



DETERMINATION OF MERGER NOTIFICATION M/21/079 – UNIPHAR/NAVICORP

Section 21 of the Competition Act 2002

Proposed acquisition by Uniphar plc of sole control of NaviCorp Limited

Dated 22 April 2022

Introduction

1. On 24 December 2021, 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 the proposed acquisition by Uniphar plc (“Uniphar”) of sole control of NaviCorp Limited [trading as Navi Group] (“NaviCorp”) (the “Proposed Transaction”).

The Proposed Transaction

2. The Proposed Transaction is to be implemented pursuant to a share purchase agreement, dated 22 December 2021, between the current owners of NaviCorp, Fonthill Pharmaceuticals Limited and Mr. Simon Healy¹, Mr. John Carroll² and Uniphar (the “SPA”). Following the implementation of the Proposed Transaction, Uniphar will have sole control of NaviCorp.

The Undertakings Involved

The Acquirer - Uniphar

3. Uniphar is a public limited company registered and headquartered in the State and listed on both the Euronext Dublin Stock Exchange and the London Stock Exchange³. Uniphar is active

¹ Fonthill Pharmaceuticals Limited and Mr. Simon Healy hold [...] shareholding in NaviCorp, respectively.

² [...].

³ For more information, please see: <https://www.uniphar.ie/>.



in the healthcare services sector with three main business divisions: (i) commercial and clinical; (ii) product access; and (iii) supply chain and retail.

Commercial and clinical

4. Uniphar is active in the provision of sales, marketing and distribution services to pharmaceutical and medical devices manufacturers through its commercial and clinical business division.

Product access

5. Within its product access business division, Uniphar offers two distinct services, “On Demand Access”, which are pharmacy-led solutions for the sourcing and supply of unlicensed medicines, and “Exclusive Access”, which are manufacturer-led solutions for controlling the release of speciality medicines.

Supply chain & retail: Wholesale and pre-wholesale

6. Uniphar is active in the supply of pharmacy-only human pharmaceutical products (“POHPPs”), over-the-counter products (“OTC”), front-of-shop products (“FOS products”) and veterinary pharmaceutical products in the State through its supply chain and retail business division (“SCRD”). Uniphar’s SCR D operates as a link between pharmaceutical manufacturers and community and hospital pharmacies.
7. The SCR D includes Uniphar’s direct subsidiary, Uniphar Wholesale Limited (“Uniphar Wholesale”), which is one of the two full-line wholesalers operating in the State in respect of POHPPs, and Allphar Services Limited (“Allphar”), which is a pre-wholesale/logistic services provider (“LSP”). Through Uniphar Wholesale, Uniphar purchases products from manufacturers and re-sells them to community, hospital and veterinary pharmacies⁴. Through Allphar, its wholly-owned subsidiary, Uniphar provides distribution services, including storage, warehousing, logistics, order processing and product delivery, to pharmaceutical and medical device manufacturers in the State. Allphar’s primary function is to deliver products on behalf of manufacturers directly to other wholesalers as well as to

⁴ Uniphar also sells FOS and veterinary products to other wholesalers and veterinary surgeons.



community and hospital pharmacies. In some cases, additional value-added services, such as the provision of marketing activities, may be provided by Allphar to manufacturers.

Supply chain & retail: Franchise/Symbol Groups

8. In the State, Uniphar operates both the Allcare pharmacy franchise and the Life Pharmacy symbol group (“Life Pharmacy”), and owns 98 pharmacies which operate under the *Hickey’s*, *Allcare* and *Life Pharmacy* brands. Uniphar is also active in the provision of professional management and support services to community pharmacies through its subsidiary, Allcare Management Services Limited (“Allcare”). Professional management and support services include brand support, project management, product procurement, HR management and IT management among other services.

