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Carillion: Overseas investors could have saved crisis-hit construction giant

By [John Corser](#) | [Wolverhampton](#) | [Business](#) | Published: 4 hours ago

A construction industry expert has revealed there were at least two possible rescue bids, involving overseas investors, being lined up for Carillion late last year.

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But advisors for the struggling Wolverhampton-based company, from accountants EY, rejected the approaches saying the business was focused on selling off assets rather than finding a buyer.

The lack of progress in the sell-off plan eventually saw Carillion run out of funds and collapse into liquidation this month.

Greg Malpass, originally from the Black Country, believes that Carillion could have been saved if efforts to find an overseas buyer had been put in place when debt problems first began to emerge last year.

Mr Malpass, who now lives in Spain and runs a mergers and acquisitions consultancy, worked for Tarmac in Wolverhampton for five years up to 1995 and was later involved in the creation of Carillion by a de-merger.

He said he believed the wrong strategy had been adopted by Carillion as its woes grew last year.



He said: "Rather than re-jig its balance sheet by selling off subsidiaries like its health care contracts, which went for a very low price, Carillion should have been looking at a major name to buy it, probably an overseas investor, to clear its debts and keep the operating business running."

He claimed that there had been expressions of interest from two credible overseas investors, including a conglomerate in Kuwait.

"Operationally Carillion is still a strong business, but it is too late now to save it," said Mr Malpass.

The civil engineer, originally from Stourbridge and the son of former Cradley Heathens captain Phil Malpass, said he had been trying to help find investors in Carillion or buyers for its subsidiaries to help it survive since last January.

"I now continue to seek buyers for its subsidiaries as PricewaterhouseCoopers acts as liquidator, but do so with a heavy heart and fond memories of one of Wolverhampton's largest employers," he added.

Mr Malpass, who runs Think Big Partnership, published an industry report on the need for consolidation in the construction industry last year and said other UK contractors needed to consider mergers as a route to bolster balance sheets and consolidate supply in the wake of Carillion's demise.

"My view is that Carillion left it to the last minute to declare their hand," he said.

"It should have profiled bids for a takeover and sale very early on."

Mr Malpass said that when Carillion was set up in 1999 it was cash rich, but it ended up being highly indebted.

"For an asset weak company its debt was far too high. As part of a larger group it could have weathered that debt," he explained.

Former Carillion chairman Sir Neville Simms, now chairman of Thames Tideway, said in his foreword to Mr Malpass's report that British contractors were in danger of missing out on major international projects in the future, if they lacked financial muscle and diversity to handle more complex projects."

"By July last year, it had become only too apparent that construction groups had not heeded the advice for the urgent need for industry mergers and acquisitions and several major companies had declared significant losses or made profit warnings, decimating balance sheets and company market values.

"The collective effect has been to the detriment of the financial strength of the UK construction sector."

"Consolidation in the industry must and will take place, it's inevitable; and may include some bankruptcies as well as more welcoming mergers and acquisitions," added Mr Malpass, who had meetings with senior executives at Carillion, but failed to convince them of the need for a change in strategy.

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Correction to Article reference to EY:

Advisors from EY did not reject approaches of potential buyer for Carillion, they offered to send serious expressions of interest onto Lazard who were responsible for M&A, while stating that they understood that the business was currently focused on current asset sales/disposals underway.

www.thinkbigpartnership.com