

## UBS readies \$3b fertilizer float

Michael West

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Defiant in the face of a depressed stockmarket, UBS is busy this afternoon trying to sell a \$2.5 billion to \$3 billion fertiliser float on a bullmarket PER ratio of 14 to 17 times earnings.

``Hasn't anyone told them it's a bear market?" quipped one fund manager. ``They'd have to price it on ten times to get us in."

Burrup Holdings is Australia's only merchant ammonia producer with a 760,000 tonne per annum downstream ammonia processing plant on the Burrup Peninsula in Western Australia.

Presently, the plant is owned 70 per cent by the Burrup Trust and 30 per cent by Norwegian fertiliser giant Yarra.

Burrup has long-term off-take agreements with Yarra and a 25 year gas supply deal with the Harriet joint venture.

UBS is trying to raise \$500 million to \$608 million for a market cap of \$2.5 billion to \$3 billion. Net debt is \$391 million.

While fertiliser prices having been strong, the vendors may struggle to raise their maximum proceeds and could face some opposition from funds on pricing - such is the extreme caution right now among the institutions.