

Burrup denies float in doubt

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Burrup Fertilisers, the company behind the \$700 million liquid ammonia plant on the Burrup Peninsula, insisted yesterday that its \$3 billion float was on track despite rumours that the bear market had dried up investment appetite.

The ammonia producer, founded by flamboyant Indian businessman Pankaj Oswal, unveiled its intent to float in early February amid the worst sharemarket volatility in 20 years.

Since then the S&P-ASX 200 has slipped another 12 per cent, prompting industry observers to suggest Burrup plans to shelve its \$500 million to \$600 million raising.

Market sources said Burrup Fertilisers had gone "very quiet" on its prospective float and that a proposed book-build pitched at \$2.30 and \$2.80 a share, which represents a price-earnings multiple of 14 to 17 times, was too expensive to attract institutional interest in the current market climate.

But a Burrup Fertilisers spokesman said the float was on track. "The market for ammonia shows continued strong growth with prices hitting \$US650 a tonne," he said.

"It's perhaps also worth noting that Burrup is a very simple business. Now that the development risk has been born by Burrup and the plant is up and running successfully, it is a logical candidate for an IPO because of its secure and low-risk income."

If the float proceeds, Mr Oswal is expected to cut his 70 per cent holding to 53 per cent, pocketing about \$450 mil-



Pankaj Oswal: Plans to reduce stake.

lion, while joint investor Norwegian fertiliser giant Yara International will reduce its holding to 27 per cent.

Yara has a long-term, take-or-pay agreement with Burrup for 100 per cent of its annual ammonia production.

Burrup has produced ammonia, which is used to make fertiliser or ammonium nitrate, from its Karratha plant since 2006. The company turns over about 800,000 tonnes of ammonia a year, representing about 6 per cent of the world's tradable ammonia.

Two weeks ago, the group dismissed "damaging speculation" that Burrup's 25-year gas supply agreement with the Harriet Joint Venture near Barrow Island was facing problems.