

Beacon Rail Lux Holdings S.à r.l. / Eversholt UK Rails Limited

Decision on relevant merger situation and substantial lessening of competition

ME/7133/25

The CMA's decision on reference under section 33 of the Enterprise Act 2002 (the **Act**) given on 9 January 2026. Full text of the decision published on 16 January 2026.

Please note that [☒] indicates confidential information which has been excluded from this published version of the decision. Some numbers have been replaced by a range, which are shown in square brackets.

1. THE PARTIES AND THE TRANSACTION

1. On 24 July 2025, Beacon Rail Lux Holdings S.à r.l. (**Beacon**) agreed to acquire Eversholt UK Rails Limited (**Eversholt**) (**the Merger**).^{1, 2}
2. Beacon and Eversholt are rolling stock leasing companies (**ROSCOs**) and overlap in the leasing of passenger trains and freight locomotives (**locos**) in Great Britain (**GB**).³ The Parties' customers are passenger train operating companies (**TOCs**) and freight operating companies (**FOCs**).

2. JURISDICTION

3. The CMA believes that it is or may be the case that arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation. Each of Beacon and Eversholt is an enterprise; these

¹ Beacon and Eversholt are together referred to as the **Parties** and, for statements relating to the future, the **Merged Entity**.

² The Competition and Markets Authority (**CMA**) commenced its phase 1 investigation on 28 November 2025 after the CMA's mergers intelligence function identified the Merger as warranting an investigation.

³ Final Merger Notice submitted to the CMA on 27 November 2025 (**FMN**), paragraphs 2.3, 2.5 and 2.7. Beacon also owns and leases freight wagons (unpowered vehicles pulled by locos and used to move rail freight). Eversholt does not own any freight wagons. As such, this type of rolling stock is not further discussed in this Decision.

enterprises will cease to be distinct as a result of the Merger; and the turnover test is met.⁴

3. COMPETITIVE ASSESSMENT

3.1 Market definition and counterfactual

4. The CMA has not previously considered the leasing of rolling stock.⁵ Based on the Parties' submissions and evidence gathered from third parties, the CMA has assessed the impact of the Merger on separate product markets for the leasing of passenger trains and freight locos.⁶ The available evidence indicates that the geographic market is GB.⁷
5. The CMA has assessed the impact of the Merger against the prevailing conditions of competition.⁸

3.2 Horizontal unilateral effects

6. The CMA's investigation focussed on horizontal unilateral effects in the leasing of freight locos in GB.⁹
7. FOCs can either directly acquire or lease freight locos and can choose between new-build freight locos (ie new locos) or existing freight locos. The evidence gathered by the CMA during its investigation indicates that demand for new-build freight locos is currently limited, as most existing freight locos in GB are not yet at the end of their useful economic lives (UEL).¹⁰ Furthermore, lease rates are higher for new-build freight locos than existing freight locos, meaning FOCs will generally

⁴ See section 23 of the Act. Eversholt had a UK turnover of £318 million in the last financial year (FMN, paragraph 6.2).

⁵ The Competition Commission previously carried out a market investigation into the leasing of rolling stock for franchised passenger services. [Rolling Stock Leasing market investigation, final report](#) (2009).

⁶ The Parties submitted that passenger and rail freight are not subject to the same regulatory framework and the lessees of passenger and freight rolling stock are different (FMN, paragraphs 12.23, 12.75 and 12.76). Evidence gathered from third parties also indicates that whilst some freight locos can serve passenger purposes in limited instances (eg using freight locos to haul passenger vehicles), this is rare (note of a call with a third party, 20 October, paragraph 4; note of a call with a third party, 27 October 2025, paragraph 5).

⁷ Customers and competitors the CMA spoke to indicated that GB has different infrastructure, technical specifications and gauging systems to European railways, and it is expensive to convert a GB train / freight loco for use in Europe (and vice versa) (note of a call with a third party, 20 October 2025, paragraph 3; note of a call with a third party, 22 October 2025, paragraph 9; note of a call with a third party, 27 October 2025, paragraph 4; note of a call with a third party, 30 October 2025, paragraph 5).

