



DETERMINATION OF MERGER NOTIFICATION M/10/013 -

APAX/SOPHOS

Section 21 of the Competition Act 2002

Proposed acquisition by Apax Partners LLP of Sophos Plc and its subsidiaries

Dated 21 May 2010

Introduction

1. On 10 May 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 Apax Partners LLP ("Apax") would acquire sole control of Sophos Plc ("Sophos") and its subsidiaries.

The Undertakings Involved

The Acquirer

2. Apax, registered in England as a limited liability partnership, is a private equity investment group and the parent of a number of companies which provide investment advisory and investment management services to private equity funds investing primarily in Europe. Funds advised by Apax invest in companies across the following sectors: technology and telecoms, retail and consumer, media, healthcare and financial and business services.
3. Apax is active in the State through a number of its controlled portfolio companies which generated a turnover in the State of €[...]million for the financial year ending 2009. Of those companies within the Apax portfolio that are active in the State, none are involved in the same activities as Sophos.

The Target Group

4. Sophos is a public limited company based in the United Kingdom that is active, through its subsidiaries, in the provision of security software products to enterprises, which include small and medium sized businesses, large corporations, educational institutions and government agencies. Sophos, a holding company, and all of its subsidiaries comprise the Target Group.
5. Sophos sells its products through a network of resellers and relationships with original equipment manufacturers¹. In the State, Sophos has a sales representative located at a home office in Co.

¹ These are companies such as [...] that incorporate the Target Group's products into their equipment.

Roscommon and for the financial year 2008/2009 the Target Group generated a turnover in the State of €[...].

The Proposed Transaction

6. Apax controlled funds will acquire [more than 60%] of the share capital in and ultimately sole control of Sophos and its subsidiaries through newly established acquisition vehicles.

Third Party Submissions

7. No submissions were received.

Analysis

8. In the State there is no horizontal or vertical overlap between the activities of Apax or its portfolio of controlled companies and the Target Group. Neither Apax nor any of the companies within its control are active in the provision of security software products, the business carried on by the Target Group in the State.
9. The parties state that some of the Apax portfolio companies may, as an end-user, use the Target Group's products but that this does not amount to a vertical relationship. The Target Group sells its products through its extensive network of resellers and original equipment manufacturers.
10. In light of the above, the Authority considers that the proposed acquisition of Sophos and its subsidiaries by Apax will not raise any competitive concerns in the State.

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 Apax Partners LLP would acquire sole control of Sophos Plc and its subsidiaries 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

Dr. Stanley Wong

Member of the Competition Authority