

Indians eye expansion, \$600m Burrup raising

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Indian businessman Pakaj Oswal's Burrup Fertilisers plans to embark on an expansion program of new greenfield developments and acquisitions if a proposed \$600 million float attracts support from institutional investors.

The company behind the \$700 million liquid ammonia plant on the Burrup Peninsula confirmed yesterday it would test the waters for a float with a investment roadshow on the east coast next week.

"Our view is that by going into the IPO environment and just seeing what that might offer us could increase our capacity to either do expansions, new greenfields projects or even acquisitions," Burrup Fertilisers director of corporate, Wolfgang Jovanovic, said.

Mr Jovanovic declined to reveal how much Mr Oswal would sell into the float but said that the Indian businessman, who has hit the headlines with plans to develop a \$70 million mansion in Peppermint Grove, would have an "ongoing relationship" with the ammonia manufacturer.

Hyper-volatile equity market conditions have claimed a number of prominent floats around the globe in recent months with fashion label Tommy Hilfiger's \$4 billion Euro-Next float canned last week.

Also, the proposed listings of Danish energy group DONG and Italian pharmaceuticals company Philogen have been put on the backburner.

But Mr Jovanovic said Burrup Fertilisers was not overly concerned by the impact of the market conditions on its float, which would capitalise the group on listing at about \$3 billion.

"We are not too concerned about this volatility of the stock market at the moment because we believe that this is a real niche and our sector that we are targeting is really on the up," he said. "What we are looking at now is a very, very competitive market for ammonia as a feedstock so we would expect a lot of confidence in investor appetite for agricultural players."

Like most agriculture inputs, ammonia prices have touched new highs in the past year, gaining nearly 40 per cent to \$505 per tonne

since February last year.

The bullish agriculture markets have buoyed listed Australian agribusiness stocks despite the market turmoil and prospective Burrup investors will take heart in the stellar performance of listed fertiliser heavyweight Incitec Pivot, which has charged from \$35 to \$129 over the past 12 months.

Burrup Fertilisers has now been producing ammonia, which is used to make fertiliser or ammonium nitrate, from its Karratha plant since 2006.

The company produces about 800,000 tonnes of ammonia per year, representing about 6 per cent of the world's tradeable ammonia.

The output is sold exclusively to Netherlands-based Yara International, also a shareholder.

Analysts said yesterday that the Burrup Fertilisers float was rumoured to be fully priced.

Soaring ammonia prices would ensure that there would be plenty of big investors lining up to run a ruler over a prospectus, if the float is approved.

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