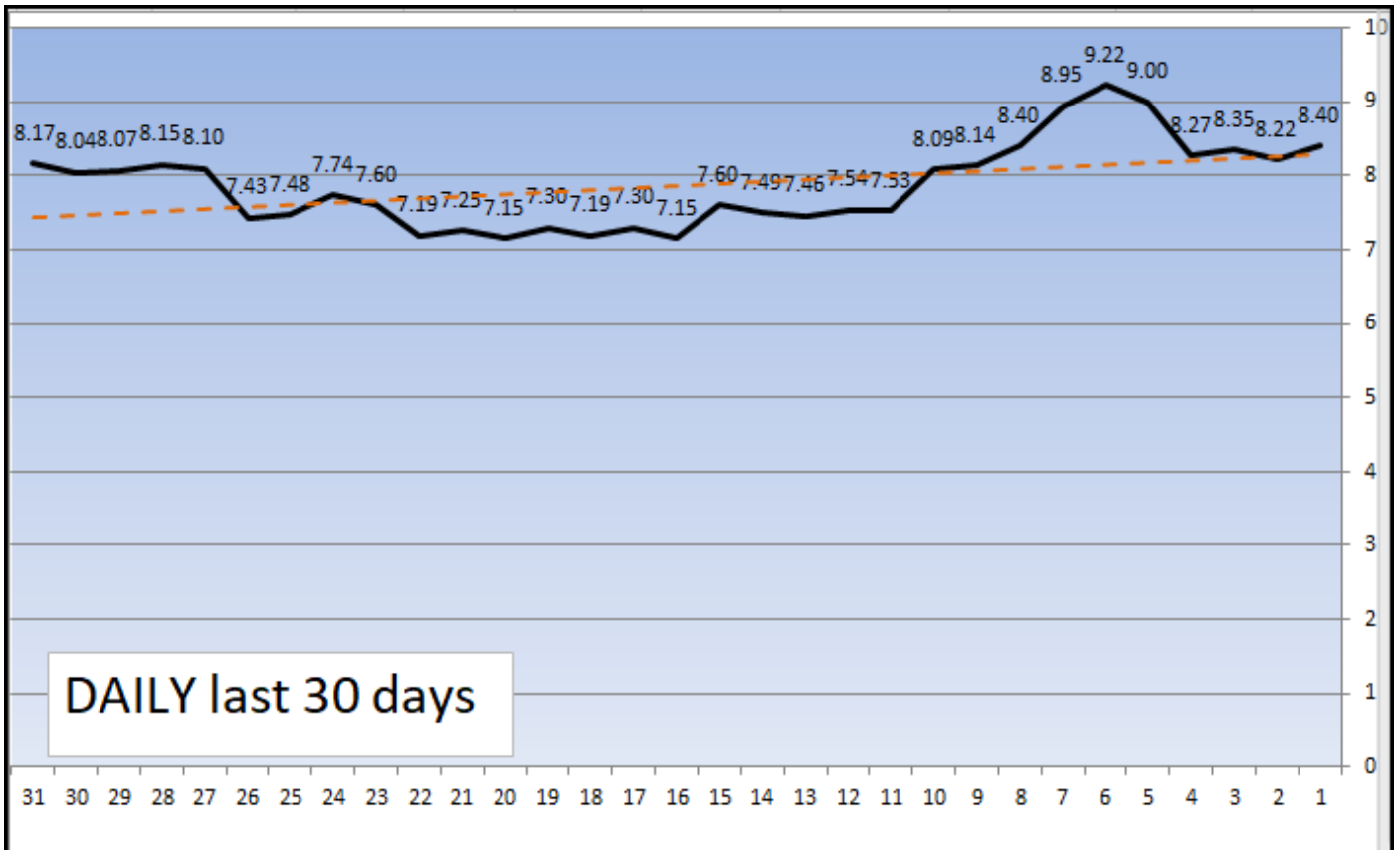
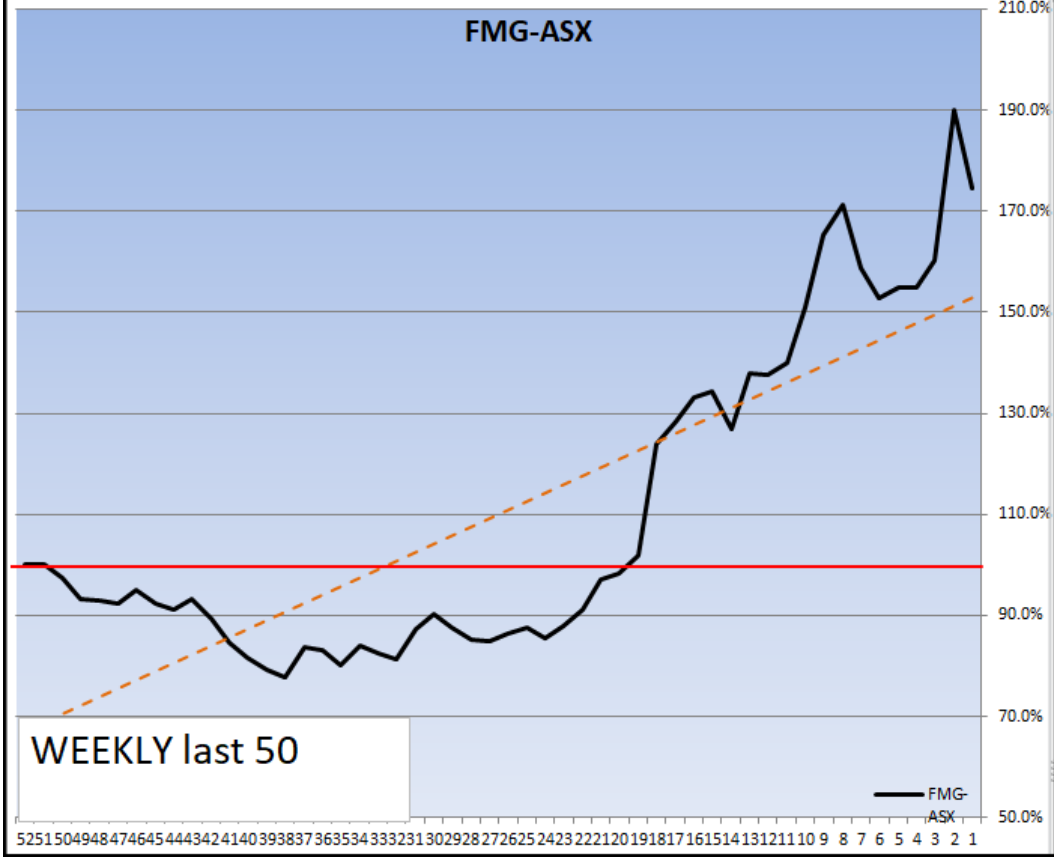
**Recommendation – Very Aggressive trade** *Bullish -target short term \$9.20*

