



**DETERMINATION OF MERGER NOTIFICATION M/14/004 –**

**Crimson / OCD**

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**Section 21 of the Competition Act 2002**

**Proposed acquisition of control of Ortho Clinical Diagnostics by  
Crimson Bermuda Co. Ltd.**

**Dated 27 February 2014**

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**Introduction**

1. On 4 February 2014, in accordance with Section 18 of the Competition Act, 2002 (“the Act”), the Competition Authority (the “Authority”) received a notification of a proposed acquisition of sole control by Crimson Bermuda Co. Ltd. (“Crimson”), a company controlled by funds managed by affiliates of The Carlyle Group (“Carlyle”), of six companies and certain assets which together comprise the in-vitro diagnostics business of Johnson & Johnson called Ortho Clinical Diagnostics (“OCD”).<sup>1</sup>

**The Undertakings**

*Carlyle*

2. Crimson is a limited liability company incorporated in Bermuda, for the sole purpose of the proposed transaction, and is controlled by funds managed by affiliates of Carlyle. Carlyle is a global asset fund manager investing across four business segments: (a) corporate private equity (buyout and growth capital); (b) real assets (real estate, infrastructure, energy and renewable resources); (c) global market strategies (distressed and corporate opportunities, corporate mezzanine, energy mezzanine, structured credit, hedge funds and structured credit); and (d) global solutions (private equity fund of funds program and related co-investment and secondary activities).<sup>2</sup>
3. [Funds managed by affiliates of Carlyle are] active within the State via [...] portfolio companies which generate revenue in sectors as diverse as [...], [...], [...], and [...]. None of the Carlyle entities active within the State is involved in the IVD sector.
4. For the financial year ending 2 February 2014, Carlyle had a worldwide turnover of approximately €[...] and a turnover in the State of approximately €[...].<sup>3</sup>

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<sup>1</sup> Namely, Ortho-Clinical Diagnostics, Inc., USA; Micro Typing Systems, Inc., USA; Ortho-Clinical Diagnostics, UK; Ortho-Clinical Diagnostics NV, Belgium; Ortho-Clinical Diagnostics GmbH, Germany; and Crimson K.K., Japan. Crimson K.K. will be renamed to Ortho-Clinical Diagnostics K.K. before the implementation of the Proposed Transaction.

<sup>2</sup> Carlyle has more than \$185 billion in assets under management. For more information see: <http://www.carlyle.com/about-carlyle>

<sup>3</sup> Converted using the average ECB exchange rate for 2012: 1 EUR = USD 1.2848. Status: 2 February 2014. For some portfolio companies revenues may not be available. In some cases, revenues may have been converted at different exchange rates. For some companies the

## OCD

5. OCD is a Johnson & Johnson ("J&J") business headquartered in New Jersey in the US.<sup>4</sup> J&J is involved globally in the manufacture of medical devices, pharmaceutical and consumer package goods.
6. OCD provides in-vitro diagnostic ("IVD") systems, which include both the instruments in which the tests are performed ('analysers'); and the chemistry solutions necessary to perform the individual tests ('reagents/assays').<sup>5</sup>
7. Within IVD, OCD operates the following three business units:
  - *Clinical Laboratories*: providing immunochemistry and clinical chemistry tests to detect and monitor disease progression across several categories, including infectious disease, general chemistry, cardiology and others. This represents approximately [...] % of total OCD global revenues.
  - *Immunoematology*: involves the use of antigen/antibody reactions to accurately type and group blood samples. OCD provides blood typing to ensure patient-donor compatibility in blood transfusions. This represents approximately [...] % of total OCD global revenues.
  - *Donor Screening*: provides blood and plasma screening for hepatitis, acquired immunodeficiency syndrome (AIDS) and other infectious diseases. This represents approximately [...] % of total OCD global revenues.
8. OCD's manufacturing operations take place in New Jersey in the US and in Pencoed in the UK. OCD has [...] and all its sales in the State are made [...]. OCD's primary distribution facilities are located in Tennessee (in [...]) and in Strasbourg in France (in [...]).<sup>6</sup> OCD's products are distributed globally.
9. For the financial year ending 31 December 2012, OCD had a worldwide turnover of approximately €[...] and a turnover in the State of approximately €[...].<sup>7</sup>

### **Rationale for the Proposed Acquisition**

10. Carlyle state that the proposed transaction is a financial investment and reflects Carlyle's affiliates' "*strategies to invest in companies with proven track records in their respective industries and stable prospects for mid-to-longer-term growth*".

### **Third Party Submissions**

11. No third party submission was received.

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financial year ends at dates other than 31 December. Revenues are subject to change Carlyle funds continuously buy and sell portfolio companies.

<sup>4</sup> OCD was created from the merger in 1997 of two J&J companies, Ortho Diagnostic Systems, active in transfusion medicine reagents and instrument systems, and J&J Clinical Diagnostics, active in clinical laboratory systems.

<sup>5</sup> For more information on the activities of OCD please see: [www.orthoclinical.com](http://www.orthoclinical.com)

<sup>6</sup> The parties have confirmed that the [...].

<sup>7</sup> Converted using the average ECB exchange rate for 2012: 1 EUR = USD 1.2848

## **Competitive Analysis**

12. The parties submit that the industry sector involved is the IVD sector. An IVD is a method of performing a diagnostic test outside of a living body in an artificial environment, usually a laboratory.
13. The parties submit that OCD is engaged in the provision of IVD systems and that neither Crimson nor any of the portfolio companies controlled by funds managed by affiliates of Carlyle are active in the IVD sector either globally or within the State. Thus the parties submit that there is no horizontal overlap between the activities of the parties.
14. In addition, the proposed transaction will not alter the current competitive position of OCD or its competitors. OCD will continue to face significant competition from other players such as Roche, Abbot, Siemens, Bio-Rad, DiaSorin, Inova, Medipan and Euroimmun.
15. The transaction raises no vertical competition concerns either globally or within the State.
16. In light of the above the proposed transaction will not result in a substantial lessening of competition in any market for goods or services in the State.

## **Ancillary Restraints**

17. The Vendor and its affiliates have entered into non-solicitation and non-compete covenants to apply for a period of [...] years post completion.<sup>8</sup> These restrictions can be considered as directly related to and necessary for the implementation of the proposed transaction.

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<sup>8</sup> As set out in Section 7.10, pages 80-81 of the Stock and Asset Purchase Agreement

## **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 the Crimson Bermuda Co. Ltd., a company controlled by funds managed by affiliates of The Carlyle Group would acquire sole control of Ortho Clinical Diagnostics comprising the in-vitro diagnostics business of Johnson & Johnson 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**

**Stephen Calkins**  
**Member of the Competition Authority**  
**Director, Mergers Division**