



Boom and bust: tragicomedy with a touch of farce



I ONCE acted in what has been described as “the most significant play of the 20th century” — Samuel Beckett’s *Waiting for Godot*.

The tragicomedy is based on the premise of two people with nothing to do but fill in time with empty discussion while waiting for someone they won’t recognise, constantly mistake for someone else, and who ultimately never arrives.

The final production hardly raised a murmur from the assembled boys’ and girls’ schools at the Malvern Winter Gardens. Perhaps if my character had been called Bob instead of Estragen, and perhaps if I hadn’t dozed off during the proceedings, Beckett’s intellectual indulgence might have carried a bit better.

Fast forward 30 years and we find ourselves in yet another tragicomedy as we act out the most significant share-market game of the 21st century, “Waiting for (the) Bottom”.

The plot is similar. Filling in time with empty discussion while waiting for something we won’t recognise, constantly mistake for something else and that as yet hasn’t obviously

arrived.

As we wait we can but amuse ourselves with a look back at the horror and heroics of the past year and see if we can’t find the comedy amid the tragedy. We have had our fair share of both and in most cases they are indistinguishable. For instance:

- BHP bidding for Rio on November 12, 2007, 11 days after the top of the equity market and in the middle of a resources bubble. Irrational exuberance defined.
- Owen Hegarty saying “stronger forever” and then last week selling a third of his stake in OZ Minerals at 14.3% of what they were once worth.
- Airline Partners Australia, including Allco Finance Group, Macquarie and private equity partners, bidding \$5.60 a share for Qantas — a bid worth \$11.13 billion. On the current market cap that would have been a \$7.2 billion mistake although more importantly, in the current credit market, the bid might well have resigned Qantas and its buyers to oblivion.
- Wesfarmers buying Coles. Wesfarmers said at the time: “All our actions have been

guided by a single, overriding consideration — to create value for you.” It paid \$22 billion for Coles and the combined company was worth \$50 billion at the time. Wesfar-

mers and Coles combined now have a market capitalisation of \$12.6 billion — 75 per cent less.

- Babcock & Brown telling us it had no refinancing issues in the same presentation in which it raised \$220 million for no specific reason at \$13.65. Its CEO was paid \$22 million last year and the shares are in a trading halt at 25c, down from \$34.78, pending resolution of a refinancing issue.

- Packer selling 50% of PBL Media to private equity for \$4.5 billion. The company now needs to recapitalise.

- Kerry Stokes selling a 50% stake in his media interests to KKR for \$4 billion. “KKR is an astute and experienced investor in media businesses,” Stokes said. Perhaps he should have said: “Packer and I are astute and experienced investors of media businesses.”

- Alan Moss announcing his retirement from the top job at Macquarie when the share price was \$71. He walked away with \$50 million. The price has since hit almost \$20.