



DETERMINATION OF MERGER NOTIFICATION M/17/065 - INFLEXION/RADIUS

Section 21 of the Competition Act 2002

Proposed acquisition by Inflexion Partnership Capital Fund (No.1) Limited Partnership, Inflexion Partnership Capital Fund (No.2) Limited Partnership, Inflexion Supplemental Fund IV (No. 1) Limited Partnership, Inflexion Supplemental Fund IV (No.2) Limited Partnership and Inflexion Co-Invest I Limited Partnership (advised by Inflexion Private Equity Partners LLP) of sole control of Radius Payment Solutions Limited

Dated 08 January 2018

Introduction

1. On 29 November 2017, in accordance with section 18(1)(a) of the Competition Act 2002, as amended (“the Act”), the Competition and Consumer Protection Commission (the “Commission”) received a notification of a proposed transaction (the “Proposed Transaction”) whereby Inflexion Partnership Capital Fund (No. 1) Limited Partnership, Inflexion Partnership Capital Fund (No. 2) Limited Partnership, Inflexion Supplemental Fund IV (No. 1) Limited Partnership, Inflexion Supplemental Fund IV (No. 2) Limited Partnership and Inflexion Co-invest I Limited Partnership (collectively, the “Inflexion Funds”) would acquire an indirect interest in and sole control of Radius Payment Solutions Limited (“Radius”). The Inflexion Funds are advised by Inflexion Private Equity Partners LLP (“IPEP”).

The Proposed Transaction

2. The Proposed Transaction is to be implemented pursuant to a Share Purchase Agreement (the “SPA”), a Subscription Agreement and a Shareholders' Agreement.
3. Pursuant to the Subscription Agreement, Herald SPV Limited Partnership (“Herald SPV”),¹ acting through its general partner, Inflexion Financing Guernsey Limited, has agreed to subscribe for a mixture of ordinary shares and preference shares in Radius Payment Solutions Topco Limited (“Topco”) and investor loan notes in Radius Payment Solutions Midco Limited (“Midco”). Topco holds 100% of the issued share capital in Midco, which in turn holds 100% of the issued share capital in Radius Payment Solutions Bidco Limited (“Bidco”). Each of Topco, Midco and Bidco are entities formed for the

¹ Herald SPV, a limited partnership registered in Guernsey, is a special purpose vehicle formed to implement the Proposed Transaction. The capital contributions of the Inflexion Funds in Herald SPV are distributed in the following proportions: Inflexion Partnership Capital Fund (No. 1) Limited Partnership: [...]; Inflexion Partnership Capital Fund (No. 2) Limited Partnership: [...]; Inflexion Supplemental Fund IV (No. 1) Limited Partnership: [...]; Inflexion Supplemental Fund IV (No. 2) Limited Partnership: [...]; and Inflexion Co-invest I Limited Partnership: [...].



purpose of implementing the Proposed Transaction. Pursuant to the SPA, Bidco has agreed to purchase 100% of the issued share capital of Radius.

4. As a result of the Proposed Transaction, Herald SPV (an entity owned by the Inflexion Funds) will indirectly acquire 23.8% of the ordinary share capital in Radius and certain control rights over Radius. The remaining shares in Radius will be indirectly owned by William Holmes, Roy Sciortino and certain other employees, managers and non-employees of Radius. The parties state in the notification that the control rights to be indirectly acquired by Herald SPV over Radius as part of the Proposed Transaction constitute the acquisition by Herald SPV of decisive influence and, thus, control over Radius for the purposes of Section 16(1) of the Act.