Supply chain & retail: Brokerage/Buying Groups

9. Uniphar also owns two retail pharmacy buying groups, LinkUp and LinkUp Gold. These buying groups negotiate directly with manufacturers for discounts and supply terms for their member pharmacies, who pay monthly membership fees. LinkUp currently has approximately [...] member pharmacies while LinkUp Gold has approximately [...] member pharmacies.
10. For the financial year ending 31 December 2020, Uniphar’s worldwide turnover was approximately €1.8 billion, of which €1.5 billion was generated in the State.

The Target – NaviCorp

11. NaviCorp is a private limited company registered and headquartered in the State⁵. NaviCorp is a pharmacy solutions business which specialises in product buying and trading, the provision of IT services to pharmacies and the provision of retail pharmacy franchise services. NaviCorp operates four primary business divisions: (i) brokerage; (ii) technology; (iii) retail; and (iv) trading.

⁵ For more information, please see: <http://www.navi.ie/>



Brokerage

12. NaviCorp's buying group, Axiom Buying Group ("Axiom"), provides brokerage services to its approximately 500 member pharmacies via its subsidiary, Thera Pharmaceuticals Limited ("Thera"). Axiom negotiates discounts and supply terms with pharmaceutical manufacturers, which are made available to Axiom members through the Axiom buying platform. Axiom members pay a monthly membership fee.

Technology

13. NaviCorp's technology business division consists of several IT platforms such as the Axiom buying platform, iGnite, aXel and [...].

Retail

14. In the State, NaviCorp operates the CarePlus pharmacy franchise and the symbol group Staywell. CarePlus and Staywell pharmacies gain access to branding and design services and project management support, among other centrally provided services.

Trading (Wholesale)

15. NaviCorp has two subsidiaries within its trading business division – Pembroke Healthcare (UK) Limited and Thera. Thera holds an Irish wholesale licence to export and currently exports pharmaceutical products to continental Europe, North Africa and the Middle East. [...].
16. For the financial year ending 31 December 2020, NaviCorp's worldwide turnover was approximately €29.2 million, of which €[...] was generated in the State.

Rationale for the Proposed Transaction

17. The parties state the following in the notification:

"The Target [NaviCorp] will constitute an investment holding of Uniphar."

Third Party Submissions



18. One third party submission was received.

Investigation

19. On 2 February 2022, the Commission served a Requirement for Further Information (“RFI”) on both Uniphar and NaviCorp (the “Parties”) pursuant to section 20(2) of the Act. The service of these RFIs adjusted the deadline within which the Commission had to conclude its assessment of the Proposed Transaction in Phase 1.
20. Upon receipt of full responses to the RFIs, the “appropriate date” (as defined in section 19(6)(b)(i) of the Act) became 10 March 2022⁶.
21. One third party submission was received by the Commission during the Phase 1 investigation. The Commission engaged with the third party to discuss its submission in greater detail. The competition concerns expressed in the third party submission have been assessed by the Commission as part of its review of the likely competitive impact of the Proposed Transaction.
22. During the Phase 1 investigation, the Commission requested and received further information and clarifications from the Parties. The Commission also engaged with third parties in relation to its assessment of the competitive effects of the Proposed Transaction. The third party engagements consisted of market enquiries which included contacting competitors, customers, regulators and other industry stakeholders by email. In some cases, the Commission also spoke to third parties by telephone to further discuss their views.

Analysis

23. The Commission is unable, at this stage, to make a determination that the result of the Proposed Transaction will not be to substantially lessen competition in markets for goods or

⁶ The “appropriate date” is the date from which the time limits for making both Phase 1 and Phase 2 determinations begin to run.



services in the State. Accordingly, it intends to carry out a full investigation under section 22 of the Act.



Determination

The Competition and Consumer Protection Commission, in accordance with section 21(2)(b) of the Competition Act 2002, as amended, has determined that it intends to carry out a full investigation under section 22 of the Act in relation to the proposed acquisition by Uniphar plc of sole control of NaviCorp Limited.

For the Competition and Consumer Protection Commission.

Brian McHugh

Member

Competition and Consumer Protection Commission