



DETERMINATION OF MERGER NOTIFICATION M/12/020 – EQT / MITCO / ZEBRA

Section 21 of the Competition Act 2002

Proposed acquisition of joint control by EQT VI Limited and Mitco ApS of Zebra A/S

Dated 9 November 2012

Introduction

1. On 12 October 2012, 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 SEP Capital BV ("SEP") through its indirectly wholly-owned subsidiary Zebra Lux Holdings S.A.R.L. ("Zebra Lux") would acquire joint control with Mitco ApS ("Mitco") of Zebra A/S ("Zebra Holdings").

The Undertakings Involved

Zebra Lux Holding S.A.R.L.

2. Zebra Lux is an acquisition vehicle with no prior business activities, established for the sole purpose of the proposed transaction. Zebra Lux is entirely owned by EQT VI Limited. EQT VI Limited is part of the EQT VI Investment Fund ("EQT VI"), launched in 2011 and registered in Guernsey. EQT VI makes investments, primarily in northern Europe, and is part of the EQT group of funds. The EQT group of funds comprises the following funds: EQT III, EQT IV, EQT V, EQT Opportunity, EQT Expansion Capital I, EQT Expansion Capital II, EQT Greater China II, ICP-Asia, EQT Infrastructure and EQT Credit, EQT Credit II and EQT Infrastructure II.¹
3. The EQT group of funds are advised by EQT Partners AB and/or its subsidiaries ("EQT Partners"). EQT Partners is a private equity and venture capital firm and is owned by individual 'partners' who also act as high level employees in the firm.² EQT VI Limited is owned by SEP. The shares in SEP are, in turn, ultimately owned by individuals who are partners of EQT Partners.³
4. The parties state that EQT VI comprises several entities with various contractual arrangements. Following the completion of the proposed transaction, the shares in Zebra Holdings acquired by EQT VI Limited will, through Zebra Lux, be indirectly controlled by EQT VI. The parties further state that as an investment adviser, EQT Partners advises EQT VI on acquisitions or divestments of portfolio companies and also provides advice in connection with the management and operation of the fund's portfolio companies. The parties further submit that EQT VI

¹ [...].

² The Partners of EQT Partners own, [...], 69% of the shares in EQT Partners with the remaining 31% shares being held by Investor AB.

³ The parties have confirmed that no individual or company (solely or jointly) controls SEP.

ultimately decides whether an investment or exit recommendation should be followed.

5. In the State, the EQT IV and EQT III investment funds have a controlling interest in ISS, held jointly with Goldman Sachs Capital Partners. ISS is a global facility services provider which has several offices in Ireland. ISS manages and delivers a broad range of business support services including the following: cleaning, catering, property services and security.
6. In addition, the following EQT funds' portfolio companies also have reported sales to customers in the State: [...].
7. For the most recent financial year the EQT funds had a worldwide turnover of €[...] and turnover in the State for the same period of approximately €[...].⁴

Mitco ApS

8. Mitco is entirely owned by Mr Lennart Lajboschitz and is registered in Denmark. Mr. Lajboschitz also owns a building, along with two other individuals, which generated a rental turnover of approximately [...] in 2011. Mitco's sole subsidiaries are Zebra Holdings and Mitco Ejendomme ApS.
9. Apart from Zebra Holdings, Mitco has no activities in the State. Mitco's only other activities arise through its subsidiary, Mitco Ejendomme ApS, which is engaged in the sale of properties and property management in Denmark. Mitco does not have other economic activities.
10. Excluding Zebra Holdings (discussed below), for the financial year ending 31 December 2011, Mitco had a worldwide turnover of approximately €12,000 and turnover in the State for the same period of zero.

Zebra A/S

11. Mitco owns 94% of the shares in Zebra Holdings and a Mr. Jacob Bier owns the remaining 6%. Mitco currently has sole control of Zebra Holdings. Zebra Holdings in turn has a number of subsidiaries across the world.⁵ Zebra Holdings is the parent of the Tiger retail variety stores, which operates 170 stores across 16 European countries either as wholly owned subsidiaries or as partnerships.
12. The Tiger stores sell a variety of goods to consumers across a number of product categories including the following: hobby, party, office, media, games, textile, seasonal and food products. The parties submit that the goods are priced at various price points, with most items being priced at €3 or below, with the goods on offer changing over time and covering a range of products. The parties submit that due to the diverse range of products sold, it is difficult to place the stores into

⁴ The parties submit that the portfolio companies of each fund are not, even within the respective fund, financially consolidated. [...].