The Undertakings Involved

Acquirer - Inflexion Funds/IPEP

5. The Inflexion Funds are registered in Guernsey and advised by IPEP, a private equity firm headquartered in the United Kingdom. The portfolio companies controlled by the Inflexion Funds are active across a range of business sectors, including energy and infrastructure; healthcare and education; business and financial; retail, consumer and leisure; specialist engineering; and technology, media and telecoms. The following 11 portfolio companies controlled by the Inflexion Funds are currently active in the State: Shimtech Industries Limited; Mobica Limited; Ocorian Limited; British Engineering Services Limited; Natural Products Limited; IMD Media Limited; Lane Clark & Peacock LLP; Halo Technology; Scott Dunn; Bollington Wilson Group; and ATCORE Group.
6. For the year ending 30 September 2017, the worldwide turnover of the Inflexion Funds (and their portfolio companies) and the turnover of affiliated investment funds (and their portfolio companies) which are advised by IPEP was approximately €[...], of which approximately €[...] was generated in the State.

The Target - Radius

7. Radius, incorporated in the United Kingdom, is active in the sale of own-brand and branded fuel cards in 14 countries worldwide, including in the State. As an alternative to cash or credit cards, fuel cards are used by commercial fleet operators to purchase fuel and related products and services in motor fuel service stations. Fuel cards are issued by independent operators, supermarkets and oil companies.
8. Radius also provides complementary services to fuel card issuers in the State such as card and PIN production, data processing, invoicing, vehicle maintenance, VAT recovery and telematics vehicle tracking and management.²
9. For the financial year ending 31 March 2017, Radius' worldwide turnover was approximately €[...], of which approximately €[...] was generated in the State.

Rationale for the Proposed Transaction

² This allows vehicles to be quickly located and real time delivery information to be provided to customers. It also provides a means of accessing information regarding historic journeys and monitoring driver and vehicle performance.



10. The parties state the following in the notification:

“Key attractions of the Proposed Transaction to [Herald SPV] include the growth of fuel cards and telematics, the existence of a strong and committed management team and the prospect of expansion of international business.”

Third Party Submissions

11. No submission was received.

Competitive Analysis

12. There is no horizontal overlap between the Inflexion Funds and Radius in the State. None of the 11 portfolio companies controlled by the Inflexion Funds that generated turnover in the State in 2017 are active in Radius’ core area of business, namely the provision of fuel cards and fuel card services.
13. There is a vertical relationship between the business activities of one of the Inflexion Funds’ portfolio companies (i.e., Bollington Wilson Group) and Radius. Radius provides telematics solutions while Bollington Wilson Group provides telematics insurance. As described in footnote 2 above, telematics vehicle tracking and management enables vehicles to be quickly located and real time delivery information to be provided to customers.
14. This vertical relationship, however, does not raise any vertical competition concerns in the State since Bollington Wilson Group did not generate any turnover from the provision of telematics insurance in the island of Ireland in the most recent financial year.

Conclusion

15. In light of the above, the Commission considers that the Proposed Transaction will not substantially lessen competition in any market for goods or services in the State.

Ancillary Restraints

16. Schedule 2 of the Shareholders' Agreement contains a number of restrictive obligations. These include non-compete and non-solicitation obligations. The Commission considers these non-compete and non-solicitation obligations to be directly related to and necessary for the implementation of the Proposed Transaction insofar as they relate to the State.



Determination

The Competition and Consumer Protection Commission, in accordance with section 21(2)(a) of the Competition Act 2002, as amended, has determined that, in its opinion, the result of the proposed transaction whereby Inflexion Partnership Capital Fund (No. 1) Limited Partnership, Inflexion Partnership Capital Fund (No. 2) Limited Partnership, Inflexion Supplemental Fund IV (No. 1) Limited Partnership, Inflexion Supplemental Fund IV (No. 2) Limited Partnership and Inflexion Co-invest I Limited Partnership would acquire an indirect interest in and sole control of Radius Payment Solutions Limited, will not be to substantially lessen competition in any market for goods or services in the State, and, accordingly, that the acquisition may be put into effect.

For the Competition and Consumer Protection Commission

Brian McHugh
Member
Competition and Consumer Protection Commission