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Transfield sets the takeover ball rolling THE \$1 **billion** takeover bid for Transfield Services by Spanish construction giant Ferrovial could be about to set the ball rolling for more deal activity in the industrials sector, as an increasing amount of attention is being turned to the intentions of private **equity** giant TPG Capital.

Fresh from striking a deal to **buy** real estate **business** DTZ from UGL for \$1.2bn, TPG is believed to be in talks with Leighton Holdings to **buy** its services assets, and now, some think that move is likely to be followed by a takeover of the remaining engineering operations of UGL.

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Both deals would create an Australian services **business** for TPG of scale, generating between \$4bn and \$5bn of annual revenue, according to estimates.

The US-based sponsors TPG and Kohlberg Kravis Roberts recently walked away from Treasury **Wine** Estates and both are now rumoured to have industry players on the ground in search of opportunities focused on the mining and infrastructure services space.

Should KKR or TPG purchase the **business**, it could even be that outgoing chief executive Richard Leupen re-enters the frame as the **group's** boss.

UGL's share price of \$6.19 is a far cry from almost three years ago when the stock was trading at about \$16. Its recent DTZ **sale** saw it shore up its debt position, as a lower level of mining activity creates weaker conditions for the **business** and its peers.

TPG, along with private **equity group** Apollo, is believed to be through to the second round to **buy** Leighton's services assets that are up for **sale** through Macquarie Capital, while **China** Communications Construction **Company** and Samsung are believed to be competing for John Holland.

Ferrovial, through advisers UBS, mulled a purchase of both Leighton's John Holland contracting **business** and its services assets before launching at Transfield.

Both Samsung and Ferrovial lost out on winning the \$8bn East West Link tunnel project in Melbourne, thought to have cost the pair as much as \$20m, and it's thought that a motivation behind a Leighton acquisition is to limit the chance of missing out on the next deal, helped along by having a **business** in Australia of greater scale.

Meanwhile, others suggest engineering services **firm** Worley Parsons' lagging share price could make it ripe for an acquisition, although it was difficult to see what global **company** would be a logical suitor for a consulting **business**.

Calling for GE buyers MORGAN Stanley and Credit Suisse hope to attract a greater number of potential buyers for GE Capital's \$1bn consumer lending **business** by offering financing for smaller groups.

Smaller parties may have shied away from an acquisition in fear that they would not be able to lock in the funding. Flyer documents have so far been sent out to a range of potential buyers before information memorandums are issued next month.

Among the groups earmarked as potential buyers for the \$7bn worth of loans are the Commonwealth Bank, National Australia Bank, Westpac and ANZ, while Macquarie **Group** is thought to be a likely suitor along with financial **firm** Pepper **Group**.

GE Money has 3 **million** customers and operates throughout Australia and New Zealand.

It offers a range of services, including personal home loans, car loans, credit cards, personal insurance and interest-free and promotional retail finance.

It is understood the operation makes most of its money out of its credit cards and those it provides on behalf of groups such as supermarket giant Coles. FlexiGroup is also seen as a rival to GE Money, which the US-based conglomerate is understood to be selling because it is not core to the **business**.

When Investec's Australian lending **business** was **sold** to Bank of Queensland last year for \$440m, Macquarie was also seen as a strong contender.

Meanwhile, the market will await NAB's full-year results next week for news on whether it is a seller of its MLC wealth management arm. The bank's new boss, Andrew Thorburn, is yet to address assets dragging down its return on **equity** and capital, which includes the underperforming MLC along with its British operations, the Clydesdale Bank.

Huon shares leaping AS shares in Huon Aquaculture finished the first day of trade up 5c from an issue price at \$4.80, adviser Credit Suisse will hope the solid result leads to more runs on the **board** for the investment bank in the IPO space.

The bank's deals have included the floats of Healthscope, Genesis and Pact, alongside other advisers, while the **group** floated property trust GDI and the troublesome McAleese Transport last year.

Salmon farmers Peter and Frances Bender are thought to have made up to \$25 **million** through initial proceeds from the **sale** of their Tasmanian-based farming operation they started 28 years ago, which now has a market capitalisation of at least \$400m.

Australia's salmon market is a duopoly between Huon and market leader Tassal, which closed steady on the market at \$3.35.

Investors poured \$125m into the Huon deal, where shares were slated to sell for between \$4.75 and \$5.40. The Bender's **stake** is 68 per cent.

Vocation in a halt VOCATION Limited, long a target of training sector scuttlebutt, had its shares in a trading halt yesterday as it prepared to announce the outcome of a review being conducted into some of its Victorian operations by the state's Department of Education and Early Childhood Development.

The halt could be in place until Monday, but speculation was mounting that the results aren't good. The review has meant a large part of the **company**'s revenues have been suspended — and that could be permanent.

The **company** has consistently said the review was immaterial, and only disclosed it following media speculation in August. Since then Vocation's share price has dove by around a third.

Vocation has sought to register many of the courses taught at its now-suspended subsidiary Bawm — trading as Buildit Learning, Diverse Learning and RTO Edge — at its other RTOs, Learning Verve and Training & Development Australia.

And the rumour mill has continued. Earlier this week The Australian was sent an email and forms allegedly circulated by Vocation staff to its trainers, asking them to re-enrol students at Yooralla, a separate entity.

Vocation did have a relationship with Yooralla, but a spokeswoman for the Yooralla said it had been terminated in July and no enrolments or re-enrolments had been taken since.

The email was dated August 11, but Vocation said it could merely have been an administrative error and the enrolments never filed, thus they didn't appear on any record.

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**CO** kkr : KKR & Co. L.P. | leiho : Leighton Holdings Ltd | tpgpar : TPG, Inc. | traser : Transfield Services Limited | trzwn : Treasury Wine Estates Ltd | frvl : Ferrovial SA | hocht : Hochtief AG | ocisa : ACS Actividades de Construcciones y Servicios SA

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