⁵ Namely: Zabra (Beijing) Trading Company Limited, Tiger Stores OY(Finland), Projet HK Japan Holding Company Limited (Hong Kong), Project Hill Beijing Retail Holding Limited (Hong Kong), Project HK China Trading Holding Limited (Hong Kong), Tiger Japan Kabushikikaisya (Japan) and TZ Stores Limited (Scotland).

any particular product market(s) or to compare them directly to other retailers. However, the parties recognised that their stores potentially compete with a variety of different retailers with respect to different product categories. For example, specialty retailers (in relation to the following product categories: Spectacles, Outdoor, Hobby, Play and Games); general discounters (in relation to Gadgets, Media, Seasonal and Christmas); discounters and "pound shops/euro stores" (in relation to Miscellaneous and Textile); living and interior (in relation to Home, Office and Kitchen); pharmacies (in relation to Bathroom); and supermarkets (in relation to Party, Practical and Food).

13. In the State, Zebra Holdings has three stores, which are owned by Tiger Retail Ireland Limited, which in turn is owned 50/50 by Zebra Holdings and Mr. Niall Stringer.⁶ The relevant stores in the State are located in Santry and Dun Laoghaire in Dublin and Newbridge, Co. Kildare. In addition Tiger Retail Ireland Limited also has a store in Northern Ireland, located in Newry, Co. Down. The parties submit that within Ireland, the company that the Zebra Holdings Tiger stores most closely resemble is Muji.⁷
14. For the most recent financial year Zebra Holdings had a worldwide turnover of approximately €96 million and turnover in the State for the same period of approximately €[...].

The Proposed Transaction and the Rationale

15. The proposed transaction is an acquisition of shares pursuant to a Share Sale and Purchase Agreement. This agreement together with a Shareholders Agreement was executed on 8 October 2012.⁸ Thus it is an acquisition of control under section 16(1)(a) of the Act.
16. As a result of the transaction Zebra Lux will acquire 70% of the shares in Zebra Holdings; Mitco will hold 28.2% while Mr. Jacob Bier will hold 1.8%. Post transaction, Zebra Lux and Mitco will have joint control over Zebra Holdings. [...].
17. The parties submit that "[...].

Third Party Submissions

18. No third party submission was received.

Analysis

19. There is minimal horizontal overlap in the activities of the parties within the State. This arises from actual or potential overlap between some EQT portfolio companies and Mitco through Zebra Holdings. Only four Tiger stores currently operate on the island of Ireland. None of the EQT portfolio companies has any physical stores in the State. The Authority has confirmed that these companies do not have any dedicated Irish internet web stores. However, some do operate online retail stores that sell to customers located in the State.

⁶ Mr. Stringer is the store manager and he also owns Stringer Building, a construction company.

⁷ www.muji.com

⁸ These Agreements are between Jacob Bier, Mitco ApS and Zebra Lux.

20. These entities do not make substantial sales in the State. For example, in 2011 CBR, a German-based wholesaler of women's fashions, generated sales to Irish retailers of approximately €[...] million. Internetstores, which is a German e-commerce retailer with web shops for i) retail sale of bikes and ii) retail sale of outdoor equipment and clothes to sports enthusiasts in Germany, Austria, Switzerland, the Netherlands, Belgium and France and iii) retail sale of furniture in for Germany. In 2011 the Internetstores generated sales to Irish customers of €[...].
21. CBR, unlike Tiger Stores, is a wholesaler of high end women's fashions to specialty clothing stores in Ireland. As previously indicated, Tiger Stores sells a variety of goods to consumers across a number of product categories.
22. There is minimal vertical relationship in the activities of the parties within the State. CBR sells women's fashion clothing to retailers in the State. The proposed transaction is unlikely to affect this relationship since the Tiger Stores operated by Zebra Holdings do not stock any of the goods produced or distributed by any of the EQT portfolio companies.
23. In light of the above, the Authority therefore considers that the proposed transaction does not raise competition concerns in the State.

Ancillary Restraints

24. Mr. Lennart Lajboschitz and Mr. Jacob Bier, as the vendors, have entered into a non-compete covenant to apply for [...] following the date upon which Mitco or Jacob Bier cease to hold shares in Zebra. In addition, Mr. Lennart Lajboschitz has entered into non-solicitation covenants to apply for a period of [...] following his ceasing to hold shares in the Zebra Group. The Authority considers that these restrictions are directly related to and necessary for the implementation of the proposed transaction.

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 SEP Capital BV through its indirectly wholly-owned subsidiary Zebra Lux Holdings S.A.R.L. would acquire joint control with Mitco ApS of Zebra A/S will not be to substantially lessen competition in any market for goods or services in the State and, accordingly, that the acquisition may be put into effect.

For the Competition Authority

Stephen Calkins
Member of the Competition Authority
Director, Mergers Division