*Trailing stop loss 20% = approx. \$6.75 when traded*

# Value Chain



INVESTOR	CONSERV-TRADER	AGGR-TRADER	VERY AGGR-TRADER	weekly close FMG-ASX	28/5/19 PIVOT	1st resistance	2nd resistance	1st support	2nd support
<i>bull</i>	<i>N</i>	<i>bull</i>	<i>bull</i>	8.220	8.58	8.98	9.75	7.81	7.41
<i>bull</i>	<i>N</i>	<i>bull</i>	<i>bull</i>	8.950	8.47	9.50	10.05	7.92	6.90
52wks change	from	to	%	7.540	7.44	7.76	7.99	7.21	6.89
	4.71	8.22	74.52%	7.300	7.23	7.42	7.54	7.11	6.92



## Overview

Fortescue Metals Group Ltd is a global leader in the iron ore industry, recognised for its unique culture, innovation and industry-leading development of world class infrastructure and mining assets in the Pilbara, Western Australia. Since it was founded in 2003, Fortescue has discovered and developed major iron ore deposits and constructed some of the most significant mines in the world. The company is focused on its vision of being the safest, lowest cost, most profitable mining company.

## Footnotes

- 1 Data provided by Thomson Reuters.
- 2 Data provided by EDGAR Online.
- 3 Data derived from multiple sources or calculated by Yahoo Finance.
- 4 Data provided by Morningstar, Inc.
- 5 'Shares outstanding' is taken from the most-recently filed quarterly or annual report, and 'market cap' is calculated using shares outstanding.
- 6 'EBITDA' is calculated by Capital IQ using methodology that may differ from that used by a company in its reporting.

## Abbreviations guide:

mrq = Most-recent quarter  
 ttm = Trailing twelve months  
 yoy = Year on year  
 lfy = Last fiscal year  
 fye = Fiscal year ending

## For the year ended 30 June 2018

	Note	2018 US\$m	2017 US\$m
Operating sales revenue	3	6,887	8,447
Cost of sales	5	(4,930)	(4,888)
<b>Gross profit</b>		<b>1,957</b>	3,559
Other income	4	30	14
Other expenses	6	(114)	(123)
<b>Net profit before income tax and net finance expenses</b>		<b>1,873</b>	3,450
Finance income	7	24	19
Finance expenses	7	(652)	(502)
<b>Net profit before tax</b>		<b>1,245</b>	2,967
Income tax expense	14	(367)	(874)
<b>Net profit after tax</b>		<b>878</b>	2,093
Net profit after tax is attributable to:			
Equity holders of the Company		879	2,093
Non-controlling interest		(1)	-
<b>Net profit after tax</b>		<b>878</b>	2,093
	Note	Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share	8	28.2	67.3
Diluted earnings per share	8	28.1	67.0

Source FMG Annual report 2018

Valuation measures	FMG
Market cap (intra-day) 5	26B
Enterprise value 3	28.75B
Trailing P/E	31.3
Forward P/E 1	N/A

Profitability	FMG
Profit margin	0.1248
Operating margin (ttm)	0.2485

Management effectiveness	FMG
Return on assets (ttm)	5.78%
Return on equity (ttm)	8.50%

Income statement	FMG
Revenue (ttm)	6.75B
Revenue per share (ttm)	2.17
Quarterly revenue growth (yoy)	-0.038
Gross profit (ttm)	1.96B
EBITDA	2.9B
Net income avi to common (ttm)	842M
Diluted EPS (ttm)	0.27
Quarterly earnings growth (yoy)	-0.054

