

By Jamie Smyth in Dublin

Investors vote for sale of Siteserv

The board of Siteserv, an Irish construction services group, recommended the sale of the company to Ireland's richest man Denis O'Brien despite receiving a higher offer for the company from a French based-company, Altrad.

The board's recommendation was later accepted by a majority of Siteserv shareholders in a vote following a stormy extraordinary general meeting in Dublin on Thursday, which saw several shareholders question the board's handling of the sales process.

Altrad, which is owned by Mohed Altrad, the Syrian-born owner of Montpellier rugby club, made an indicative offer of €60m for Siteserv on Tuesday and alleged it was excluded from the sale process despite making representations to the company.

The controversy over the deal, which saw the law firm Arthur Cox represent both Siteserv and the successful bidder Millington, which is controlled by Mr O'Brien, has raised uncomfortable questions about cronyism in Irish corporate culture.

At Thursday's meeting, Ray Neilson, Altrad executive, claimed he and a colleague had contacted Brian Harvey, Siteserv chief executive, several times since September last year but were told the company was not for sale.

"On that occasion, and on numerous occasions after that, right the way through January through to the middle of March, I was told very clearly by Brian that the company was not for sale and no part of the company was for sale," he said.

Mr Neilson said the Altrad offer would provide shareholders and the company's banks a better return than the bid by Millington.

Mr Harvey told shareholders he had received a phone call from Mr Neilson in January about attending a rugby match in Dublin but Siteserv was not discussed.

"At no stage at any time did we talk about was Siteserv for sale," he added.

Siteserv's Mr Harvey later told the Financial Times that Altrad was a competitor and was being "opportunistic" through its actions. He said Siteserv had run a robust sales process in conjunction with Davy Stockbrokers, KPMG and Irish Bank Resolution Corporation, formerly Anglo Irish Bank, which is owed €150m by Siteserv.

Under the deal agreed with Millington, the state-owned lender IBRC will receive just €40m of the €150m owed to the company. Siteserv shareholders, which include Mr Harvey, Chris Neate and John Neal, will receive the remaining €5m.

Siteserv's board put the company up for sale when it experienced difficulties in servicing its banking debts to IBRC. After initial expressions of interest were received by advisers KPMG and Davys, 12 companies were selected to submit bids for the company. Altrad, which is a competitor to Siteserv in the UK and generates annual revenues of almost €500m, was not approached to submit an offer for the company by the advisers organising the sale process.

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Hugh Cooney, Siteserv chairman, told shareholders on Thursday the senior management team were in no way aligned with any of the parties involved in the sale process.

"In relation to Mr O'Brien, his offer represented the best offer in terms of price and conditions. We were in no way influenced, positively or negatively, by the identity of the purchaser," he said.

Asked about Arthurs Cox's appointment as legal adviser to Siteserv and Millington regarding the deal, Mr Cooney said this was *"not totally unusual"* and the board was satisfied by assurances provided by the law firm that there was no conflict of interest.

Mr O'Brien has become a controversial figure in Ireland following the publication of an Irish parliamentary-commissioned tribunal investigating the award of Ireland's second mobile phone licence last year.

The Moriarty report, which was published a year ago, found that Michael Lowry, the Irish minister for communications in the mid 1990s, *"secured the winning"* of the 1995 mobile phone licence competition for Denis O'Brien's Esat Digifone. The report also tracked clandestine payments made on behalf of Mr O'Brien to Mr Lowry. Both men denied the findings. No criminal investigation has been launched.

Mr O'Brien is embroiled in a bitter fight for control of Independent News & Media with Tony O'Reilly, whose son Gavin O'Reilly is chief executive.

Mr Neilson said Altrad was considering making complaints to the Competition Authority in Ireland and the Director of Corporate Enforcement about its exclusion from the bid process.

Siteserv said separately on Thursday it would ask the Office of Fair Trading in the UK to investigate Altrad's acquisition last week of a UK company, Generation Hire & Sales, stating competition issues as the basis for the complaint.

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