



DETERMINATION OF MERGER NOTIFICATION M/11/012 -

Jabil/F-I Holding Company

Section 21 of the Competition Act 2002

Proposed acquisition by Jabil Circuit Netherlands B.V. of sole control of F-I Holding Company

Dated 19 April 2011

Introduction

1. On 4 April 2011, in accordance with section 18 of the Competition Act 2002 (the "Act"), the Competition Authority (the "Authority") received a notification of a proposed transaction whereby Jabil Circuit Netherlands B.V. would acquire, via F-I Holding Company, sole control of the following four undertakings (together known as the "Competence Group"):
 - (i) Competence France Holdings SAS,
 - (ii) Competence France SAS,
 - (iii) Competence EMEA S.r.l, and
 - (iv) Competence Italia S.r.l.

Completing the transaction prior to obtaining clearance from the Authority and late notification

2. The Authority was informed by the parties that the notified transaction was completed on 21 February 2011. By completing the transaction prior to obtaining clearance from the Authority the parties infringed section 19(1) of the Competition Act 2002 (the "Act"), and consequently, as provided for in section 19(2) of the Act, the transaction is therefore void.
3. Furthermore, the agreement in which the notified transaction was given effect, the Emergency Employment Stabilization and Stock Purchase Agreement, is dated 21 February 2011. The notifying parties failed to notify the Authority within one month after the conclusion of this agreement as was their obligation under section 18(1) of the Act. Failure to notify a notifiable merger or acquisition to the Authority within the specified period is a criminal offence which renders the person in control of the undertaking in default, if he or she knowingly and wilfully authorises or permits the contravention, potentially liable for substantial fines under section 18(9) and 18(10) of the Act.
4. The notifying parties have explained to the Authority that certain unusual and difficult circumstances gave rise to the failure to notify within the prescribed time limits. The Authority accepts the parties' explanation, and also accepts that whilst there has been a contravention of section 18(1) of

the Act, it was not done knowingly or wilfully. Accordingly, no criminal offence has been committed.

5. Given that the transaction purportedly completed on 21 February 2011 is void, the Authority treated the notification as a proposal to put an acquisition into effect, and proceeded to assess the notified transaction in accordance with the provisions of the Act.

The Undertakings Involved

The Acquirer

6. Jabil Circuit Netherlands B.V. is incorporated in the Netherlands and is a wholly-owned subsidiary of Jabil Circuit Inc. ("Jabil"). Jabil is incorporated in Delaware in the United States of America ("U.S.A.") and is active globally in the provision of electronic manufacturing services ("EMS") to Original Equipment Manufacturers¹ ("OEMs"). These services include design, production, product management and after-sales services that are provided to OEMs in various sectors, such as: aerospace, automotive, computing, consumer, defence, industrial, medical and telecommunications.
7. Jabil provides a broad range of EMS to customers based in the State, principally from its factories in Asia and Eastern Europe. The customers of Jabil in the State are mainly active in the consumer electronics and storage sectors.
8. In the State, Jabil Global Services Ltd, a subsidiary of Jabil incorporated in Ireland, is active in the provision of management and sales services to Jabil Global Services.² It operates one office in Dublin that employs approximately ten people.
9. For the year ending 2010, Jabil had a consolidated worldwide turnover of approximately €10.115 billion, of which approximately €[...] was generated in the State.³

The Target

10. F-I Holding Company, is incorporated in the Cayman Islands and has control of the four undertakings comprising the Competence Group⁴. The Competence Group is active internationally in the provision of EMS to OEMs.

¹ Original Equipment Manufacturers are manufacturers who resell another company's product under their own name and branding. Apple Inc, Cisco Systems Inc, Hewlett-Packard Company and International Business Machines are examples of OEMs.

² As part of Jabil's EMS activities, its after-sales services division, Jabil Global Services, provides repair services internationally to OEM customers who have given a warranty to their customers but cannot provide repair services themselves.

³ All currency conversions were made using the European Central Bank's annual average exchange rates.

⁴ Two of the undertakings are based in France and two are based in Italy.

11. The Competence Group has no production, supply or distribution facilities in the State. In the State, the Competence Group provided EMS to one customer⁵ that accounted for its total turnover in the State in 2010.
12. For the year ending 2010, the Competence Group had a worldwide turnover of approximately €[...] of which approximately €[...] was generated in the State.

Rationale

13. The Competence Group was previously owned by Jabil until it was divested in July 2010 to Mercatech Inc., the vendor in this transaction. According to Jabil, it agreed to re-acquire the Competence Group in order to preserve the long-term commercial viability of the four Competence Group undertakings following [...].

Third Party Submissions

14. No third party submissions were received.

Analysis

15. In the State, both Jabil and the Competence Group are active in the provision of EMS to OEMs. However, the Competence Group has no physical presence in the State and generated its turnover from only one customer.
16. The European Commission noted in its recent decision *Foxconn/Sony LCD TV Manufacturing Company in Slovakia*⁶, delivered on 25 June 2010, that Jabil had a market share of 0-5% for the provision of EMS at the EEA level.
17. Based on the research report, *The Worldwide Electronics Manufacturing Services Market*⁷, the parties estimate that the combined market share of the merged entity post-acquisition would not exceed 10% in the provision of EMS at EU level.
18. In the State, there is a number of other alternative suppliers of EMS, namely: Foxconn – Hon Hai; Flextronics; Sanmina-SCI Corp.; and, Celestial, Inc. These alternative suppliers are large multinational companies with an international presence and manufacturing facilities in the State.
19. In light of the above, the Authority considers that the proposed transaction does not raise any competition concerns in the State in relation to the supply of EMS.

⁵ The parties state that these sales ceased since June 2010.

⁶ Case No. COMP/M.5870 Foxconn/Sony LCD TV Manufacturing Company in Slovakia, decision dated 25 June 2010.

⁷ The Worldwide Electronics Manufacturing Services Market, 2010 Edition, prepared by New Venture Research, a global business research company.

DETERMINATION

The Competition Authority, in accordance with section 21(2)(a) of the Competition Act 2002, has determined that, in its opinion, the result of the proposed acquisition whereby Jabil Circuit Netherlands B.V. would acquire, via F-I Holding Company, sole control of the Competence group of companies will not be to substantially lessen competition in markets for goods or services in the State, and accordingly, that the acquisition may be put into effect.

For the Competition Authority

Gerald FitzGerald
Member of the Competition Authority
Director, Mergers Division