Noble Group Ltd

Former Morgan Stanley banker is frontrunner to chair Noble

Ian Potter in talks with commodity group that is trying to push through restructuring

Neil Hume and Stefania Palma YESTERDAY

A former Morgan Stanley banker has emerged as the frontrunner to be the next chairman of Noble Group, the commodity trader trying to push through a $3.5bn debt restructuring.

Ian Potter, who ran Morgan Stanley's Asian commodities business and is now a partner at a private equity group, is in advanced discussions with the company, said people with knowledge of the situation.

Hong Kong-based Noble is looking to replace Paul Brough, a restructuring expert who was brought in to try to save the company after it was plunged into crisis by a large debt load and questions about its accounting.

In August, Mr Brough revealed plans to step down, telling a shareholder meeting that his successor had to be someone with "extensive" industry expertise.

Mr Potter is managing partner of Singapore-based Lion City Capital Partners, which according to its website has "deep expertise in hard and soft commodity-related assets". Before Lion City he was head of Morgan Stanley's Asian commodities business.

Noble and Mr Potter declined to comment.

Noble, which is listed in Singapore, once had ambitions to be an Asia-based rival to Glencore, buying up mining and agriculture assets and growing to become a full-scale international commodity trader.

Steering Noble out of the doldrums is a daunting challenge

Jean-Francois Lambert, Lambert Commodities

But over the past three years concerns about its accounting and ability to service a large debt load led to its near collapse, before its creditors agreed to a $3.5bn debt-for-equity swap that will hand them control of the business.

Noble's market value has shrunk to just $86m and its shares are down 98 per cent since concerns about its accounting first surfaced in a series of research reports in February 2015. Noble has always defended its accounting.

Noble's creditors — mainly hedge funds — backed the debt-for-equity swap last week and the company is now seeking court approval in the UK and Bermuda to complete the restructuring.

Under the deal, Noble's debt burden will be halved and its creditors will take a 70 per cent stake in the company, which is planning to focus on its Asian coal trading business and liquefied natural gas.

Even after the debt-for-equity swap is complete, Noble will still face a battle to survive and service its remaining debts, according to rivals and analysts. Commodity trading is a fiercely competitive industry where margins are razor thin and access to cheap credit is essential.

"Steering Noble out of the doldrums is a daunting challenge," said Jean-Francois Lambert, a former HSBC commodities banker who now runs his own consultancy Lambert Commodities. "It is not unfair to say that the management's credibility has been harmed by huge losses over a long-lasting and painful restructuring process."

Noble, led by Will Randall, an Australian, warned last month that it would record a loss for the third quarter, blaming financing and restructuring costs and losses from discontinued operations.

In a recent ruling, a judge in London's High Court highlighted more than $80m of fees Noble had paid to creditors and lenders supporting the restructuring, saying these were not "insignificant amounts".

The court documents also showed Noble had agreed to settle a $100m claim made by Cofco, the China's state-owned grains company, related to its $1.5bn purchase of a 51 per cent stake in Noble's agricultural business in 2014.

Latest on Noble Group Ltd

Follow the topics in this article

Commodities

Asia-Pacific companies

Noble Group Ltd

Neil Hume

Stefania Palma