



DETERMINATION OF MERGER NOTIFICATION M/20/011 – BM INVESTMENTS/VULCAN

Section 21 of the Competition Act 2002

Proposed acquisition by BM Investments S.A.R.L of sole control of Vulcan Bidco Limited

Dated 20 April 2020

Introduction

1. On 19 March 2020, 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 BM Investments S.A.R.L (“BMI”), a wholly-owned subsidiary of Bregal Milestone LP (“BM LP”), would acquire sole control of Vulcan Bidco Limited (“Vulcan”) and its wholly-owned subsidiary Arkphire Group Limited (“Arkphire”) (the “Proposed Transaction”).

The Proposed Transaction

2. On [...], BMI and Mr. Paschal Naylor signed a letter of intent (the “LOI”), whereby BMI agreed to purchase approximately [...] % of the share capital of Vulcan from Mr. Paschal Naylor. A copy of the LOI was provided to the Commission as part of the notification. The Commission understands that [...]. Nonetheless, the Commission considers that the undertakings involved have demonstrated to the Commission a good faith intention to conclude an agreement for the purposes of section 18(1A)(b)(ii) of the Act.
3. The entire issued share capital of Vulcan is currently held by BMI (47.8%), Mr. Paschal Naylor ([...]%), IIAI Limited ([...]%), Edel Creely ([...]%) and John Casey ([...]%). The notifying parties state in the notification [...]. The notifying parties state in the notification that [...] Mr. Paschal Naylor and IIAI Limited can be considered as having *de facto* control over Vulcan.



4. Following completion of the Proposed Transaction, BMI's increased shareholding (from 47.8% to [...]%) will give it the ability to appoint a majority of directors to the board of Vulcan, thereby giving it sole control of Vulcan.¹

The Undertakings Involved

The Acquirer – BMI

5. BMI is a wholly-owned subsidiary of BM LP, a private equity fund whose day-to-day activities are managed by its general partner, Bregal Milestone General Partner Jersey Limited. BM LP is ultimately owned and controlled by COFRA Holding AG ("COFRA"), an asset management company based in Switzerland.
6. The following portfolio companies controlled by COFRA are currently active in the State:

| Company controlled by CORFA | Business Activities |
|-----------------------------|---|
| [...] | Travel tour operator |
| [...] | Manufacture of specialist adhesive products |
| [...] | Software and IT services for furniture retailers |
| [...] | Online printing services |
| [...] | Technology provider and service provider for statutory health insurance |
| [...] | Handbag and women's apparel retailer |
| [...] | Aviation leasing |
| [...] | Manufacture of coffee capsules |
| [...] | Racking and storage business |
| [...] | Manufacture of radiators |
| [...] | Compliance software and consultancy |

¹ Following completion of the Proposed Transaction, Mr. Paschal Naylor, IIAI Limited, Edel Creely and John Casey will continue to hold minority shareholdings in Vulcan.



7. For the financial year ending 31 December 2018, the worldwide turnover of the companies controlled by COFRA was approximately €[...], of which approximately €[...] was generated in the State.

The Target – Vulcan

8. Vulcan is the 100% shareholder and holding company for Arkphire, a private limited company incorporated in the State with offices in London, Dublin, and Castlebar, Co. Mayo. Vulcan does not own or control any other trading business.
9. Arkphire and its subsidiaries are involved in: (a) the supply of Information Technology (“IT”) hardware products, and (b) the supply of IT consulting and managed services to customers in Europe, the Middle East, Africa and Asia.²
10. For the financial year ending 30 June 2019, Vulcan’s worldwide turnover was approximately €[...], of which approximately €[...] was generated in the State.

Rationale for the Proposed Transaction

11. BMI states in the notification that it:

“considers that a further investment in Arkphire represents an attractive investment opportunity and provides long term growth prospects.”

Third Party Submissions

12. No submission was received.

Competitive Assessment

Horizontal overlap

13. The parties submit that there is no horizontal overlap between COFRA, or any of the portfolio companies controlled by COFRA, and Vulcan in the State. As outlined above, Arkphire and its subsidiaries are involved in: (a) the supply of IT hardware products, and

² On 30 January 2020, the Commission approved the acquisition by Arkphire of the entire issued share capital of Trilogy Technologies Group Limited (“Trilogy”). Vulcan informed the Commission that Trilogy is currently trading as Zinopy and Trilogy, both of which are wholly-owned subsidiaries of Arkphire. The Commission’s determination in M/19/043 – Arkphire/Trilogy can be accessed at: <https://www.cpc.ie/business/mergers-acquisitions/merger-notifications/m-19-043-arkphire-trilogy-technologies/>



(b) the supply of IT consulting and managed services. Neither COFRA, nor any of its portfolio companies, are involved in these business activities.

14. In light of the above, the Commission considers that the Proposed Transaction does not raise any horizontal competition concerns in the State.

Vertical relationship

15. The parties informed the Commission that there is no vertical relationship between COFRA, or any of the portfolio companies controlled by COFRA, and Vulcan in the State. On this basis, the Commission considers that the Proposed Transaction does not raise any vertical competition concerns in the State.

Conclusion

16. 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

17. No ancillary restraints were notified.



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 BM Investments S.A.R.L, a wholly-owned subsidiary of Bregal Milestone LP, would acquire sole control of Vulcan Bidco Limited and its wholly-owned subsidiary Arkphire Group 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