

## ■ PRESSURE ON CEO TO QUIT BANKER

# Knives out at Babcock

**Ben Butler**

THE market has pummelled merchant bank Babcock & Brown, carving 23.5 per cent from the company's already shattered share price.

Babcock scrip, which had been trading at \$31.08 in November, closed down \$1.05 yesterday to a new record low of \$3.45 amid analyst gloom about the group's future and reports that chief executive Phil Green is to quit.

Other listed companies in the Babcock group also came under severe pressure yesterday, with Babcock & Brown Power shedding 28 per cent to close at 18¢ and Babcock and Brown Infrastructure losing 26.5 per cent to close at 50¢.

Mr Green is scheduled to report the company's annual result tomorrow but is under intense pressure from investors to step down.

Company spokeswoman Kelly Hibbins declined to comment on Mr Green's future.

"If we had something to say on our board and management, we would make an announcement on it," she told Bloomberg.

"I won't comment on the speculation."

Yesterday's punishment adds to a week-long selling spree that has seen Babcock's share price tumble from \$5.81 last Tuesday.

Babcock & Brown Power has also been in free fall, dropping 41.2 per cent on Monday after it announced a \$452 million write-off.

Analysts said the group had more bad news on the way.

Wise Owl's Sven Restel said the writedown had put a "serious dent in Babcock & Brown's business model".



**Phil Green**

"It kind of smells like MFS," he said.

MFS, a Gold Coast-based financier now known as Octaviar, has been suspended from the stock exchange since being buried under a mountain of debt in January.

Mr Restel said that asset deflation resulted in a fall in income, while debt repayments remained unchanged.

Babcock's debt of \$11.4 billion is now almost five times its market capitalisation.

Mr Restel said Babcock & Brown's woes were not Mr Green's fault.

"The credit crunch hit at a very bad time," Mr Restel said.

Matthew Kidman of Wilson Asset Management told Bloomberg there was "too much bad news surrounding this company".

Wind spin-off Babcock & Brown Wind Partners seemed unaffected by the wider group's woes yesterday, dropping a relatively modest 3.8 per cent to close at \$1.395. - with AGENCIES