

Deutsche Bank leads £1.4bn train deal

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Deutsche Bank, Lloyds TSB and BNP Paribas have struck one of the largest buyout deals of the year by agreeing to acquire Porterbrook Leasing, a UK train-leasing company, for £1.4bn (€1.7bn).

The takeover of the company, which was at the centre of one of the UK's most controversial privatisations, involves significant commitments from Deutsche.

Deutsche's structured credit department rather than its alternative investments asset manager, Rreef, is leading the deal with the other two banks supporting. The equity is a minority of the deal. All three banks are also understood to be arranging debt.

The Porterbrook deal represents a superficially flat return for Abbey, the UK banking division of Spain's Santander, which bought Porterbrook from coach operator Stagecoach in 2000 for £1.4bn. Porterbrook, which provides train rolling stock, was unavailable for comment last Friday due to a staff holiday. Deutsche Bank and Lloyds TSB declined to comment.

There have been no European private equity transactions larger than \$650m (€14m) since Lehman Brothers filed for bankruptcy on September 15, according to Dealogic. The largest European buyouts this year have been the £1.8bn acquisition of UK oilfield services company Expro International by a Candover-led consortium and the smaller €2.8bn deal for Evonik Industries by CVC Capital Partners.

Charterhouse Capital Partners acquired Porterbrook in January 1996 and a report by UK parliamentary watchdog, the Public Affairs Committee, found the Government had been short-changed by £900m in the 1994 privatisation of Porterbrook along with its peers, Angel Trains and Eversholt.

Stagecoach acquired Porterbrook from Charterhouse in August 1996 for £825m, giving the buyout firm a 6.5 money multiple return on its £73.6m equity investment.