

Proactive Group

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AEA plummets after admitting shares are effectively worthless

Shares in AEA Technology (LON:AAT) plummeted after the climate change consultancy revealed there will be "little or no value for shareholders" as it turns to "strategic options" to fix debt woes.

The company, which was spun out of the Atomic Energy Authority in the 1990s, said that it had struggled to find a long-term cure for the current levels of debt and pension costs.

"Despite constructive discussions with the Bank and [pension] Trustee, the board has been unable to achieve a long term solution to the existing levels of net debt and the significant on-going funding costs of the group's retirement benefit obligations," said AEA in a statement.

"As a result, with the support of the Trustee and the Bank, including short term financial support, the board has decided to consider all strategic options to realise value.

"However, the board does not envisage there will be offers for the share capital of the company and the board expects that such options will result in little or no value for shareholders."

It added that the new strategy, which was put together with Lloyds Banking Group (LON:LLOY) and the trustee of the group's defined benefit pension scheme, sets out a "positive way forward" for AEA and its employees, while the new plan has already started to improve its operational efficiency.

Shares nosedived on the news, tumbling 75 per cent to 0.055 pence per share, giving it a market value of just £727,000.

Back in November, AEA shares shed 85 per cent after it issued its second profit warning in seven months and chief executive Andrew McCree left the firm.

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