

BHP Group PLC

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BHP boss retires to take FTSE 100 exodus to 21

BHP Group PLC (LON:BHP) boss Andrew Mackenzie will leave by the end of the year and take the number of departing FTSE 100 bosses in 2019 to more than a fifth, with a month and a half still to go.

So far this year, the astonishing number of 21 chief executives have quit or been shown the door, compared to an average year for London's blue-chip index that might see a dozen CEO given the elbow or jump ship.

Earlier this month, Clive Bannister gave notice of his retirement at Phoenix Group Holdings (LON:PHNX), while in one dramatic week last month BP PLC (LON:BP.), Tesco PLC (LON:TSCO) and Imperial Brands PLC (LON:IMB) all said their bosses are moving on.

In August it was the turn of HSBC Holdings PLC's (LON:HSBA) John Flint, following the exits of Gavin Patterson of BT Group PLC (LON:BT.A), Veronique Laury of Kingfisher PLC (LON:KGF) and Rakesh Kapoor of Reckitt Benckiser Group PLC (LON:RB).

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Departures announced this year but planned for next year include Ross McEwan of Royal Bank of Scotland PLC (LON:RBS) and Iain Conn of Centrica PLC (LON:CNA).

Some of the exits could be an attempt by the CEO to go out on a high, suggested Russ Mould, investment director AJ Bell, but this "remains to be seen".

He also noted that CEO departures in the USA are also running at a 17-year high, "so this is a trend that investors need to watch, just in case company leaders are indeed looking to get out while the going is still good".

Are you satisfied with the life you're living?

Looking back over the year's exodus, many of the changes were a bit of a surprise and some of them a shock.

In many cases, on reflection, there were several reasons why the CEO should go, voluntarily or otherwise, said Mould.

At BT, HSBC, Kingfisher and Just Eat, the latter when it was still a constituent of the top-flight index, he cites poor share price performance and problems that investors or the board felt meant it was time for a change.

"The rise and rise of activist investing continues to increase the pressure on CEOs to deliver," he said.

Looking at others, perhaps Rakesh Kapoor at Reckitt Benckiser PLC (LON:RB.), it might be an instance where the executive felt now was a good time to go, "to ensure their legacy looks like a good one".

Just as the S&P index sets new all-time highs and 'insiders' selling shares at levels not seen since 2006, despite

Price: 1776.6

Market Cap: £89.84 billion

1 Year Share Price Graph



Share Information

Code: BHP

Listing: LSE

52 week High Low
2078.5 18.17

Sector: Mining

Website: www.bhp.com

Company Synopsis:

BHP Group PLC Billiton is a global leader in the resources industry. Formed from a merger between BHP and Billiton, the company is a leader in the extraction and sales of most natural resources, and is particularly strong in Iron Ore, Coking and Thermal Coal, Copper, Zinc, Oil & Gas, Diamonds and most materials key to the production of steel.

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rampant buyback activity, Mould said it was surprising to see so many exits.

The number of US bosses leaving hit 1,332 in the first 10 months of the year, 13% higher than last year, according to data from Challenger, Gray and Christmas, the highest total for the first ten months of the year since the firm began to keep records in 2002.

"The rise and rise of activist investing continues to increase the pressure on CEOs to deliver," says Mould.

BHP boss's flea in his ear

Activism was likely one of the reasons that BHP's Mackenzie has decided to call it quits, having faced more than two years of criticism from investors about the mining giant's strategy.

He will be replaced on New Year's Day by Mike Henry, current boss of the group's Australian minerals arm, the FTSE 100 group said in a statement.

Henry, who has been at the company since 2003, has "deep operational and commercial experience" across continents and "is the perfect mix for our next CEO", said chairman Ken MacKenzie.

Canada-born Henry pledged to "unlock even greater value from our ore bodies and petroleum basins by enabling our people with the capability, data and technology to innovate and improve", also noting the group's need to "reduce our impact on the environment".

Last week at the Anglo-Australian giant's annual shareholders meeting, 27% of votes were cast were in favour of a resolution to cut ties with groups that lobby on behalf of the fossil fuel industry.

Investors, led by New York activist Elliott Advisers, have been haranguing the company frequently over strategy in recent years, with Elliott buzzing like a flea in Mackenzie's ear since 2017 and successfully agitating for an overhaul of strategy and a sale of the loss-making US oil and gas business.

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