



DETERMINATION OF MERGER NOTIFICATION M/18/051 – SWAN BIDCO/MEADOW FOODS

Section 21 of the Competition Act 2002

Proposed acquisition of sole control of P+P Green Jersey Holdings Ltd by Swan Bidco Limited, a limited liability company ultimately controlled by funds advised by Exponent Private Equity LLP

Dated 25 July 2018

Introduction

1. On 3 July 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 acquisition whereby Swan Bidco Limited (“Swan”), a limited liability company ultimately controlled by funds advised by Exponent Private Equity LLP (“Exponent”), would acquire sole control of P+P Green Jersey Holdings Ltd (“the Target”) and its wholly-owned subsidiary Meadow Foods (Holdings) Limited (“Meadow Foods”) (“the Proposed Transaction”).

The Proposed Transaction

2. The Proposed Transaction is to be implemented pursuant to a share purchase agreement (“SPA”), dated 2 July 2018, between Swan and the sellers of the Target¹. Pursuant to the SPA, Swan would acquire the entire issued share capital and thus sole control of the Target.

¹Funds managed by Paine Schwartz and certain members of the management team of Meadow Foods -who collectively are the legal and beneficial owners of the entire issued share capital of the Target



The Undertakings Involved

The Acquirer – Exponent

3. Exponent is a limited liability partnership established in England and Wales that makes private equity investments in businesses across a range of industry sectors. Exponent's ultimate parent company is Exponent Private Equity (Holdings) LLP. Swan is a limited liability company which was established for the purposes of the Proposed Transaction and is ultimately controlled by funds advised by Exponent.
4. Exponent currently controls the following portfolio companies which generate revenue in the State:

Portfolio Company Name	Business Activities In the State
BBI Diagnostics Group Limited	Supplier of products and services to customers in the diagnostic, healthcare, research, food ² and cosmetics sectors
Wowcher Limited	Provider of online discount deals
HSS Hire Group plc	Tool hire business
Loch Lomond Holdings Limited	Producer of whisky, vodka and gin
Group GTI Limited	Graduate recruitment business
Racing Post	Newspaper publisher of data, opinion and analysis on racing and other sports
Photobox Group	Provider of digital consumer services for personalised products
The Leisure Pass Ireland Limited	Provider of sightseeing city card passes
Enva Group	Waste management, recycling and resource

² The parties informed the Commission that [...].



	recovery business
Evergreen	Manufacturer and distributor of lawn and garden care products, including Evergreen, Roundup and Miracle-Gro Weedol brands
SHL LTD	Provider of talent assessment products and services

5. For the financial year 2016/2017, Exponent's worldwide turnover was approximately [...]³, of which approximately [...] was generated in the State.⁴

The Target

6. The Target is the ultimate holding company of Meadow Foods. It has no activities in the State, other than through Meadow Foods and its subsidiaries. Meadow Foods' (and its subsidiaries') principal activities are the collection, manufacturing, and marketing of milk and dairy products to the UK and European food manufacturing sector. Meadow Foods and its subsidiaries supply products including butters, creams, milks, cultured products, soft cheeses and sweetened products to manufacturers and foodservice customers.
7. In the State, Meadow Foods⁵ supplies skimmed milk concentrate to dairy processors who manufacture skimmed milk powders. Meadow Foods⁶ mainly sells to [...]. Its main customers are [...]. For the financial year ending 31 March 2017, the Target's worldwide turnover was approximately €327 million, of which approximately [...] was generated in the State.

Rationale for the Proposed Transaction

³ Based on the average ECB exchange rate of €1 = £0.877, €1 = USD 1.130

⁴ The parties state in the notification that the figure supplied for Exponent's worldwide turnover is derived from the combined worldwide turnover of all of the portfolio companies currently controlled by Exponent for their last financial year.

⁵ Through its subsidiary Meadow Foods Limited. The parties state in the notification that Meadow Foods Limited is the only subsidiary of Meadow Foods which generates turnover in the State.

⁶ See footnote 5.



8. The parties state in the notification that:

“Exponent is a United Kingdom-based private equity firm investing in businesses across a broad range of sectors. The Proposed Transaction reflects Exponent’s strategy to invest in companies in order to unlock value and drive growth in the long term. The Target is entering the next phase of its growth and believes that this will best be achieved by involving Exponent as its new financial partner.”

Third Party Submissions

9. No submission was received.

Competitive Analysis

Horizontal Overlap

10. There is no horizontal overlap between the activities of the parties in the State. As described above, none of the companies owned and/or controlled by Exponent, which generated turnover in the State, are engaged in the same business activities as Meadow Foods, i.e., none of those companies currently manufacture, or market milk and/or dairy products in the State. Similarly, Meadow Foods is not currently involved in any of the business activities in which the companies owned and/or controlled by Exponent, which generate turnover in the State, are active.
11. In light of the above, the Commission considers that the Proposed Transaction does not raise any horizontal competition concerns in the State

Vertical Relationship

12. The parties informed the Commission that there is no vertical relationship between Meadow Foods and any of the companies managed and/or controlled by Exponent which generate turnover in the State. The Commission has not identified any vertical relationships between the parties. On this basis, the Commission considers that the Proposed Transaction does not raise any vertical competition concerns in the State.

Ancillary Restraints



13. Paragraph 12 of the SPA contains restrictive covenants on the Target, in particular non-compete and non-solicitation obligations. Following engagement with the Commission, the parties decided to withdraw their request that the restrictive covenants be considered by the Commission as restrictions that are directly related to and necessary for the implementation of the Proposed Transaction. Such restrictions are therefore not addressed in this Determination.



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 Swan Bidco Limited, a limited liability company ultimately controlled by funds advised by Exponent Private Equity LLP, would acquire sole control of P+P Green Jersey Holdings Ltd, and its wholly-owned subsidiary Meadow Foods (Holdings) 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