



DETERMINATION OF MERGER NOTIFICATION M/18/014 – DISCOVERY TRAVEL (MML FUNDS) / THE TRAVEL DEPARTMENT

Section 21 of the Competition Act 2002

Proposed acquisition by Discovery Travel Holdings Limited (MML Funds) of sole control of The Travel Department Unlimited Company

Dated 20 March 2018

Introduction

1. On 8 February 2018, 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 whereby MML Funds¹ (“the MML Funds”), managed by MML Growth Capital Partners Ireland Limited (“MML Capital”), through Discovery Travel Holdings Limited (“DTHL”) and its wholly-owned direct subsidiary Discovery Travel Limited (“DT”) (collectively “Discovery Travel”), would acquire sole control of The Travel Department Unlimited Company² (“The Travel Department”) (“the Proposed Transaction”).

The Proposed Transaction

2. The Proposed Transaction is to be implemented pursuant to two main agreements: (i) a share purchase agreement (“SPA”) (in relation to the entire issued share capital of The Travel Department) between: DT; and Tamworth Limited (“Tamworth”), Beater³ and Claire Stone (as vendors); and Bob Haugh (“the Warrantor”); and (ii) an investment agreement in respect of DTHL (“the Investment Agreement”) between DTHL, [...], [...], Tamworth, Claire Stone, Sara Zimmerman, Yvonne Boyle, the Warrantor and Yoyo

¹ MML Funds comprise [...].

² Including its two wholly-owned direct subsidiaries, The Travel Department Limited (UK) and The Travel Department Transportation Unlimited Company.

³ Tamworth and Beater are both Isle of Man registered companies and are ultimately controlled by Bob Haugh.



Capital Unlimited Company (collectively “the Agreements”). Both of the Agreements are dated 7 February 2018.

3. Following completion of the Proposed Transaction, The Travel Department will be a wholly owned direct subsidiary of DT. The parties informed the Commission that shareholding in terms of voting rights [...] %⁴ in DT will be as follows:
 - MML Funds ([...] %);
 - Tamworth ([...] %);
 - Claire Stone ([...] %); and
 - Sara Zimmerman ([...] %).⁵
4. The parties informed the Commission that following completion of the Proposed Transaction, DT will be controlled by the MML Funds, which in turn will be managed by MML Capital in accordance with the provisions of limited partnerships agreements⁶ and that Bob Haugh (who founded The Travel Department in 1996), through his holding company, Tamworth, will not have negative control of DT or The Travel Department.⁷

The Undertakings Involved

The Acquirer – MML Funds

5. The MML Funds are private equity funds, managed by MML Capital, providing capital to private businesses on the island of Ireland for expansion, acquisitions, recapitalisations and shareholder re-organisations.⁸ [...].
6. Following completion of the Proposed Transaction, DTHL and DT (and therefore also The Travel Department) will be ultimately controlled by the MML Funds. It should be noted that DTHL and DT were established for the purposes of the Proposed Transaction.

⁴ [...].

⁵ [...].

⁶ The parties informed the Commission that the limited partnership agreements prescribe the investment strategy and investment restrictions and procedures which MML Capital must adhere to in operating the MML Funds.

⁷ In this regard, the parties informed the Commission that pursuant to the Investment Agreement: (i) the MML Funds will have certain rights relating to the board of directors of DT, [...].

⁸ The MML Funds contribute between €2 million and €12 million as part of each bespoke investment.



7. The following seven portfolio companies are [...] the MML Funds and managed by MML Capital in the State⁹:

- [...] t/a *Lowe Refrigeration*;
- [...] t/a *IdentiGEN*;
- [...] t/a *H&MV Engineering*;
- [...] t/a *Agenda Communications*;
- [...] t/a as *Fastway Couriers (Ireland)*;
- [...] t/a *Ashdale Care*; and
- Cascade Management Limited t/a *John Usher Limited/SONAS Bathrooms*.

