



DETERMINATION OF MERGER NOTIFICATION M/11/018 - Blackstone/Tangerine

Section 21 of the Competition Act 2002

Proposed acquisition by Blackstone Group L.P. of Tangerine Confectionery Group Limited

Dated 24 June 2011

Introduction

1. On 3 June 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 Blackstone Group L.P. ("Blackstone") would acquire sole control of Tangerine Confectionery Group Limited ("Tangerine").

The Undertakings Involved

The Acquirer

2. Blackstone is incorporated in the United States and is a global alternative asset manager and provider of financial advisory services. Blackstone's funds include private equity funds, real estate funds, customized hedge funds, credit-oriented funds and publicly traded closed-end mutual funds¹. As a financial service provider, Blackstone provides financial advice and restructuring services.
3. In the State, Blackstone is active, through a number of its portfolio companies,² in various sectors including pharmaceuticals, hospitality, retail and media. The only company in Blackstone's portfolio that is active in a similar sector to Tangerine is United Biscuits, a company Blackstone jointly owns with PAI Partners, a French private equity firm. United Biscuits sells biscuits, nuts and crisps under its brands *Hula Hoops*, *McVities*, *Jaffa Cakes*, *Penguin*, *McCoys*, *Mini Cheddars*, *KP*, *Sultana* and *Jacobs Biscuits*.
4. United Biscuits sells these products in the State through its Irish distributor Robert Roberts Limited. It is also involved in a joint venture with [...] in the State in relation to the manufacture and sale of snack food products³ under the KP brand.⁴ United Biscuits is not active in any other manufacturing activities in the State.

¹ These are mutual funds with a fixed number of shares that trade in the marketplace.

² These include: [...], Catalent Pharma Solutions, Inc., [...], Inc., Hilton Hotels Corporation, [...], [...], [...], RGIS, Travelport, [...] and [...].

³ Snack food is generally smaller in portion size to a regular meal and is typically consumed in-between meals. It may include crisps, nuts, biscuits, and chocolate and sugar confectionery.

5. For the financial year ended 31 December 2009, Blackstone had a worldwide turnover of approximately €[...]. In the State for the same period, Blackstone had a turnover of approximately €[...].⁵ It generated approximately €[...] from its share in United Biscuits and the remainder from its portfolio companies active in the State, most notably [...].

The Target

6. Tangerine is incorporated in the United Kingdom ("U.K.") and is active in the sale of sugar confectionery⁶, chocolate confectionery⁷ and popcorn products in the U.K. and internationally. Tangerine manufactures and sells popcorn, hard and soft sweets, liquorice, marshmallows, chocolates, mints and chocolate-covered nuts and fruits. It sells these products under the following brand names: *Butterkist, Barratt, Taverners, Princess, Lion, Wilkinson's of Pontefract, Mojo, Jameson's, Henry Goode's and Anthon Berg*.
7. Tangerine is primarily based in the U.K. where it operates seven manufacturing plants. In the State, Tangerine is active in the supply of a small amount of its products both through its Irish distributor, Johnson Brothers, and through sales to certain U.K. based retailers who also operate in Ireland.
8. For the financial year ended 31 December 2010, Tangerine had a worldwide turnover of approximately €179 million⁸. For the same financial period, Tangerine had a turnover of approximately €[...] in the State.⁹

Third Party Submissions

9. No third party submissions were received.

Proposed Transaction

10. The proposed transaction involves the acquisition of sole control of Tangerine through an acquisition vehicle controlled by funds and companies of Blackstone.

Analysis

11. In the State whilst there is no vertical overlap, there is some horizontal overlap between the parties in relation to the sale of snack food products. Blackstone, through United Biscuits, is active in the sale of

⁴ These include the products *Hula Hoops, Skips, Rancheros* and *Meanies*.

⁵ 2010 figures are unavailable.

⁶ Sugar confectionery products are those that have sugar as the principal ingredient and usually combine colouring and flavourings. They are available in varying degrees of hardness and softness and may include candies, toffees and liquorice.

⁷ Confectionery products that have chocolate as the principal ingredient.

⁸ Using the ECB annual exchange rate for euro to sterling for the year 2010 of 0.85784.

⁹ *Ibid.*

snack food products such as crisps, nuts and other snacks¹⁰. Tangerine is active in the sale of sugar confectionery, chocolate confectionery and popcorn products.

12. Snack food may be defined widely to include chocolate confectionery, sugar confectionery, gum, cakes, sweet biscuits, savoury biscuits and other sweet or savoury snacks. The parties state that there is a specific segment of the snack food market for “bagged snacks”, i.e., snacks offered for sale in bagged format. The parties state that popcorn and chocolate-covered nuts and fruits may be considered bagged snacks and as such there is some horizontal overlap between the activities of the parties.
13. The Authority considers that it is not necessary to define the relevant product market in relation to snack food because regardless of whether it is defined in a broad or narrow manner, the proposed transaction is unlikely to raise competition concerns in the State.
14. In the State, United Biscuits generated sales of approximately €[...] in 2010, of which approximately €[...] was generated from the sale of bagged snacks, namely: crisps (€[...]), nuts (€[...]) and other snacks (€[...]). The remainder was generated from the sale of biscuits. In the State in 2010, Tangerine generated sales of €[...] from its bagged snack products, namely popcorn and chocolate-covered nuts and fruits.
15. According to the parties, each of Blackstone and Tangerine has a share of approximately [0-10]% and [0-5]%, respectively, of the bagged snacks market.¹¹ Based on this data, the increase in market share post-transaction of the merged entity in relation to bagged snacks will be less than [0-5]%. There are other suppliers of bagged snacks active in the State, namely Largo Foods (*Tayto* brand), Pepsico (*Walkers* brand) and Manhattan Peanuts Ltd (*Manhattan* brand).
16. In light of the above, the Authority considers that the proposed transaction does not cause any competition concerns in the State in any market for goods or services in the State.

Ancillary Agreements

17. As part of the proposed transaction, three individuals amongst the vendor group have entered into non-compete and non-solicitation covenants for a duration of two years and twelve months, respectively. The Authority considers these restrictions to be directly related and necessary to the implementation of the proposed transaction.

¹⁰ This refers to extruded or puffed snack products, as opposed to crisps which are defined as products made from sliced potato products.

¹¹ Based on information provided by AC Nielsen to the parties on moving annual total data for the year ending 17 April 2011. AC Nielsen defines bagged snacks as including crisps/snacks, nuts, chocolate-covered nuts and popcorn. AC Nielsen did not include chocolate-covered fruits in its data. However, the parties state that if chocolate-covered fruits are included in this data the market share figures noted in paragraph 14 are arrived at. AC Nielsen data does not include sales through Dunnes Stores and Discounters.

DETERMINATION

The Competition Authority, in accordance with Section 21(2) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed acquisition whereby Blackstone Group L.P. would acquire sole control of Tangerine Confectionery Group Limited will not be to substantially lessen competition in markets for goods and 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