

VIRGINIA BUSINESS

VIRGINIA'S SOURCE FOR BUSINESS INTELLIGENCE

SEPTEMBER 2012

 RegionalView

Turnaround team takes another at-bat

by M.J. McAteer

In 2000, Primus Telecommunications Group Inc., a global company based in McLean, was riding high. Its stock price had hit a high of \$51.69 a share, and its revenue that year was \$1.2 billion. Just nine years later, though, it was on the skids.

A convergence of damaging events, including the pop of the dot-com bubble, the terrorist attacks of 9/11 and the onset of the global economic malaise — along with a losing lawsuit and pending federal litigation — had left Primus with as much as \$1 billion in obligations and as little as \$100 million in assets. Its stock price had plummeted so low, to less than \$1, that it was delisted from NASDAQ National Market. In March 2009, confronted by a \$23 million debt that was coming due, Primus went into Chapter 11.

Enter Peter Aquino, a longtime telecommunications executive, who in 2010 became the company's president and CEO. In Primus, Aquino says he saw "a broken company with a balance sheet in disarray," but one that had strong assets, too.

It was a familiar situation for him: Before taking over at Primus, Aquino oversaw the turnaround of another Northern Virginia telecommunications company, the Herndon-based cable company RCN.



Like Primus, RCN had just gone through bankruptcy when he became its CEO in 2004; last year, the company was sold to a private-equity firm for \$1.2 billion.

Now, Aquino is trying to put new flesh on what he calls Primus' "good bones." To mitigate its debt problems, he recently sold the company's Australian holdings for about \$200 million. That is allowing him to retire or restructure much of the company's obligations while still having money for new investments.

"We wanted to extract value from a major asset to boost stock prices," Aquino says, and that strategy appears to be working. Primus stock, listed on the New York Stock Exchange since 2011, is now trading at its best prices since bankruptcy (\$16 a share in early August). Long-suffering

stockholders also recently received a \$1 dividend on their investment.

Primus' bread and butter have been providing phone, computer and video services to residential and business customers. Those services will continue, but Aquino plans to invest "heavily" in data centers and in what he calls "metro fiber," primarily in Canada. The competitive landscape is less crowded north of the border, he says, and urban centers such as Toronto and Ottawa need better fiber networks to handle the new generation of services.

In June, Aquino was named Maverick of the Year at the American Business Awards for effecting the most positive change in a company since 2011, but he stresses that the turnabout at Primus has not been "all about me." Managers such as Richard Ramlall, senior vice president, corporate development and chief communications officer, and Michael Houghton, senior external PR counsel, worked with him, not only at Primus, but at RCN and all the way back to the 1980s, when they all were at New Jersey Bell together.

"We're an all-star team of telecom executives," Aquino says. With Primus, he hopes his team hits one more out of the park. **VB**

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