⁸ See [Chapter 3 of the Merger Assessment Guidelines](#) (CMA129).

⁹ The CMA considered but dismissed at an early stage of its investigation horizontal unilateral effects in the leasing of passenger trains in GB. The available evidence indicates that in this market, the Parties are not close competitors and there will continue to be sufficient viable alternatives post-Merger. This is on the basis of shares of supply and bidding data provided by the Parties, third-party feedback and the Parties' internal documents.

¹⁰ FMN, paragraph 12.44 (regarding Class 66 locos specifically). The Parties submitted that the average freight loco UEL is approximately 35 years (FMN, paragraph 12.35). The Parties also submitted that the only new-build freight locos currently due to come onto the GB market in the next few years are: (i) 30 Class 99 locos owned by Beacon (which have already been leased to GB Railfreight (**GBRf**)); and (ii) 10 Class 93 locos owned by ROG / Star Capital (which the Parties submitted will be principally operated by ROG rather than necessarily being placed on long-term leases to other FOCs) (Parties' response to question 3 of the CMA's Request for Information 5, dated 3 December 2025 (**RFI5**) and FMN, paragraph 12.41).

renew leases of existing locos where possible.¹¹ However, there will likely be a new material freight loco procurement cycle in the next 5-10 years as existing freight locos reach the end of their UEL.¹² Furthermore, some freight locos (including Class 66 locos) are diesel-fuelled and will eventually need to be removed from the GB rail network under decarbonisation plans.^{13, 14} The CMA has therefore considered the likely impact of the Merger on current and future competition for the leasing of both existing and new-build freight locos.

8. Regarding **current competition** for the leasing of freight locos in GB, while the Parties have a high combined share of supply ([50-60%]) with a significant increment brought about by the Merger ([20-30%]),¹⁵ evidence from the Parties and third parties indicates that shares of supply are not a reliable indicator of current competitive dynamics. This is because:
 - (a) Once freight locos are leased, it is uncommon for them to move between FOCs as the assets are typically tied up in long-term leases that FOCs tend to renew.¹⁶ This is particularly the case for Class 66 locos.¹⁷
 - (b) Leasing contracts are not coterminous across different ROSCOs and FOCs, thereby limiting the number of assets available to FOCs at different lease renewals.¹⁸
 - (c) Different freight loco classes have different use cases and often cannot be used interchangeably, which limits the movement of freight locos between FOCs and further constrains FOCs in their choice of assets.¹⁹
9. In combination, these factors have led to limited competition between ROSCOs for the leasing of their existing freight locos. Indeed, the Parties have not competed against each other in any freight loco lease renewal over the past ten years.²⁰

¹¹ FMN, paragraph 12.35.

¹² FMN, paragraph 10.9.

¹³ Department for Transport, [Decarbonising transport: a better, greener Britain](#) (14 July 2021) (this was published under a previous government) and FMN, footnote 131.

¹⁴ Class 66 locos are the largest single freight loco class owned by Beacon, and are the only type of freight loco owned by Eversholt. Class 66 locos are widely used by FOCs in GB, including GBRf, Freightliner and DB Cargo.

¹⁵ Shares of supply are based on freight locos available for leasing or currently leased to customers in GB, including any completed freight loco orders that lessors are expecting the delivery of, as of December 2025. They are CMA estimates based on a combination of third-party data, and estimates submitted by the Parties where the CMA did not receive data from respective third parties. The estimates exclude the shares of supply of certain players whose position in the market could not be confirmed; the estimated shares of supply may therefore slightly overstate the Parties' market position.

¹⁶ Note of a call with a third party, 20 October 2025, paragraph 11. Note of a call with a third party, 22 October 2025, paragraphs 6, 11 and 25. Note of call with a third party, 30 October 2025, paragraphs 15 and 20. Note of a call with a third party, 11 November 2025, paragraphs 10 and 14.

¹⁷ Note of a call with a third party, 22 October 2025, paragraphs 6, 11, 21 and 25. Note of a call with a third party, 30 October 2025, paragraph 15. The Parties submitted that over the past ten years, both Beacon and Eversholt each only had one instance where a Class 66 loco lease was not renewed (FMN, footnotes 74 and 75).

