



DETERMINATION OF MERGER NOTIFICATION M/10/028 -

Compass / VSG

Section 21 of the Competition Act 2002

Proposed acquisition by Compass Group UK and Ireland Limited of VSG Group Limited.

Dated 7 September 2010

Introduction

1. On 26 August 2010, 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 Compass Group UK and Ireland Limited ("Compass") would acquire sole control of VSG Group Limited ("VSG"). VSG will be a wholly owned Compass subsidiary, but will continue to operate under its own VSG brand.

The Undertakings Involved

The Acquirer

2. Compass is a private limited company incorporated in the United Kingdom ("UK"), operating globally in over 50 countries. Compass is involved in contract food services and a range of support services including cleaning, caretaker and handling services, buildings operation and maintenance, reception and other office services, security, grounds maintenance and related project management.
3. Within the State Compass is almost exclusively involved in the supply of contract food services.¹ For the year ended 30 September 2009, Compass' worldwide turnover was approximately €14,785 million, of which approximately €[...] million was generated in the State.²

The Target

4. VSG is a private limited company incorporated in the UK, operating in the UK and in Ireland. Within both the UK and the State, VSG is involved in the provision of security services including manned security, electronic security and remote monitoring systems.
5. For the year ended 31 March 2010, VSG's worldwide turnover was approximately €136 million of which approximately €3 million was generated in the State.³

Third Party Submissions

6. No submissions were received.

¹ [...]

² ECB exchange rate of €1 = £0.90930 30 September 2009.

³ ECB exchange rate of €1 = £0.88980 31 March 2010.

Rationale for Proposed Transaction

7. The parties indicate that for Compass the proposed transaction will enable self-provision of security services and the also the sale security services to both new and existing clients. For VSG the proposed transaction will enable expansion of its operations through access to a broader range of clients.

Analysis

8. Within the State there is no horizontal overlap between the activities of the parties. Within the State, VSG is not involved in contract food services and, within the State, Compass is not involved in the provision of security services.
9. The proposed transaction does not raise any vertical issues within the State.
10. Therefore the Authority considers that the proposed transaction will not raise competition concerns in the State.

Ancillary Restraints

11. As part of the proposed transaction the vendors and Compass have entered into non-compete and non-solicitation covenants, to apply in the UK and Ireland for a duration of three years. The Authority considers these restrictions to be directly related and necessary to 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 by Compass Group UK and Ireland Limited of sole control of VSG 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

Dr Stanley Wong
Member of the Competition Authority