

SE ENTREPRENEURSHIP

HD From **coal** dust, a comeback bid

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Having made and lost a fortune controversially, Australia's Nathan Tinkler is doing deals again, say Jeremy Grant and Jamie Smyth

Nathan Tinkler's boardroom has a commanding view across Singapore - one that, on the face of it, denotes success and corporate power. The offices are on the 51st floor of a tower owned by United Overseas Bank, one of Singapore's biggest. A few minutes walk away are the local headquarters of other big names in Asian finance.

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But for this one-time star of the Australian rich lists, life of late has been less gilded than the workplace trappings suggest. Mr Tinkler quit Australia for Singapore two years ago after a series of disastrous deals and has since been trying to patch up his business finances, selling assets to repay creditors.

He recently found a buyer for his Patinack Farm horse stud - a vestige of a lifestyle that won him a reputation as one of Australia's brashest tycoons. Dubbed the "boganaire" (a play on "bogan", a local put-down for someone deemed uncultured), he had bought the Newcastle Knights rugby league and Newcastle Jets football teams. Aircraft and mansions were accumulated too. Most of the trophies have now been sold, although the Jets remain on the block.

"I will categorically say there are no racing stables or football teams in my future and that Nathan Tinkler is just going to focus on what he knows and he thinks he's pretty good at," he says. "That was another time in my life; call it young and foolish. I've had to put it down to experience."

Whatever critics may say of Mr Tinkler - and there are many, including former business associates - he does know the **coal** industry, where he started out as a pit electrician, or "pit leco" in the Australian vernacular.

With an associate Mr Tinkler in 2006 turned an A\$30m (\$28m) investment in a Queensland **coal** licence into a paper fortune through deals culminating in the **sale** of assets to Whitehaven **Coal** for A\$2.7bn.

He then made an audacious A\$5.3bn bid for Whitehaven in 2012, which collapsed as **coal** prices fell. That sparked lawsuits in Australia to recover unpaid debts - put at a reported A\$500m last year.

Declaring that the stud **sale** will solve the debt problems, Mr Tinkler is now attempting a comeback that will test his entrepreneurial instincts and credibility after years of bruising encounters with business associates, lenders and the media.

The first stage was the surprise **acquisition** last month of Wilkie Creek, an idled Australian thermal **coal** mine, from Peabody of the US for \$150m. It was part-financed by Jefferies, a New York investment bank.

His thesis - with which many analysts agree - is that, with thermal **coal** prices having halved in three years, now is the time to invest in extraction of the commodity, in anticipation of increasing demand in

China for lower-emission fuels such as cleaner burning thermal **coal**. Still only 38, Mr Tinkler also believes the election of Narendra Modi in India will spur demand for **coal**, as the government ramps up investment in road and rail.

"The long-term believers in the cycle, I think, are starting to move now. **China**'s now got power stations built and has built an amazing amount of infrastructure over the last 10 years," he says. The attraction of Singapore as a base was not merely its low corporate and personal taxes and equatorial climate.

It is Asia's biggest commodities trading hub, where banks finance the bulk of flows of **iron ore**, **coal** and **copper** that go to **China**.

"There's a huge investor base here," Mr Tinkler says, adding that financing for his past deals mostly came from Singapore. He views Australia as insular, by contrast. "I've never raised a dollar, really, out of Australia. I wore out a lot of shoe leather in places like Sydney and Melbourne trying to get things funded."

Mr Tinkler is not the only **mining** and commodities personality to have picked Singapore. Gina Rinehart, Australia's richest person, has a home there, as does Robert Friedland, the founder of Ivanhoe Mines, and Jim Rogers, the US commodities guru.

Yet the notion that he can stage a comeback will be greeted with scepticism by some. Mr Tinkler had a reputation in Australia for combining the dealmaking instincts of a streetwise entrepreneur with a tendency to take highly leveraged risks, and was criticised for paying bills late.

Tim Curry is a director of Curry Power, a small business at one point owed \$80,000 by Mr Tinkler for work at Patinack. "The outstanding debt impacted us greatly. It took us three years to get the money. We eventually got it in dribs and drabs," he says.

A close associate of Mr Tinkler's defends him: "His unwillingness to put a veneer over who he is is a weakness. He's a classic price arbitrageur, a 'barrow boy', but he can still pick up the phone to anyone big in the **mining** sector and they will talk."

Mr Tinkler admits: "I still don't think I've learnt to find my way around the financial world. It's something I still probably struggle with today. Like I said, I'm probably short on detail; big on ideas and short on detail."

On top of his financial difficulties, Mr Tinkler has also been drawn into a complex corruption investigation in New South Wales. He faces allegations that his property development **company**, Buildev, donated tens of thousands of dollars to the governing coalition in breach of a ban on political donations by developers.

Appearing before the Independent Commission Against Corruption in Sydney last month he denied the allegations as "ridiculous".

Asked about sections of the Australian media that have documented his rise and fall, Mr Tinkler says: "I have a low tolerance for fools. They're fundamentally against **mining**, they're fundamentally against resources and they're fundamentally against anything that's not socialist."

Meanwhile, he is pressing ahead with further deals, commuting to his office from a rented villa on an island off the south coast of Singapore. He maintains a team of "a dozen or so guys" in Brisbane - paid, he says, to help "evaluate opportunities".

Paddy Manning, an Australian journalist who has written an unauthorised biography of Mr Tinkler, says his comeback attempt in "today's tough **coal** market" and despite a "blizzard of negative publicity" is simply astonishing. But he does not write off his chances. "If he can manage it, it would be one of the all-time feats."

An island haven

With its sandy beaches and moorings for superyachts, the Singaporean island of Sentosa is a haven for the ultra-wealthy. Those who have a home there include Gina Rinehart, Australia's richest woman, who has a fortune Forbes estimates at \$17bn.

While she owns property on Sentosa, Nathan Tinkler rents a four-bedroom house after his fortune was all but wiped out.

But what unites the two is their background in commodities and **mining**, and how this has propelled them to Singapore.

Banks in the Asian city-state provide much of the financing for Asian commodities trading and **mining** deals. In March, Ms Rinehart signed a deal to raise \$7.2bn to develop the Roy Hill **iron ore** mine in Australia with 19 banks - at a ceremony in Singapore.

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