



## **DETERMINATION OF MERGER NOTIFICATION M/06/048 – WARBURG PINCUS / SOMERA**

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### **Section 21 of the Competition Act 2002**

**Proposed acquisition by Warburg Pincus LLC of Somera Communications Inc**

**Dated 24<sup>th</sup> August 2006**

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### **Introduction**

1. On 24<sup>th</sup> July 2006 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 Warburg Pincus LLC (“Warburg Pincus”), through Telmar Network Technology, Inc. (“Telmar”) would acquire Somera Communications Inc. (“Somera”).

### **The Undertakings Involved**

2. Warburg Pincus is a US-based global private equity firm that controls a number of investment funds that have direct and indirect participation in numerous operating companies worldwide. One of the Warburg Pincus affiliated investments funds - Warburg Pincus Private Equity IX LP – owns a controlling interest in Telmar. Telmar and its affiliate companies (“Telmar Group”) provides telecoms equipment and services to wireline and wireless communication providers. Its range of products and services include used equipment brokerage, new equipment resale, extended-life services, wireless services and repair and other outsourced services. In the State the Telmar Group’s activities are limited to the sale of refurbished telecommunications equipment. In 2005 Warburg Pincus had a worldwide turnover of c. €[10-20] billion and a turnover in Ireland of c. €[50-100] million. Telmar Group’s sales in the State in 2005 were c. €[<500,000] and it has one customer.
3. Somera is based in the United States and is engaged in the supply of infrastructure equipment lifecycle management services to wireline and wireless telecommunications carriers to extend and manage the life of their mature networks. In the State its activities are limited to equipment brokerage. Equipment brokerage involves offering new and re-used or refurbished telecommunications equipment to telecommunications carriers. Somera has two customers in the State and sales of c. €[<500,000].

### **Analysis**

4. The activities of the undertakings involved overlap in the State in relation to the sale of refurbished telecommunications equipment. Given the minimal revenues in the State, the lack of customer concern

and the presence of a significant number of worldwide competitors, including Powerstorm, Ericsson, Nokia and Siemens, selling to Irish customers, the proposed transaction does not give rise to competition concerns.

### **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 Warburg Pincus LLC of Somera Communications Inc. will not be to substantially lessen competition in markets for goods and services in the State and, accordingly, that the proposed acquisition may be put into effect.

### **For the Competition Authority**

Dr. Paul K. Gorecki  
Member of the Competition Authority