



DETERMINATION OF MERGER NOTIFICATION M/12/029 -

Endless / Vion

Section 21 of the Competition Act 2002

Proposed acquisition by Endless LLP of Vion Food UK Limited, Vion McGee ROI Limited and Vion ICT Services Limited from Vion Food Group Limited

Dated 24 December 2012

Introduction

1. On 13 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 transaction whereby Endless LLP ("Endless") would acquire the entire issued share capital of each of Vion Food UK Limited ("Vion UK"), Vion McGee ROI Limited ("Vion McGee") and Vion ICT Services Limited ("Vion ICT") from Vion Food Group Limited ("Vion Food Group").

The Undertakings Involved

The Acquirer

2. Endless, headquartered in Leeds, Yorkshire, is a UK-based private equity firm. The two partners in Endless are Messrs Garry Wilson and Darren Foreshaw. Endless has investments in various sectors including retail, manufacturing, engineering and distribution. Endless does not have any investments in meat production and processing.¹
3. Endless generates turnover within the State from only two of its portfolio of companies:
 - Vasanta Group - a wholesaler and distributor of stationery and associated office products in the UK and Ireland, and²
 - Acenta Steel Limited - an engineering steel processor and distributor, operating from six sites across the United Kingdom supplying a range of industries including automotive, power, heavy engineering and construction.³
4. For the year ended 30 April 2011 Endless's worldwide turnover was approximately €[...], of which approximately €[...] was generated in the State.

¹ For more information on Endless and its portfolio of companies see <<http://www.endlessllp.com/about-us.aspx>> and <<http://www.endlessllp.com/portfolio.aspx>>.

² For further information on these business divisions see <<http://www.vasantagroup.com>>.

³ Further information on Acenta see <<http://acentasteel.com>>.

The Vendor

5. Vion Food Group, headquartered in Eindhoven, The Netherlands is the ultimate parent of the target companies. Vion Food Group is a global food company involved in the manufacture and sale foodstuffs and ingredients for people and animals. Vion Food Group sells its products to retail, foodservice and industrial customers.⁴

The Target

6. The target companies, namely Vion UK, Vion McGee and Vion ICT, are subsidiaries of Vion Food Group. Together these companies comprise the UK pork production and processing business unit of Vion Food Group. In summary, and with reference to both the UK and the State:
 - Vion UK is a Scottish registered company principally involved in pork production and processing for UK retail and foodservice customers,
 - Vion McGee is a private limited company registered in the State operating:
 - (i) one pork production facility located near Castleblayney, Co. Monaghan, and
 - (ii) [...] concessions in [...] supermarkets in Northern Ireland (selling pre-packed and counter pork products), and
 - Vion ICT is an information technology ("IT") company providing services [...] within the UK including the target companies.⁵ The target companies, which are the subject of the proposed transaction, together comprise the pork production and processing business unit of Vion Food Group.
7. For the year ended 31 December 2011 the combined worldwide turnover of Vion UK, Vion McGee and Vion ICT was approximately €[...] of which approximately €[...] was generated in the State.⁶

Third Party Submissions

8. No submissions were received.

Proposed Transaction

9. The proposed transaction would involve Endless providing equity finance to a management buyout of the UK pork production and processing business unit of Vion Food Group.
10. Pimco 2923 Limited, a newly incorporated company and wholly-owned by Endless [...], will acquire the entire issued share capital of the target companies, namely Vion UK, Vion McGee and Vion ICT. Endless is the discretionary manager of the above mentioned funds and will have

⁴ For more information on Vion Food Group see: <<http://www.vionfoodgroup.com>>.

⁵ The parties state, in correspondence dated 18 December 2012, that under the terms of the Transitional Services Agreement [...].

⁶ Vion ICT's customers are [...].

control over the investment policy and management of the above funds, and hence control of the target companies.⁷

Rationale for Transaction

11. Vion Food Group stated, on 19 November 2012, that:

"It will be returning to its core markets, focussing entirely on its food operations in the Netherlands and Germany and on its global ingredients business. The new strategy means that [Vion Food Group] will be divesting all its food activities in the UK and a number of non-core activities ...".⁸

12. Subsequently, on 13 December 2012, Vion Food Group stated it had reached an agreement for a management buy-out of its UK pork operations, in a deal backed by Endless.⁹

13. Endless states that that:

"In common with other private equity investors, Endless seeks to invest in high quality businesses with the intention of creating and enhancing shareholder value."¹⁰

Analysis

14. There is no overlap within the State or elsewhere in the activities of Endless and any of Vion UK, Vion McGee and Vion ICT. Endless is not active in any areas of activity of Vion UK, Vion McGee and Vion ICT. Similarly, Vion UK, Vion McGee and Vion ICT are not active in any areas of activity of Endless.¹¹
15. The proposed transaction does not give rise to any vertical competition concerns within the State.
16. In light of the above, the Authority concludes that the proposed transaction will not raise competition concerns in any market for goods or services in the State.

⁷ Prior to completion of the proposed transaction an intra-group reorganisation of Vion UK will be entered into. Subsequent to the intra-group reorganisation, the Target Companies will together comprise the pork production and processing business unit of Vion Food Group.

⁸ See <<http://www.vionfoodgroup.com/en/news-press/press-releases/post/vion-announces-new-course/show.html>>.

⁹ See <<http://www.vionfoodgroup.com/en/news-press/press-releases/post/vion-announces-successful-mbo-of-uk-pork-division/show.html>>.

¹⁰ Notification Form page 8. See also <<http://www.endlessllp.com/Endless-backs-MBO-of-major-British-pork-supplier.aspx>>..

¹¹ The parties also state, in correspondence from the parties dated 18 December 2012, that similarly there is no overlap in the activities of the Endless partners, Messrs Wilson and Foreshaw, and the activities of Vion UK, Vion McGee and Vion ICT.

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 transaction whereby Endless LLP would acquire the entire issued share capital of each of Vion Food UK Limited, Vion McGee ROI Limited and Vion ICT Services Limited from the seller, Vion Food Group Limited, will not be to substantially lessen competition in any market for goods or services in the State and, accordingly, the acquisition may be put into effect.

For the Competition Authority

Stephen Calkins
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Director, Mergers Division