¹⁸ FMN, paragraphs 12.59 to 12.65.

¹⁹ Note of a call with a third party, 23 October 2025, paragraph 13. Note of a call with a third party, 11 November 2025, paragraph 6.

²⁰ Parties' response to question 13 of the CMA's Request for Information 1, dated 17 October 2025 (**RFI1**).

10. The Parties' bidding data also shows that they have not competed against each other for opportunities to finance new-build freight locos over the past ten years.²¹ Notably, Eversholt has not participated in any formal new-build freight loco opportunities during this period, and it has not purchased any freight assets since before 2009.²² Indeed, some third parties indicated that Eversholt's market position is a legacy one and that it has not been actively pursuing the GB freight market over the past ten years.²³
11. Some FOC customers also indicated that negotiation dynamics between lessors (eg ROSCOs) and FOCs are relatively balanced, as lessors know that if they were to significantly increase lease prices, FOCs would consider alternative options (eg direct procurement of locos) rather than pay the higher price, thereby negatively impacting lessors in the long run.²⁴
12. Against the background set out at paragraph 7 above, the CMA also considered **future competition** for the leasing of new-build freight locos, as well as the extent to which the introduction of additional new-build freight locos may change market dynamics (including competition between the Parties) for the leasing of existing freight locos.
13. The CMA found that Beacon is likely to remain a significant player in financing new-build freight locos for leasing, based on submissions from the Parties and third parties.²⁵ In contrast, the CMA considers that Eversholt would likely remain a weak competitor to Beacon in relation to the leasing of new-build freight locos absent the Merger. In reaching this view, the CMA has had regard to the following evidence:
 - (a) Neither the Parties' submissions,²⁶ nor Eversholt's internal documents, demonstrate any firm commitment by Eversholt to invest in new-build freight locos in the short- to medium-term.²⁷

²¹ Parties' response to question 13 of RFI1.

²² Parties' response to question 13 of RFI1. FMN, paragraphs 14.16 to 14.21.

²³ Note of a call with a third party, 20 October 2025, paragraph 17. Note of a call with a third party, 30 October 2025, paragraph 12.

²⁴ Note of a call with a third party, 11 November 2025, paragraph 8. Note of a call with a third party, 30 October 2025, paragraph 20.

²⁵ FMN, footnote 49. Beacon recently ordered 30 Class 99 locos from Stadler, which have been leased to GBRf (FMN, paragraph 13.6). Responses to the CMA's competitor questionnaire, November 2025, question 3 and customer questionnaire, November 2025, question 4.

²⁶ The Parties submitted that Eversholt has not decided whether it wishes to pursue involvement in future freight loco opportunities, nor have the sellers committed to supporting any Eversholt investment in new-build freight locos under their ownership (FMN, paragraph 14.27). For completeness, the Parties submitted that the only leasing opportunity regarding new-build freight locos that Eversholt has considered in the UK was recent and concerned informal exploratory discussions regarding Class 99 locos with [REDACTED] (FMN, paragraphs 14.19 to 14.21).

²⁷ Whilst there are some references to new-build freight loco opportunities in Eversholt's internal documents, they do not outline specific plans to procure, or intentions to bid for, new-build freight locos beyond highlighting high-level interest and market testing. For completeness, in late 2024, Eversholt commissioned a third-party report on opportunities in the GB freight market (Annex E059 to the FMN). The Parties submitted that once the report was provided to Eversholt, no further action was taken by Eversholt in response to the report (FMN, paragraph 10.11). This is consistent with Eversholt internal documents reviewed by the CMA (eg Annex E260 to the FMN, page 8).

