

16:00 12 Jan 2018

## Carillion plunges on reports lenders have rejected its debt restructuring plan

Carillion PLC (LON:CLLN) shares dropped by nearly 30% in late afternoon trading on reports that its lenders have rejected the embattled construction firm's business plan, and that it has lined up an accountancy firm as a standby administrator.

According to the Press Association, Carillion's lenders - which include Barclays, HSBC and Santander - rejected the plan because it did not present enough of a restructuring plan for the business.

READ: Carillion to present revised business plan as it fights for survival  
Sky News also reported that the company has put accountancy firm EY on standby to oversee an administration if it is unable to secure a rescue deal.

By 4.00pm, Carillion shares were down 29.4%, or 5.88p to 14.11p, having hit a low of 12.5p after the reports emerged, after being more modestly lower this morning.

Adding to the pressure on the small cap firm - which issued three profit warnings in less than six months last year and has seen its market value collapse by 90% - was a recommendation from broker Peel Hunt to sell the stock ahead of forthcoming newsflow.

Having had its rating for Carillion 'under review' previously, the City broker has resumed coverage with a 'sell' saying it currently sees no equity value in the stock.

In a note to clients, Peel Hunt's analysts said: "We suspect that given its mounting liabilities, recent press comment, growing customer worries and supply chain hesitancy that Carillion will be forced (by the banks) to accelerate its financial restructuring."

They added: "Based on our current trading assumptions (Dec' 18 EBITDA £188m with material downside risk) and our estimates of the mounting debt (>£1.1bn), likely additional supply chain funding/working capital unwind (>£300m) and pension liabilities (£600m), we currently see no equity value. "

Further press reports earlier today said the government is being urged to bring Carillion into public control amid fears the construction company could collapse.

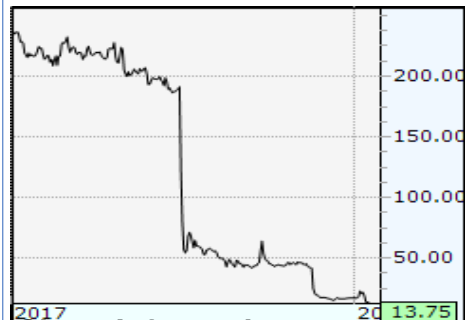
The group - which was demerged for Tarmac in the late 1990s - is a major supplier to the government with contracts across education, the NHS and the rail industry, including HS2.

READ: Carillion: Where it all went wrong for the mega-cap turned micro-cap UK contractor  
The Guardian's website reported shadow business secretary, Rebecca Long-Bailey, as saying: "The collapse of Carillion could provoke a serious crisis. It would have major implications for the outsourced government contracts the

**Price:** 14.2p

**Market Cap:** £61.4M

### 1 Year Share Price Graph



### Share Information

**Code:** CLLN

**Listing:** LSE

<b>52 week</b>	<b>High</b>	<b>Low</b>
	239.11p	12.5p

**Sector:** Real Estate Holding & Development

**Website:** [www.carillionplc.com](http://www.carillionplc.com)

### Company Synopsis:

*Carillion plc is one of the UK's leading support services and construction companies, employing around 50,000 people, with annual revenue of around £5 billion, and operations across Britain and in Europe, Canada, the Middle East, North Africa and Caribbean.*

### Author:

**Proactive Investors Ltd**

**+44 (0)207 989 0813**

**action@proactiveinvestors.com**

company holds, as well as the firm's thousands of workers, those in the supply chain and those who rely on Carillion's pension fund."

It reported Long-Bailey as adding that: "The government, who, despite warnings carried on with its programme of outsourcing public services to this company, must stand ready to bring these contracts back into public control, stabilise the situation and safeguard our public services."

-- Updates share price --

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +44 (0)207 989 0813 [action@proactiveinvestors.com](mailto:action@proactiveinvestors.com)

### No investment advice

Proactive Investors is a publisher and is not registered with or authorised by the Financial Conduct Authority (FCA). You understand and agree that no content published constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value or suitability of any particular security, portfolio of securities, transaction, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including company related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.