

# Freightliner

## Rail freight operator



£340m

## Disposal

July 2008

Electra Partners is pleased to have sold, on behalf of its client Electra Private Equity ("Electra") its interests in Freightliner Group ("Freightliner") to Arcapita.

### Business Focus

Founded in 1956, Freightliner is the UK's largest haulier of maritime containers with approximately 20% of the market, and operating from five key deep sea ports: Felixstowe, Southampton, Thamesport, Tilbury and Seaforth. The business consists of three separate divisions - Intermodal, Heavy Haul and International.

Intermodal offers a fully integrated rail service for the transportation of containers from deep sea ports to inland collection points and includes local haulage to the final destination. Heavy Haul provides an alternative supplier to the bulk freight rail market. Both businesses have offices and freight terminals located around the UK rail network. International was set up recently and operates in Poland and Germany.

### Transaction Details

The deal involved total financing of £340 million, from which Electra received £71 million of net proceeds generating an IRR of 46%.

### Investment History

Electra originally invested £2.5 million in 1996 alongside the existing management team. In 2005, a secondary management buyout saw Electra reinvest alongside management with an increased shareholding of 38%.

Over the 12 years Electra has received total proceeds, including income and dividends, in excess of £100 million.

### The Electra Element

During the 12 years of Electra's investment, Freightliner has grown into the clear market leader in the UK, expanding its locomotives and wagon fleet substantially.

The transaction benefited from Electra Partners' knowledge of the rail industry having participated in the privatisation of the UK railways through its investments in Eversholt and Virgin Trains. Additionally, Electra Partners has been involved with transport services through investments in Dakota, Minnesota & Eastern Railroad and Inchcape Shipping Services.

Electra Partners LLP is an independent, private equity fund management company based in the City of London. Authorised and regulated by the Financial Services Authority, 25 The North Colonnade, Canary Wharf, London E14 5HS.

Our **flexibility** allows us to invest in a variety of sectors and deal types. We are able to take a long term view on investments and we are not governed by a fixed investment period.

