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Carillion

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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: £61.1M

1 Year Share Price Graph

Share Information

Code:		CLLN
Listing:		LSE
52 week	**High**	**Low**
	233.9p	**12.5p**
Sector:		**Real Estate Holding & Development**
Website:		**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.

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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 --

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