

# James Packer quits Consolidated Media's PBL unit

A statement by Consolidated Media, which owns 25 per cent of PBL Media, said that chairman John Alexander would also stand down from the board of the media unit, which owns free-to-air TV operation Nine Network and ACP Magazines.

Both moves take immediate effect and mean that Consolidated Media will not have any board representation at PBL Media.

Consolidated Media shares had lost 2.48 per cent to AUD 1.97 late this morning, as the benchmark S&P/ASX 200 Index shed 1.14 per cent.

The board moves came after the group said it would not contribute any further funding into PBL Media, 75 per cent of which is owned by private equity group CVC Asia Pacific.

PBL Media was formed last year after CVC Asia Pacific agreed to take an initial 50 per cent stake in the unit, through a AUD 4.6 billion deal. CVC later increased its stake to a holding of 75 per cent.

Since the death of Kerry Packer in 2005, James Packer has increased his focus on the family's casino business, Crown, with a focus on Macau.

Crown is also building its presence in North America, where it owns the Canneries chain of casinos in Las Vegas.

Analysts have said that, while the late Kerry Packer had a soft spot for the group's media operations, James Packer holds no such sentimentality. Kerry Packer inherited the operations from his father, Frank.

James Packer's private Consolidated Press Holdings vehicle owns 38.4 per cent of Consolidated Media.

He will face Consolidated Media shareholders at the group's annual general meeting in Melbourne tomorrow, the same day as Crown's scheduled AGM.

Consolidated Media said that, following the move, it will no longer equity-account for PBL Media. Many analysts already value the debt-laden media business at zero.

Mr Alexander said in August that PBL Media was carrying AUD 4.2 billion of debt, with an estimated annual debt bill of AUD 450 million.

PBL Media posted earnings before interest, tax, depreciation and amortisation of AUD 463 million for the 2008 financial year.

The news comes about 10 months after Lachlan Murdoch, son of News Corporation chairman Rupert Murdoch, failed in a AUD 3.3 billion bid to privatise Consolidated Media, which would have involved James Packer.

The indicative bid was pitched at AUD 4.80 a share.

Along with concerns about debt levels, it has been a tough couple of years for PBL Media's businesses. The Nine Network has lost the No 1 ratings mantle to rival Seven Network, and, along with the rest of the industry, faces slowing advertising growth as economic conditions deteriorate.

PBL Media's management has also implemented a number of cost-cutting measures.