(b) Most FOC customers indicated that they do not see Eversholt as a strong or very strong player as a lessor of new-build freight locos in the next 5-10 years in GB.²⁸ Two FOC customers also raised doubts as to Eversholt's ability to become a material competitor in the leasing of new-build freight locos in GB.²⁹

14. Further, third parties indicated there will continue to be a range of alternative financing options for new-build freight locos. FOC customers identified Porterbrook and ROG / Star Capital as strong competitors to the Parties.³⁰ Additionally, two FOC customers said they would consider as good options either leasing new-build freight locos from GB ROSCOs that are not currently active in leasing of freight locos (eg Angel Trains), or buying and owning freight locos directly.³¹ FOCs also said they would consider (albeit not as strongly) specialist asset finance providers, non-GB ROSCOs, banks and / or infrastructure funds as alternatives to the Merged Entity as lessors of new-build freight locos.³²

15. The CMA also considered the extent to which the introduction of additional new-build freight locos might materially change the market dynamics in the leasing of freight locos in GB over the next 5-10 years (eg in the form of the displacement of existing freight locos by new-build freight locos, potentially increasing the extent of competition between the Parties). The available evidence indicates that the existing Class 66 locos (the only loco class owned by both Parties) will likely remain the most widely-used freight loco type in GB for at least the next 5-10 years, thereby limiting any impact from new-build freight locos.³³ Further, as noted in paragraph 8(a) above, the Parties' Class 66 locos are typically tied up in long-term contracts that FOCs tend to renew. The CMA therefore does not consider that the introduction of additional new-build freight locos will materially alter the current competitive dynamics, including the extent of competition between the Parties, at least over a period of several years.

16. Notably, almost all third parties, including all of the Parties' FOC customers, expressed neutral or positive views about the Merger,³⁴ with third parties indicating

²⁸ Responses to the CMA's customer questionnaire, November 2025, question 4.

²⁹ Note of a call with a third party, 22 October 2025, paragraph 19. Note of a call with a third party, 30 October 2025, paragraph 16.

³⁰ Responses to the CMA's customer questionnaire, November 2025, question 4.

³¹ Responses to the CMA's customer questionnaire, November 2025, question 5.

³² Responses to the CMA's customer questionnaire, November 2025, question 5.

³³ Responses to the CMA's competitor questionnaire, November 2025, question 6 and customer questionnaire, November 2025, question 7. Note of a call with a third party, 22 October 2025, paragraph 21. Class 66 locos are no longer manufactured (FMN, paragraph 14.62).

³⁴ Responses to the CMA's competitor questionnaire, November 2025, question 7. Note of a call with a third party, 22 October 2025, paragraph 25. Note of a call with a third party, 30 October 2025, paragraphs 22 and 23. Note of a call with a third party, 11 November 2025, paragraph 14. One competitor voiced concerns, stating that the Merger would create an imbalanced market position of the Merged Entity compared to its rivals, including regarding future new-build loco procurement (response to the CMA's competitor questionnaire, November 2025, question 7). Additionally, one FOC customer raised an 'academic' argument that a reduction in the number of ROSCOs caused by the Merger could lead to higher prices; however, the same FOC customer also noted an opposing argument that the Merged Entity may be able to obtain better finance rates on the market (note of a call with a third party, 23 October 2025, paragraphs 18 and 19). The

that there will continue to be a range of alternative financing options available for new-build freight locos (see paragraph 14 above).

17. Taken together, the evidence gathered in the course of the investigation indicates that whilst the Parties have a high combined share of supply, there is currently limited competition between them for the leasing of freight locos (both existing and new-build) in GB. Furthermore, the evidence does not suggest that Eversholt would become a strong competitor to Beacon in relation to leasing of new-build freight locos absent the Merger, and that in any event a range of alternative financing options would remain post-Merger. The evidence also does not point to the introduction of additional new-build freight locos materially changing these competitive dynamics over the foreseeable future.
18. On this basis, the CMA has found that the Merger would not give rise to a realistic prospect of a substantial lessening of competition (**SLC**) as a result of horizontal unilateral effects in the leasing of freight locos in GB.

4. DECISION

19. For the reasons set out above in the Competitive Assessment, the CMA does not believe that it is or may be the case that the Merger has resulted, or may be expected to result, in an SLC within a market or markets in the United Kingdom.
20. The merger will **not be referred** under section 33 of the Act.

Alex Moore
Director, Mergers
Competition and Markets Authority
9 January 2026

CMA also received two anonymous complaints. Where relevant, the CMA took these views into account and assessed issues raised by the complainants.