THE AUSTRALIAN

SE Business

HD **DATAROOM**

WC 1,116 words

PD 17 December 2014

SN The Australian

SC AUSTLN

ED Australian

PG 20

LA English

LP

PEP, Bain look to KKR for help on Bradken PRIVATE **equity** giant Kohlberg Kravis Roberts may be about to help Bain Capital and Pacific **Equity** Partners buy **mining** services **company** Bradken, for which they are offering $872 **million**.

PEP and Bain approached the **company**'s board with a takeover proposal, initially offering $6 per share for the business before adjusting the price of its indicative bid lower to $5.10 several weeks later. But KKR had also looked at buying Bradken earlier this year.

TD

It is now understood, however, that PEP and Bain are sounding out KKR surrounding its interest in offering an attractive mezzanine finance proposition as part of their plan to buy Bradken.

The New York-based KKR is no stranger to the pair — it worked with PEP earlier this year in an attempt to buy information services **company**SAI Global. A deal never eventuated. KKR is a lender as well as a corporate deal maker, raising $US1bn for its global mezzanine fund several years ago.

PEP and Bain's takeover bid on the table is conditional upon their completion of due diligence and a recommendation of their bid by the Bradken board.

It is thought that the private **equity** suitors had recently sounded out all of the major investment banks about providing funding in their takeover pursuit of Bradken.

Shares of Bradken are trading at about $4.40. Sources say some major institutions that own the stock are pressuring the board to ensure a **sale** happens after the earlier offer was rejected. Bradken outed PEP and Bain as suitors of the business earlier this month and has hired Bank of America Merrill Lynch as defence advisers. Gresham, JPMorgan and Nomura are working for the suitors.

Trio's bid for GE Capital BIDS for GE Capital's Australia and New Zealand consumer lending business have landed in the range of $1.5 **billion**-$1.9bn, according to sources.

However, the exception is said to be the bid lobbed by Macquarie Group, Pepper Group and York Capital.

There is a suggestion around the market that the trio is jointly offering an aggressive $2.7bn for the division of the conglomerate.

The question surrounding Macquarie's tilt, however, is whether they will receive the funding to support the price they are touting, given the so called "**Millionaires** Factory" is only said to be putting up 19 per cent of the **equity**, while Pepper's contribution is minimal and they may be still searching for **equity** backers.

Bids for GE's **sale** closed on Friday.

It is selling its so-called "GE Money" consumer lending business in Australia and New Zealand, which comprises about $7.5bn of predominantly credit card and personal loans and store finance.

The company, with advisers Morgan Stanley and Credit Suisse, is expected to make a decision on who would go through to the second bidding round early next week.

It is understood that GE Capital's preference is for a sale to be concluded by the end of March, which would see short-listed contestants embarking on detailed due diligence through January next year. Other bidders are believed to include TPG Capital, The Carlyle Group, Flexigroup with KKR, Varde Partners and potentially Deutsche Bank and Wesfarmers with Apollo.

Dataroom reported this week that Deutsche could join Citi as adviser on a purchase for the Flexigroup consortium, but it has since emerged that its interest is instead as a member of the consortium, providing a small amount of the equity. Deutsche has close links with KKR, as one of the private equity firm's directors, Diane Raposio, is also a former executive at the investment bank.

Meanwhile, Pepper announced yesterday that it had purchased Standard Chartered's Hong Kong consumer finance business as part of a consortium.

Apollo secrets laid bare APOLLO may have been widely tipped as a suitor for Leighton Holdings' services assets, but what is less known is that the Australian-listed construction giant is opting to sell just a stake of the business to the US-based private equity firm and could even remain as the operator of the assets.

In fact, it's since emerged that Leighton was also prepared to consider a partial sale of John Holland with at least one of the under bidders, which included Samsung and ATEC Rail, before the sale to the China Communications Construction Company last week for just under $1.2bn.

Apollo was first revealed as a suitor for Leighton's services assets by Dataroom in October and it is now thought that a sale to the group could be announced later this week, according to one source.

The price or the exact assets being sold through Macquarie Capital within the mix for the sale is unclear, although analysts from Commonwealth Bank had previously estimated that Thiess Services and Leighton Contractors services could be easily rolled into John Holland Services to form a business worth $1.25bn to $1.5bn with a $2bn to $2.5bn turnover.

Thiess Services manages and maintains vital public infrastructure from facilities management at Sydney's Royal North Shore Hospital to the country's largest water maintenance contract with Sydney Water.

One of the previous suitors was Spanish construction giant Ferrovial, which currently has Transfield Services within its sights.

However, buyers for the services assets have been deterred by complexities with pre-emptive rights on contracts for projects such as the National Broadband Network.

Banking on Santos sale THEY say timing is everything, which means the bankers that have been trying to convince Santos to sell one of its South Australian assets for the past two years could finally have their day in the sun.

There's been much talk about whether Santos sells its interests in the Gladstone LNG pipeline in Queensland, but attracting more attention lately has been the pipeline Santos owns that runs from Port Bonython to Moomba.

Santos owns a 60 per cent interest of the South Australian asset linked to the Cooper Basin and a sale could yield the stakeholders up to $1bn.

Advisers have been trying to promote to Santos the merits of selling the pipeline for years, with limited success, but some say that Santos may now be giving it much closer consideration, given its current challenges.

Citi, Lazard and Deutsche, which are all close to the company, would most likely be in the frame should the deal happen.

Weighing against a deal is the future uncertainty surrounding the oil supply through the pipeline and the difficulties managing the asset.Various market sources say a sale of the GLNG pipeline by Santos would be unlikely because of the complexity of the transaction, which would involve various stakeholders.

CO kkr : KKR & Co. L.P. | peprt : Pacific Equity Partners | bainca : Bain Capital, LLC | brares : Bradken Ltd

IN i8150105 : Consumer Lending | ibnk : Banking/Credit | i81501 : Credit Types/Services | ifinal : Financial Services | i22 : Primary Metals | i222 : Steel Products | i81502 : Trusts/Funds/Financial Vehicles | i8150203 : Private Equity | ialtinv : Alternative Investments | ibasicm : Basic Materials/Resources | iinv : Investing/Securities | iventure : Venture Capital

NS c181 : Acquisitions/Mergers/Takeovers | cacqu : Acquisitions | reqrbc : Suggested Reading Banking/Credit | c18 : Ownership Changes | cactio : Corporate Actions | ccat : Corporate/Industrial News | ncat : Content Types | nfact : Factiva Filters | nfcpin : C&E Industry News Filter | redit : Selection of Top Stories/Trends/Analysis | reqr : Suggested Reading Industry News

RE austr : Australia | apacz : Asia Pacific | ausnz : Australia/Oceania

PUB News Ltd.

AN Document AUSTLN0020141216each00025

