



DETERMINATION OF MERGER NOTIFICATION M/12/027 - Uniphar/CMR

Section 21 of the Competition Act 2002

Proposed acquisition by Uniphar plc of Cahill May Roberts Limited

Dated 13 March 2013

Introduction

1. On 12 December 2012, in accordance with section 18 of the Competition Act 2002 ("the Act"), the Competition Authority ("the Authority") received a notification of a proposed acquisition by Uniphar plc ("Uniphar") of Cahill May Roberts Limited ("CMR"), a wholly owned subsidiary of Celesio AG.

The Undertakings Involved

Acquirer

Uniphar

2. Uniphar, headquartered in Dublin, has two main business divisions: Uniphar Wholesale and Allphar Services Limited ("Allphar"), a wholly-owned subsidiary of Uniphar.

Uniphar Wholesale

3. Uniphar Wholesale is a full-line wholesaler of pharmaceutical, healthcare, and veterinary products to pharmacies, hospitals and veterinary surgeons in the State. Uniphar operates four storage and distribution depots in Dublin, Cork, Sligo and Limerick.
4. Uniphar Wholesale's activities encompass the following three product categories:
 - The wholesale supply of pharmacy-only human pharmaceutical drugs including both prescription medicines and pharmacy-only over-the-counter ("OTC") medicines;
 - The wholesale supply of front-of-counter and non-pharmacy only products. This includes health and beauty products such as lip balm, deodorant, moisturiser and nail polish, and human pharmaceutical drugs such as paracetamol which are not confined to sales from pharmacies; and
 - The wholesale supply of veterinary drugs.

Allphar

5. Allphar is a pre-wholesaler of pharmaceutical products, healthcare products, veterinary products, and healthcare equipment acting as sole agent and distributor in the State on behalf of manufacturers. Allphar's core function is to warehouse and distribute pharmaceutical, healthcare, and veterinary products on behalf of its client companies. It also provides additional services including marketing and administrative support. Allphar mainly supplies to full-line pharmaceutical wholesalers, community pharmacies and hospitals.
6. Allphar's pre-wholesale activities encompass the following four product categories:
 - pharmacy-only human pharmaceutical drugs including both prescription medicines and pharmacy-only OTC medicines;
 - front-of-counter and non-pharmacy only products;
 - veterinary drugs; and
 - medical and surgical supplies (e.g., feeding tubes, surgical equipment, etc).
7. Allphar is also involved in the direct supply of pharmaceutical products to pharmacies where it acts on behalf of manufacturers to distribute some of their products direct to pharmacies. This is referred to as direct-to-pharmacy ("DTP") sales.

Vendor

Celesio AG

8. Celesio AG, incorporated in Germany and listed on the German stock exchange, is a worldwide provider of logistics and services in the pharmaceutical and healthcare sector.

Target

CMR

9. CMR, headquartered in Dublin, has two business divisions: CMR Wholesale and Movianto.

CMR Wholesale

10. CMR Wholesale is a full-line wholesaler of pharmaceutical, healthcare, and veterinary products to pharmacies, hospitals and veterinary surgeons in the State. CMR Wholesale operates three storage and distribution depots in Dublin, Cork and Sligo.
11. CMR Wholesale's activities encompass the following three product categories:
 - The wholesale supply of pharmacy-only human pharmaceutical drugs including both prescription medicines and pharmacy-only OTC medicines;
 - The wholesale supply of front-of-counter and non-pharmacy only products; and

- The wholesale supply of veterinary drugs.

Movianto

12. Movianto is a pre-wholesaler of pharmaceutical products, healthcare products, veterinary products, and healthcare equipment acting as sole agent and distributor in the State on behalf of manufacturers. Movianto's core function is to warehouse and distribute pharmaceutical, healthcare, and veterinary products on behalf of manufacturers. Movianto supplies full-line pharmaceutical wholesalers, community pharmacies, hospitals and GPs.
13. Movianto's pre-wholesale activities encompass the following four product categories:
 - pharmacy-only human pharmaceutical drugs including both prescription medicines and pharmacy-only OTC medicines;
 - front-of-counter and non-pharmacy only products;
 - veterinary drugs; and
 - medical supplies (e.g., wound management systems, orthopaedic systems, etc).
14. Movianto is also involved in the DTP supply of pharmaceutical products to pharmacies where it acts on behalf of manufacturers to distribute some of their products direct to pharmacies.

Investigation

15. On 10 January 2013, the Authority served a Requirement for Further Information on each of Uniphar and CMR pursuant to section 20(2) of the Act. This automatically suspended the procedure for the Authority's Phase 1 assessment.
16. Upon receipt of the responses to the Requirements for Further Information, the "appropriate date" (as defined in section 19(6) of the Act) became 15 February 2013.¹
17. The Authority also requested and received, on an on-going basis, further information and clarifications from the notifying parties.
18. During the investigation, the Authority sought the views of a number of third parties, including competitors and customers of both Uniphar and CMR.

Analysis

19. The Authority has been unable, at this stage, to reach a determination that the proposed acquisition will not lead to a substantial lessening of competition in any market for goods or services in the State. Accordingly, it intends to carry out a full investigation.

¹ The "appropriate date" is the date from which the time limits for making both Phase 1 and Phase 2 determinations begin to run.

DETERMINATION

The Competition Authority, in accordance with section 21(2)(b) of the Competition Act 2002, has determined that it intends to carry out a full investigation under section 22 of the Act in relation to the proposed transaction whereby Uniphar plc would acquire sole control of Cahill May Roberts Limited.

For the Competition Authority

Isolde Goggin

Chairperson of the Competition Authority