



**Determination No. M/05/032 of the Competition Authority, dated 13<sup>th</sup> July 2005, under Section 21 of the Competition Act, 2002**

**Notification No. M/05/032 – The proposed acquisition by DCC plc, through DCC SerCom UK Limited, of Pilton Company Limited**

**INTRODUCTION**

1. On 21<sup>st</sup> June 2005, the Competition Authority, in accordance with Section 18 (1) of the Competition Act, 2002 (“the Act”) was notified, on a mandatory basis, of a proposal whereby DCC plc (“DCC”), through its subsidiary, DCC SerCom UK Limited (“SerCom”), would acquire all the issued share capital of Pilton Company Limited (“PCL”) from Pageant Holdings Limited (“PHL”), Derek Flett and James Morgan (“the Vendors”).

**THE UNDERTAKINGS INVOLVED**

2. SerCom, a subsidiary of DCC, is a holding company. SerCom does not engage in any commercial activities in its own name.
3. DCC, the acquirer, sells, markets and distributes leading own and third party brands in the energy, IT, healthcare, food and beverage, environmental and other markets, such as homebuilding and supply chain management, principally in the UK and Ireland. In relation to Ireland, DCC’s business comprises of DCC Energy Limited, DCC SerCom Distribution Limited (IT Distribution), DCC Healthcare Limited and DCC Food and Beverage Limited. Additionally, Gem, a wholly-owned UK subsidiary of DCC, distributes and sells computer games and accessories into the island of Ireland. For the financial year ended March 2005, Gem generated turnover of [less than €5 million] from its sales into Ireland, 82% of which represented sales from computer games.
4. PCL, the target, is a private company incorporated in Ireland. PCL, a subsidiary of PHL, is the holding company of a number of companies active in the distribution and wholesale of pre-recorded video cassettes, DVDs, video and audio accessories, and computer games in the island of Ireland. PCL’s business in Ireland comprises of:
  - NVC Distribution Limited which is active in the distribution and wholesale of pre-recorded video cassettes, DVDs and related products.
  - Sherlane Agencies Limited which is active in the distribution and wholesale of video and audio accessories.
  - Network Video Leasing Limited which is active in leasing racks of rental videos to convenience stores and petrol stations.

- CGS Distribution Limited (“CGS”) which is a supplier of computer games. For the financial year ended 31 January 2005, CGS generated turnover of [less than €10 million] from its sale of computer games in Ireland.

## **ANALYSIS**

5. There is an overlap between the business activities of Gem, a subsidiary of DCC, and that of CGS, a subsidiary of PCL, in connection with the wholesale distribution and sale of computer games in Ireland. Screen Digest, a UK based market research company, estimated that the overall retail value of computer games sales in Ireland was €108.5 million in 2004. Therefore, the combined share of Gem and CGS in connection with the sale of computer games in Ireland would be [less than 10%].
6. The minimal horizontal overlap and the absence of vertical overlap in the parties’ activities indicate that the proposed acquisition does not raise competition concerns.
7. Notwithstanding the above, under Section 6.2 of the Share Purchase Agreement, the Vendors have agreed to a two-year non-compete arrangement in connection with the sourcing, distribution, marketing or sale of any of the relevant businesses in which PCL is presently involved. Under the given circumstances and the limited time period of the non-compete arrangement, it is unlikely that this arrangement will have a significant competitive impact on the markets in which the parties are active.

## **DETERMINATION**

The Competition Authority, in accordance with Section 21(2) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed acquisition by DCC plc of Pilton Company Limited will not be to substantially lessen competition in markets for goods and services in the State and, accordingly, that the acquisition may be put into effect.

## **For the Competition Authority**

**Edward Henneberry**

Member of the Competition Authority