
News Feed - Wednesday 30 July

Australian Financial Review

- Sydney businessman John Kinghorn was investigated by the ATO over his \$65m sale of RAMS Home Loans in 2007, leading to phone taps that were used by the NSW Independent Commission Against Corruption (ICAC) to expose his deals with corrupt MP Eddie Obeid. Kinghorn [won a legal battle](#) on Tuesday when the NSW Supreme Court overturned an ICAC finding that he acted corruptly in a coal deal with Obeid.
- ACCC chairman Rod Sims has asked to meet with Business Council of Australia president Catherine Livingstone to explain that governments that [pick winners from industry usually fail](#), following a report by McKinsey's commissioned by the BCA.
- **QBE** has warned that its first-half 2014 profit will fall 18% to \$390m, the [fourth downgrade](#) issued by John Neal who took charge in 2012 following the 27 year reign of Frank O'Halloran. Investors wiped 11% or \$1.7bn from QBE's market cap. A boom in Argentinians claiming to have been injured at work, two years after Argentina allowed its courts to award compensation for a wider range of workplace illnesses, is causing a wave of payouts.
- **DP World** plans to [lock out employees](#) at the Port of Fremantle from Thursday afternoon, raising fears of a nation-wide strike at Australia's busiest container terminals.
- Graduate employment is the [worst since the 1992-93 recession](#), with only 71% of bachelor degree graduates in work four months after completing their degree.
- NZ entrepreneur Graeme Hart is taking advantage of record values for packaging assets. Hart's Reynolds Group Holdings is [selling businesses worth at least \\$US7.6bn](#) to reduce a towering \$US18bn debt pile.
- Global private equity giant **The Carlyle Group** is in the [second round of the auction](#) to buy **SAI Global**. The Carlyle Group has form in the space - its European fund bought Spanish certification and inspection group, Applus, for €1.48bn in 2007 and later listed it on the Madrid

stock exchange for more than €2bn. A consortium of Pacific Equity Partners and KKR are also looking at a bid for SAI Global. The highly material contract to publish and update Australian standards will expire in 2018.

- **Ezidebit** will [introduce itself to fund managers](#) next week ahead of a run at the ASX boards after reporting season. Founded in 1999, Ezidebit helps companies collect and manage direct debits from customers, and provides recurring payments for some 16,000 businesses across Australia and New Zealand. It processes \$3bn of payments a year using a proprietary cloud system. Ezidebit is owned by the Desmpsey family who also own the Brisbane Normanby Hotel.

- The government's call for bankers to pitch in on its Defence Housing Association (DHA), the property accommodation outfit for the country's defence forces, has prompted a [tepid response from bankers](#). Government advisory roles are notoriously difficult, often entailing large hours for a relatively meagre fee, in this case a restriction from participating in an initial public offering seems to have further put off bankers. DHA has a construction pipeline of more than 5200 homes across 464 hectares in 5 states, also has a large-scale tenancy division.

- **Leighton Holdings** has signalled plans to [compete more aggressively](#) with contractors like **UGL** and **Transfield Services** in managing infrastructure projects.

- Laboratory testing operator **ALS** has flagged a [sharp fall in profit](#) as it battles to boost cash flow following recent acquisitions. The minerals division and geochemical business continue to face very challenging market conditions, despite a pick-up in fund-raising by explorers in Canada and an anticipated pick-up in drilling activity in Latin America. Minerals account for around a quarter of group revenue.

- Piece by Steve Johnson on [whether you should hold cash](#) in your portfolio.

- Interesting piece from The Economist on the [cost of wind, solar, nuclear and gas electricity supply](#).

- CLSA insurance analyst Jan van der Schalk expects **QBE** will [shrink its premium income by about \\$3.5bn](#) as it takes a hard line on holding marginal business in order to boost insurance margins.

The Australian

- More stuff on **QBE**, John Neal has now announced a [downgrade on average every 4.8 months](#) in his two years at the company.
- **Rex Minerals'** \$US850m South Australian copper mine has been [approved by the state government](#). Funding remains an issue.
- The rate of [nation-wide insolvencies has doubled over the past decade](#) with the number of companies hitting the wall growing steadily. 3.4% of all businesses were placed in administration, receivership or liquidation in they year to June 2013. 81% involved companies with fewer than 20 employees.
- IT contractor **UXC** has [surprised by indicating net debt would stand at \\$4.4m](#), much less than the previously guided \$34m due to improved cash collection. The subdued earnings guidance of underlying profit before tax of \$25-26.5m on revenue of \$640-650m remained in tact.

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