The following five portfolio companies [...] the MML Funds and managed by MML Capital generated turnover in the State in 2016:

- [...] t/a *IdentiGEN* – development of DNA-based traceability systems;
- [...] t/a *H&MV Engineering* – engineering business specializing in high-voltage transmission and distribution systems;
- [...] t/a as *Fastway Couriers (Ireland)* – providers of parcel delivery services;
- [...] t/a *Ashdale Care* – specialist residential and therapeutic care provider; and
- Cascade Management Limited t/a *John Usher Limited/SONAS Bathrooms* – provider of bathroom products.

8. For the financial year ending 31 December 2016, companies owned and controlled by the MML Funds generated worldwide turnover of approximately €[...] million, of which approximately €[...] million was generated in the State.¹⁰

⁹ The parties informed the Commission that in addition to these portfolio companies, the MML Funds [...] Prim-Ed Publishing (an educational materials publisher based in County Wexford; <https://www.prim-ed.com/>) and Schivo Medical (an engineering sub contract manufacturing company based in County Waterford; <http://www.schivogroup.com/>). Further information available on the MML website: <http://www.mmlcapital.ie/#Portfolio>.

¹⁰ The parties have informed the Commission that these turnover figures increase to approximately €[...] million and €[...] million respectively for the year ending 31 December 2017.



The Target Companies – The Travel Department

9. The Travel Department Unlimited Company, trading as ‘*Travel Department*’ and ‘*TDactive Holidays*’ in the State, is a licensed tour operator and travel agent which provides guided package holidays primarily to customers in the State. The Travel Department offers package holidays to over 80 destinations worldwide, mainly to short/medium haul destinations.
10. The Travel Department sells its holidays to customers directly from its concession stand in the Arnotts Department Store in Dublin and by telephone and via its website.
11. The Travel Department Limited, trading as ‘*Travel Department*’ in the UK, is a licensed tour operator providing guided package holidays primarily to customers in the UK. The product range is similar to that of The Travel Department in the State, and the company also acts as a broker for the sale of travel insurance.
12. For the financial year ending 31 December 2016, The Travel Department’s worldwide turnover was approximately €[...] million, of which approximately €[...] million was generated in the State.

Rationale for the Proposed Transaction

13. The parties state in the notification:

“The Proposed Transaction reflects MML Capital’s strategy of backing managers of small and medium size private businesses located on the island of Ireland to reach the next stage of their evolution, maximising growth opportunities at home and abroad.”

Third Party Submissions

14. No submission was received.

Competitive Analysis

15. There is no horizontal overlap between the business activities of the parties in the State. None of the five portfolio companies owned and controlled by the MML Funds and managed by MML Capital that generated turnover in the State in 2016 are engaged in the same business activities as The Travel Department, namely the supply of travel



services, i.e., a licensed tour operator and travel agent which provides guided package holidays, primarily to customers in the State. Therefore, the Proposed Transaction does not raise any horizontal competition concerns in the State.

16. The parties informed the Commission that there is no vertical relationship between the portfolio companies owned and controlled by the MML Funds and managed by MML Capital and The Travel Department in the State. The Commission has not identified any vertical relationship between the parties. Therefore, the Proposed Transaction does not raise any vertical competition concerns in the State

Conclusion

17. 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

18. The parties have informed the Commission that the SPA contains non-compete and non-solicitation obligations on the Warrantor and his spouse, minor children and companies or enterprises controlled by them collectively and/or separately. The duration of those restrictive obligations does not exceed the maximum duration acceptable to the Commission.¹¹ The Commission considers those 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 and insofar as they relate to the Warrantor and his spouse only and to a company or enterprise controlled by the Warrantor and/or his spouse collectively and/or separately.

¹¹ In this respect, the Commission follows the approach adopted by the EU Commission in paragraphs 20 and 26 of its “Commission Notice on restrictions directly related and necessary to concentrations” (2005). For more information see [http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52005XC0305\(02\)&from=EN](http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52005XC0305(02)&from=EN)



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 acquisition whereby the MML Funds, managed by MML Growth Capital Partners Ireland Limited, through Discovery Travel Holdings Limited and its wholly-owned direct subsidiary Discovery Travel Limited, would acquire sole control of The Travel Department Unlimited Company, 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