

DETERMINATION OF MERGER NOTIFICATION M/21/053 – CELESTICA/PCI

Section 21 of the Competition Act 2002

Proposed acquisition by Celestica Inc. of sole control of PCI Private Limited.

Dated: 11 October 2021

1. On 23 September 2021, in accordance with s18(1)(a) of the Competition Act 2002, as amended (the “Act”), the Competition and Consumer Protection Commission received a notification of a proposed acquisition whereby Celestica Inc. (“Celestica”), through its wholly owned subsidiary 2863862 Ontario Inc. (“Ontario”), intends to acquire sole control of PCI Private Limited (“PCI”) (the “Proposed Transaction”).
2. The Proposed Transaction is to be implemented pursuant to a sale and purchase agreement dated 22 September between Pagani Holding III Limited (“Pagani”), Ontario, and Celestica (the “SPA”). Pursuant to the SPA, Ontario will acquire the whole of the allotted and issued shares in PCI from Pagani and therefore sole control of PCI.
3. The business activities of the undertakings involved are as follows:
 - Celestica is a Canadian-based group active worldwide in the field of electronics manufacturing services (“EMS”) for original equipment manufacturers (“OEMs”). EMS can be broadly described as the outsourcing of some (or all) of the manufacturing process for electronics. This extends to product manufacturing and related supply chain services, and includes contracting with customers to undertake (i) design and development, (ii) new product introduction, (iii) engineering services, (iv) component sourcing, (v) electronics manufacturing and assembly, (vi) product testing, and (vii) complex mechanical assembly, as well as related services such as electronics systems integration, order fulfilment, and logistics (e.g. transport). OEMs refers to entities which make electronic devices from component parts bought from other organisations, such as Celestica and PCI.
 - Celestica supplies EMS globally, primarily in sectors such as aerospace and defence, healthtech and energy, as well as sectors such as communications, enterprise, industrial,

and capital equipment. Celestica provides EMS to customers in the State, and currently has manufacturing facilities located in Galway. Outside the State, Celestica supplies EMS to OEMs from a number of locations including Canada, the United States (Arizona, California, Oregon, Massachusetts, Minnesota), Mexico, Spain, Romania, China, Malaysia, Thailand, Singapore, South Korea, Japan and Laos.

- Celestica is majority-owned and solely controlled by Onex Corporation (“Onex”), a private equity and investment management firm headquartered in Toronto, Ontario, Canada whose shares are traded on the Toronto Stock Exchange.
 - PCI is a global EMS provider, primarily active in sectors such as consumer, industrial, and telematics. PCI is wholly owned by Pagani, a company owned and indirectly controlled by Platinum Equity Group. PCI has manufacturing facilities in China and Indonesia and design and engineering centres in Indonesia, the Philippines and Singapore. PCI does not have a physical presence in the State, but does supply products to [...] customers located in the State: [...].
4. After examination of the notification, the Commission has considered that the Proposed Transaction falls within the scope of paragraph 2.1 of the Simplified Merger Notification Procedure Guidelines for assessing certain notifiable mergers or acquisitions under section 18(1)(a) of the Act since Celestica and PCI are active in the same product and geographic markets, but their combined market share is less than 15% in any potential market.
 5. In light of this, the Commission considers that the Proposed Transaction will not substantially lessen competition in any market for goods or services in the State.

Ancillary Restraints

6. The parties state in the notification that Clause 12.1 of the SPA contains a non-solicitation clause in respect of Pagani which the parties believe are directly related to and necessary for the implementation of the Proposed Transaction. The Commission notes that the scope and duration of this restriction does not exceed the maximum scope and duration acceptable to the Commission.¹ The Commission considers the non-solicitation clause to be directly related

¹ In this respect, the Commission follows the approach adopted by the European Commission in paragraphs 20 and 26 of its Notice on restrictions directly related and necessary to concentrations (2005) OJ C56/03 (the “European Commission



to and necessary for the implementation of the Proposed Transaction insofar as it relates to the State.

Determination

7. 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 Celestica Inc., through its wholly owned subsidiary 2863862 Ontario Inc., will acquire the entire issued share capital of PCI Private 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

Ibrahim Bah

Director

Competition Enforcement and Mergers

Notice"). For more information, see: [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52005XC0305\(02\)&from=EN](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52005XC0305(02)&from=EN).