

The Washington Post

Potash rejects BHP Billiton buyout offer

By Christopher Leonard

Wednesday, August 18, 2010

A global race to snap up fertilizer companies accelerated Tuesday, when fertilizer producer Potash Corporation of Saskatchewan rejected a buyout offer from BHP Billiton worth \$38.49 billion, calling it "grossly inadequate."

The unsolicited bid raises the ante for agribusiness firms trying to lock in ownership of fertilizer supplies before an expected rebound in crop production.

"It's a form of a commodity play," said Scott Irwin, a professor of agriculture at the University of Illinois at Urbana-Champaign. Companies are trying to snap up fertilizer makers while prices -- and their stock valuations -- are still relatively low.

The Potash board said that's exactly what BHP is trying to pull off. Potash adopted a shareholder rights plan, known as a poison pill, to prevent anyone from snapping up more than a 20 percent stake as it shores up company defenses.

"I am not saying that we are opposed to a sale, but what I am saying is we are opposed to a steal of the company," Potash president and chief executive Bill Doyle said in a conference call with analysts Tuesday.

BHP, an Australian natural resources company, is offering \$130 per share, a 16 percent premium to Potash stock's closing

price Monday. The shares rose 28 percent Tuesday to close at a new 52-week high of \$143.17.

The offer is big enough that it could redefine global competition for potash, a potassium compound used in agriculture and industry, UBS Investment Bank analyst Alexei Morozov said in a note he co-wrote Tuesday.

Potash use has risen over the past decade as demand has grown with development in countries such as China and India. The main markets are China, the United States, Brazil and India.

-- Associated Press

Advertisement



ADT Home Security

FREE Home Security System!

PROTECT YOUR HOME

At no cost to you for parts and activation with only a \$99 installation fee and the purchase of alarm monitoring services. Terms & Conditions apply.

CALL NOW and receive a **FREE** wireless remote control with **PANIC BUTTON!**

\$850 Value!

1-877-246-7519

Mon-Fri 9am - 10pm - Sat 9am-7pm - Sun 11am - 6pm EST

<http://www.washingtonpost.com/wp-dyn/content/article/2010/08/17/AR2010081706424.html>

Print Powered By  FormatDynamics™