

Tully in sweet spot as buyers circle

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Tully farmers such as Sid Musumeci were hit hard by Cyclone Yasi, but takeover talk is lifting spirits

One of last grower-owned sugarcane mills is up for grabs

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A CHANGE to the ownership of Australia's unlisted, grower-owned Tully Sugar is imminent, with chief executive John King saying yesterday the company could receive formal takeover proposals as soon as this week, even as Queensland Sugar reported lifting its stake from 13.11 per cent to 17.62 per cent.

Sugar marketer QSL, which is buying shares in Tully via stock brokerage Ord Minnett, intends to lift its stake to as high as 19.9 per cent and will continue to buy shares at \$41 each whenever the opportunity arises, QSL chairman Alan Winney said.

There are potential buyers offering \$41 for each share in Tully, he said, without naming them. At stake is the ownership of one of the last grower-owned sugarcane mills in Australia, which is usually the biggest exporter of the sweetener in the world after Brazil and Thailand.

Two months ago, the failure of Tully Sugar shareholders to muster enough support to remove a 20 per cent shareholding cap on any single shareholder temporarily derailed a \$126.7 million takeover proposal by global agribusiness giant Bunge.

Last Friday, Tully chairman Ralph Craven said the company received a non-binding indicative conditional takeover proposal from Bunge on Thursday that indicated it would renew its failed \$41-a-share bid, one of four proposals that could affect shareholders, though none had been lodged at that point.

Consultancy Deloitte is acting on behalf of another undisclosed party that wants 19.99 per cent of Tully, Mr Craven said.

The situation is "increasingly fluid", he said, urging shareholders to carefully evaluate and not to rush to accept any offer put to them.

Tully's Mr King said: "It's a good outcome for Tully Sugar shareholders — there's plenty to choose from and the \$41 (a share offer) is on the table."

Given the strong interest, shareholders could receive higher offers, he said.

Mr Winney said one proposal could include a possible merger of Mackey Sugar, Mossman Central Mill and Tully Sugar, which is "good news" for Tully shareholders as they have a range of options to consider in their determination of the future of Tully.

He had in February described the possible merger of the three

companies as a plausible alternative that may provide a better long-term outcome for Tully shareholders and the domestic sugar industry.

"We believe that all Tully shareholders, including ourselves, need greater clarification to allow us to make an informed decision," Mr Winney said.

QSL will review its stake in Tully after it has more details on any full takeovers offers, adding its decision will be based on the recommendation of Tully's board "and the future shape of the industry after the completion of any transactions", he said.

QSL's priority is to ensure any takeover of Tully provides appropriate assurances about price transparency for growers, unfettered access to infrastructure, commitment to research and development, and clarity regarding future marketing structures, Mr Winney said.