



DETERMINATION OF MERGER NOTIFICATION M/18/021 – WORLDWIDE FLIGHT SERVICES (PLATINUM) / WORLDWIDE FLIGHT SERVICES IRELAND

Section 21 of the Competition Act 2002

Proposed acquisition by Platinum Equity Group of sole control of Worldwide Flight Services Ireland Limited

Dated 20 March 2018

Introduction

1. On 16 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 Platinum Equity Group (“Platinum”), through its indirect wholly-owned portfolio company Worldwide Flight Services and more specifically its indirect wholly-owned subsidiary Worldwide Flight Services Holding SA (“WFS SA”) (collectively “WFS”), would acquire sole control of Worldwide Flight Services (Ireland) Limited (“WFSI”) (“the Proposed Transaction”).

The Proposed Transaction

2. WFSI is currently jointly controlled by WFS SA and by Bluebird Aviation Investments Limited (“BAIL”). WFS SA currently holds approximately 55% of the issued share capital of WFSI and BAIL holds the remaining 45%.
3. The Proposed Transaction involves the proposed acquisition by WFS SA of the 45% shareholding of BAIL in WFSI. Therefore, following implementation of the Proposed Transaction, Platinum (through WFS) will have sole control of WFSI.
4. At the date of notification, the parties had not executed a formal written agreement relating to the Proposed Transaction.¹ Nonetheless, the Commission considers that the undertakings involved have demonstrated to the Commission a good faith intention to conclude an agreement for the purpose of section 18(1A)(b)(ii) of the Act.

¹ The parties submitted to the Commission, together with the notification, a copy of a signed term sheet dated 29 November 2017 between WFS SA and BAIL.



The Undertakings Involved

The Acquirer - Platinum

5. Platinum specialises in the merger, acquisition and operation of companies that provide services and solutions to customers in a broad range of businesses, including information technology, telecommunications, logistics, metal services, manufacturing and distribution.
6. [...]. Platinum typically engages in an operational restructuring of the companies that it acquires, with a focus on improving operational performance and re-orienting the business to meet customer demands in changing markets. Following a transition and restructuring period, the portfolio companies of Platinum are expected to operate as standalone businesses, with a management team at the company responsible for day-to-day management of the business.
7. The following 12 portfolio companies² (in addition to WFS), which are owned and controlled by Platinum, are active in the State:
 - i. [...] – embedded computing systems and power conversion products;
 - ii. [...] – protective packaging solutions, insulation and component products;
 - iii. [...] – processing freight bills, mines data, and consulting on logistics for the global freight market;
 - iv. [...] – rents, leases and sells electronic test and measurement (T&M) equipment;
 - v. [...] – paper transport, fusing and image transfer rollers, primarily for the office equipment market.
 - vi. [...] – out-of-home media business which provides custom media solutions, such as billboards;
 - vii. [...] – diversified manufacturer of textiles;
 - viii. [...] – supply chain management services in aerospace and defence focused c-parts for aircraft engines and systems;
 - ix. [...] – metal powders and pastes used in industrial and commercial applications;
 - x. [...] – direct marketing service provider;
 - xi. [...] – mission-critical infrastructure technologies; and
 - xii. [...] – customised precision-engineered plastic injection molded and metal stamping components.

² Further information available on the Platinum website: <http://www.platinumequity.com/portfolio>.



8. For the financial year ending 31 December 2016, Platinum's worldwide turnover was approximately €[...], of which approximately €[...] was generated within the State³.

WFS

9. WFS is a global airport cargo and ramp & passenger handling services company. Its activities encompass: (i) cargo handling services; (ii) ramp & passenger services; (iii) technical services such as maintenance, repair and installation of passenger boarding bridges, budget systems and ground support equipment offered to airports; and (iv) other services such as operation of terminals, a cruise terminal in Hong Kong, lounge management, concierge services and vocational training in airports.
10. WFS is primarily active in the State through its subsidiary WFSI, in which it has a 55% shareholding. Furthermore, a UK company, Dunwoody Limited ("Dunwoody") [...]. Dunwoody has a branch/office in the State called Dunwoody Airline Services ("DAS") whose business activities in the State are focused on:
- (i) sub-contracting cargo handling services – [...]; and
 - (ii) General Sales Agent services – [...].
11. For the financial year ending 31 December 2016, WFS' worldwide turnover was approximately €[...], of which approximately €[...] was generated within the State.⁴

The Target – WFSI

12. WFSI is a company limited by shares, incorporated in the State with its registered address at 5 Townyard House, Townyard Lane, Malahide, Co. Dublin and trading address at Cargo Unit 5, Corballis Park, Dublin Airport. WFSI's principal activities relate to the provision of landside cargo handling services in Dublin, Shannon and Cork to international airlines that carry cargo, destined for or originating in the State. Other categories of services include road feeder services, cargo ferrying and other minor logistical services.
13. For the financial year ending 31 December 2016, WFSI's worldwide turnover was approximately €[...], [...] of which was generated within the State.

Rationale for the Proposed Transaction

14. The parties state in the notification:

"The commercial objective of the Proposed Transaction is the establishment of sole control over WFSI by WFS SA."

Third Party Submissions

15. No submission was received.

³ [...].

⁴ [...].



Competitive Analysis

16. As stated above, the Proposed Transaction involves a change in control of WFSI, from joint control exercised by Platinum (through WFS SA) and BAIL to sole control exercised by Platinum (through WFS SA).

Horizontal Overlap

17. WFSI is principally active in landside cargo handling services at the following airports in the State: Dublin, Cork and Shannon.
18. Platinum is only involved in the provision of landside cargo handling services in the State, through its shareholding (through WFS SA) in WFSI. None of WFSI's other subsidiaries (nor any other of Platinum's portfolio companies) are active in the State in the provision of landside cargo handling services.⁵
19. On this basis, there is no horizontal overlap between the activities of Platinum / WFS and WFSI in the State. In addition, in this instance, a change in control of WFSI, from joint to sole control by Platinum (through WFS SA), will not change the existing competitive landscape and will not in itself result in any increase in WFSI's market share in the State. Therefore, the Commission considers that the Proposed Transaction does not raise any horizontal competition concerns in relation to the provision of landside cargo services or related activities in the State.

Vertical Relationship

20. The parties informed the Commission that neither WFS nor any of Platinum's other portfolio companies operate upstream or downstream of the landside cargo handling services sector in the State.
21. Although [...], a change from joint control of WFSI by Platinum (through WFS SA) and BAIL, to sole control of WFSI by Platinum through WFS SA, will not change the competitive landscape, from a vertical perspective, in the State for the following reasons:
- a. [...];
 - b. [...];
 - c. Following completion of the Proposed Transaction:

⁵ For completeness, WFSI's jointly controlled subsidiary DAS is [...].



- i. customers of WFSI will continue to have access to the same suppliers;
and
- ii. competitors of WFSI will continue to have access to the same customers.⁶

22. Therefore, the Commission considers that the Proposed Transaction does not raise any vertical competition concerns in the State.

Conclusion

23. 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

24. No ancillary restraints were notified.

⁶ WFSI competes against other landside cargo service handlers in the State, including Swissport and Aer Lingus.



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 Platinum Equity Group, through its indirect wholly-owned portfolio company Worldwide Flight Services and more specifically its indirect wholly-owned subsidiary Worldwide Flight Services Holding SA, would acquire sole control of Worldwide Flight Services (Ireland) Limited will not be to substantially lessen competition in any market for goods or services in the State, and, accordingly, that the merger may be put into effect.

For the Competition and Consumer Protection Commission

Brian McHugh
Member
Competition and Consumer Protection Commission