



Zenith denies sale rumours as advisers are called in

Leasing firm looking at 'corporate finance options', says boss Tim Buchan

By Gareth Roberts

Zenith has denied that it is about to be sold to new owners after it appointed a top city firm to offer financial advice.

The leasing company, which operates a risk fleet in excess of 50,000 vehicles, says it is looking at a "number of corporate finance options" after it was reportedly put up for sale for £700 million.

Chief executive officer Tim Buchan said: "Zenith continues to enjoy very strong trading conditions.

"Strong organic growth has been driven by our continued investment in innovation and our relentless focus on client service. This has been rewarded by significant client wins and our first pan-European appointment since the establishment of our Auto Alliance partnerships.

"Looking forward, there are a number of corporate finance options available to Zenith, including a refinancing, given the market's strong and longstanding support for the business."

Buchan told *Fleet News* that it was in this context the company has been working with a number of advisors, with Evercore – an independent investment banking advisory firm – taking the lead role.

However, Buchan said: "This should not be interpreted to mean a transaction is imminent. As a private equity owned asset, it is generally considered good practice to make these adviser appointments early in a business's ownership cycle to maximise the benefits of their expertise, significantly in advance of any event."

Typically, private equity owners will look to offload an investment within four to five years, which would suggest a possible sale at the end of next year or the year after.

Zenith's current owner, HG Capital, signed an agreement to acquire a majority stake holding in the parent company of Zenith Vehicle Contracts Group from Morgan Stanley Global Private Equity (MSPE) in 2014. Terms of the transaction were not disclosed (*Fleet News*: January 23, 2014).

A 60% stake in the top 20 leasing company was acquired by MSPE in August 2010.

HG Capital's acquisition of Zenith came just a few months after it became the majority shareholder of Leasedrive (*Fleet News*: November 28, 2013). It replaced LDC, the private equity house that is part of Lloyds Banking Group. LDC had paid £80m to take a 52% stake in the business in 2008.

£700m
reported potential sale
value of Zenith

54,248
risk fleet operated by
Zenith

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Tim Buchan, Zenith

Both businesses were brought under the single brand of Zenith earlier this year (*Fleet News*: February 4).

At the time, Buchan told *Fleet News*: "The decision to become one company, with one brand, delivers a material benefit for us as a business as well as building confidence in our future strategy with our customers."

A single brand would also be a necessary step in readying the company for sale. Potential suitors would not be in short supply either, with the contract hire and leasing market considered a good investment opportunity for private equity investors, or existing suppliers wanting to grow.

Daimler's recent acquisition of European leasing rival Athlon for £940m (€1.1 billion) from the Dutch firm Rabobank was proof in point (*Fleetnews.co.uk*: July 5).

The company services around 250,000 vehicles in 11 European countries: Belgium, France, Germany, Holland, Italy, Luxembourg, Poland, Portugal, Spain, Sweden and Switzerland.

Daimler's fleet operation currently manages 85,000 vehicles in 13 countries: Austria, Belgium, Czech Republic, France, Germany, Great Britain, Holland, Italy, Luxembourg, Poland, Spain, Sweden and Switzerland.

Daimler plans to rebrand and integrate its 'Daimler Fleet Management' division under the Athlon brand, which is set to enter the UK for the first time.

However, Athlon does have a strategic partnership with Lex Autolease in the UK, and it remains unclear how this will be affected.

A spokesman for Lex Autolease said: "It is very much business as usual. It's still early days following the acquisition and we are talking to Athlon and Daimler Financial Services about how we will work together in the future."



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