



DETERMINATION OF MERGER NOTIFICATION M/22/006 – GLANBIA CO-OP/GLANBIA IRELAND

Section 21 of the Competition Act 2002

The proposed acquisition by Glanbia Co-Operative Society Limited of Glanbia Ireland Designated Activity Company.

Dated: 25 March 2022

Introduction

1. On 14 February 2022, 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 Glanbia Co-Operative Society Limited (“Co-Op”) would acquire sole control of Glanbia Ireland Designated Activity Company (“GID”) (the “Proposed Transaction”).

The Proposed Transaction

2. The Proposed Transaction was agreed, in principle, by way of a Memorandum of Understanding between Co-Op and Glanbia Plc (“PLC”) dated 09 November 2021. Co-Op currently holds 60% of the entire issued share capital in GID and PLC holds the remaining 40% interest.
3. The Proposed Transaction is to be implemented pursuant to a Share Subscription and Redemption Agreement between Co-Op, PLC, GID and Glanbia Financial Services Unlimited Company dated 07 December 2021 (the “SSRA”). Under the terms of the SSRA, Co-Op will acquire 1,168,000 “B” ordinary shares in GID, representing the 40% interest in GID currently held by PLC, and thus acquire sole control of GID.

The Undertakings Involved

The Acquirer – Co-Op

4. Co-Op¹ is an industrial and provident society which conducts its business as an agricultural co-operative society comprising around 11,200 members, mostly located across the south and east

¹ Company registration number 4928R.



of the State.² Approximately [...] Co-Op members supply milk, grain or otherwise trade with GID. The approximately remaining 4,100 members comprise members who used to trade with GID and who have either largely ceased trading or are retired.

5. As outlined in paragraph 2, Co-Op currently holds 60% of the entire issued share capital in GID. Co-Op also holds approximately 31% of the entire issued share capital in PLC.
6. Co-Op acts as a holding company in respect of its shareholdings in each of PLC and GID. Aside from this function, its other activities consist of the leasing of an office building³ to PLC and the operation of a laboratory that provides milk advisory services exclusively for GID.
7. For the financial year ending 02 January 2021, Co-Op had a worldwide turnover of €[...],⁴ of which €[...] was generated in the State.

The Target – GID

8. GID⁵ was established as a joint venture between Co-Op and PLC on 25 November 2012.
9. GID carries on various activities in the agri-foods sector, including milk processing, producing/supplying a range of value-added dairy ingredients, consumer products and farm inputs. More specifically, it supplies milk, cream, butter, cheese, fresh soup and an array of other food products.⁶
10. GID trades under the Glanbia brand both in the State and in over 80 countries globally.
11. GID also operates 52 agri-branches including 13 garden centres under the *CountryLife* brand. GID supplies agricultural inputs including fertiliser, animal feed, farming tools and equipment to farmers/other consumers through these stores.
12. For the financial year ending 02 January 2021, GID had a worldwide turnover of €[...], of which €[...] was generated in the State.

The Seller – PLC

² For more information, please see: <https://www.glanbiaconnect.com/>.

³ Located at Glanbia House, Ring Road, R95 E866, Kikenny, Ireland.

⁴ The parties submit that this figure includes turnover generated by both GID and PLC, and thus significantly overstates the actual position.

⁵ Company registration number 501098.

⁶ For more information, please see: www.glanbiaireland.com.



13. PLC⁷ is a global nutrition group, headquartered in the State with sales in over 100 countries worldwide.⁸ PLC is listed on the London Stock Exchange and the Euronext Dublin stock exchange.⁹
14. Apart from its 40% stake in GID, PLC has a number of subsidiaries with activities in the food industry, in particular, the production/supply of performance nutrition and other nutritional products, in various countries across the world. All of PLC's wholly-owned businesses, its mozzarella cheese joint ventures (*Glanbia Cheese Limited*¹⁰ and *Glanbia Cheese EU Limited*¹¹) and GID use the Glanbia brand.

Rationale for the Proposed Transaction

15. The parties state the following in the notification:

From Co-Op's perspective, the proposal to take 100% ownership of GID, the business closest to its members/farmers' interests, follows an independent strategic review at the request of the Co-Op's board of directors. This proposal is the latest step on the journey which began in 2012 with the creation of GID. On completion of the Proposed Transaction, Co-Op will have full ownership of GID while remaining the largest investor in Plc.¹²

From Plc's point of view, the Proposed Transaction will continue the alignment of its product portfolio with its overall strategy focused on driving growth through its position as a brand owner and ingredient solutions provider in line with underlying consumer health and wellness trends.¹³

Third Party Submissions

16. No third party submissions were received.

Contact between the Commission and the Undertakings Involved

17. On 10 March 2022, the Commission served a Requirement for Further Information (the "RFI") on Co-Op, pursuant to section 20(2) of the Act. The service of this RFI adjusted the deadline within which the Commission had to conclude its assessment of the Proposed Transaction in Phase 1.

⁷ Company registration number 129933.

⁸ For more information, please see: www.glanbia.com.

⁹ Ticker Symbol: GLB.

¹⁰ Company registration number NF003539.

¹¹ Company registration number 622330.

¹² For more information, please see: <https://www.glanbiaconnect.com/news/glanbia-co-op-proposes-to-acquire-full-ownership-of-glanbia-ireland>

¹³ For more information, please see: <https://www.glanbia.com/media/press-releases/glanbia-plc-announces-intention-sell-its-40-holding-glanbia-ireland>



18. The Commission received a full response to the RFI on 15 March 2022. Upon receipt of a full response to the RFI from Co-Op on 15 March 2022, the “appropriate date” (as defined in Section 19(6)(b)(i) of the Act) became 15 March 2022.
19. The Commission also issued an Information Request to PLC on 10 March 2022. The Commission received a full response to the Information Request on 16 March 2022.
20. During the Phase 1 investigation, the Commission requested and received further information and clarifications from the parties on an ongoing basis.

Competitive Analysis

Horizontal Overlap

21. The parties state in the notification that there is no horizontal overlap between Co-Op and GID.
22. The Commission has not identified any horizontal overlaps between the parties. In light of the above, the Commission considers that the Proposed Transaction does not raise any horizontal competition concerns in the State.

Vertical Relationship

23. The parties state in the notification that there is no vertical relationship between Co-Op and GID.
24. The parties state, however, that GID is vertically integrated in the procurement and processing of raw milk and the sale of liquid milk, cream and cheese in various regions throughout the State. Given the nature of the corporate structures in this sector, vertical integration exists to a certain extent at the farm to processor level.
25. As stated in paragraph 4 above, approximately [...] Co-Op members supply milk, grain or otherwise trade with GID. The Commission does not consider this relationship will raise vertical competition concerns for the following reasons:
 - This vertical relationship is pre-existing, and is not newly created by virtue of the Proposed Transaction;
 - Other dairy co-operative societies in the State, including DairyGold Co-operative Limited and Ornuia Co-operative Limited, are also vertically integrated in a similar manner with competitors of GID (i.e. DairyGold Food Ingredients Limited, Ornuia Limited, etc.).



- Further, following implementation of the Proposed Transaction there will remain a number of independent farmers in the State who do not supply their dairy products to a dairy co-operative society.

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

Conclusion on Competitive Assessment

27. 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

28. 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 transaction, whereby Glanbia Co-Operative Society Limited would acquire sole control of Glanbia Ireland Designated Activity Company, 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