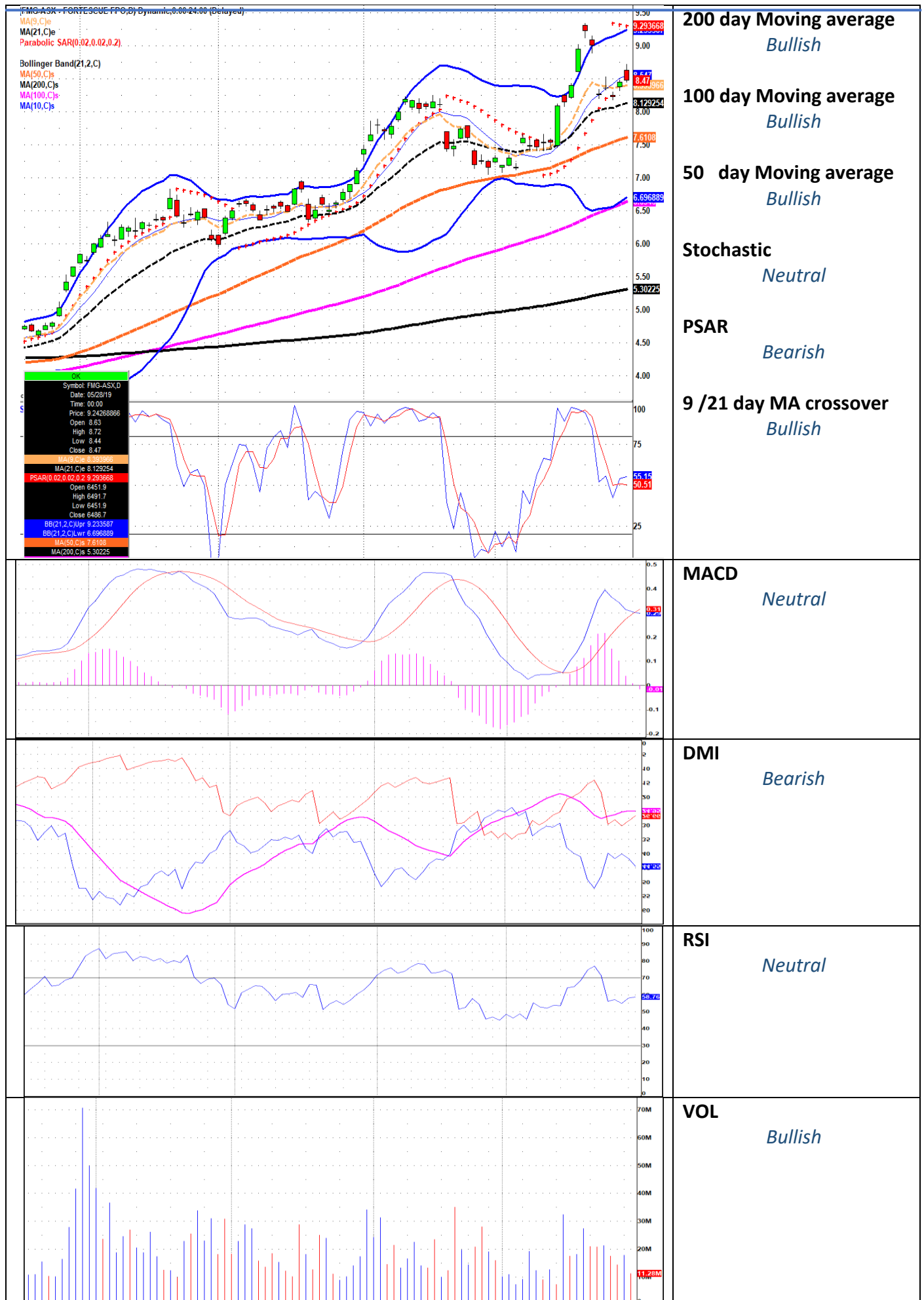
Balance sheet	FMG
Total cash (mrq)	962M
Total cash per share (mrq)	0.31
Total debt (mrq)	4B
Total debt/equity (mrq)	40.04
Current ratio (mrq)	1.36
Book value per share (mrq)	3.24

Cash flow statement	FMG
Operating cash flow (ttm)	2.14B
Levered free cash flow (ttm)	1.42B

Trading Information	FMG
Beta (3Y monthly)	0.65

Source Yahoo Finance

# Chart Daily and indicators



## **Our mechanical system (is based on two time frames and 8 indicators)**

Our mechanical system created over the last 10 years has a 70 to 80% probability of success. Every day we try to see what is hot and what is not. We show when to hold and when to fold your trades.

It is based on using two time frames (charts) and provided a minimum 5 out of 8 indicators on each time frame show a bull (buy), bear (sell) or Neutral (hold and wait) the signal to buy, sell or hold or wait is given. The signal may be updated regularly based on the strategy of the trader.

**George Beyrouthi** is an authorised representative (ASIC #315 563) of FS Securities (QLD) Pty Ltd (ACN 148 991 968) AFSL #410 183. He has been authorised to provide General Advice and Dealing services in the following classes of financial products –Securities, Derivatives and Futures products, FOREX products to Retail and Wholesale clients.

**DISCLAIMER** Any trading advice contained in this communication is of a general nature only, and your personal financial circumstances have not been considered in its preparation. Please be aware that trading in financial markets results in both profit and loss.

**For further information call us on (07) 5630 4141 or 0411 259 526**