



DETERMINATION OF MERGER NOTIFICATION M/09/006 – Mubadala/SR Technics

Section 21 of the Competition Act 2002

Proposed acquisition by Mubadala Development Company PJSC of Takeoff Luxco 1 S.à.r.l., the ultimate parent undertaking of SR Technics Switzerland AG

19 March 2009

Introduction

1. On 11 March 2009, in accordance with section 18(1) of the Competition Act 2002 (“the Act”), the Competition Authority (“the Authority”) received a notification of a proposed transaction whereby Mubadala Development Company PJSC (“Mubadala”) would acquire sole control of Takeoff Luxco 1 S.à.r.l. (“Takeoff”), the ultimate parent undertaking of SR Technics Switzerland AG (“SR Technics”).
2. SR Technics is a major provider of aircraft maintenance, repair and overhaul services for commercial aircraft and provides component solutions and engine technical services worldwide including the State.

The Undertakings Involved

The Acquirer

3. Mubadala is an investment company based in Abu Dhabi, United Arab Emirates. Mubadala manages a multi-billion dollar portfolio of local, regional and international investments. It does this either independently or in partnership with leading international organisations.
4. Mubadala manages investments in a variety of industries, including energy, utilities, technology, real estate and healthcare. Notably, Mubadala owns 100% of Abu Dhabi Aircraft Technologies PJSC, a provider of aircraft maintenance, repair and overhaul services in the United Arab Emirates, and a jointly controlling (35%) interest in Piaggio Aero Industries SpA which is active in aircraft manufacture and maintenance in Italy.
5. Mubadala has a jointly controlling interest in LeasePlan Corporation N.V. (“LeasePlan”) and carries on business in the State through LeasePlan Ireland, a subsidiary of LeasePlan. LeasePlan and LeasePlan Ireland are involved in fleet and vehicle management (excluding aircraft), mainly through operational leasing.
6. Mubadala’s sole shareholder, the Emirate of Abu Dhabi, owns Etihad Airways (the national carrier of the Emirate of Abu Dhabi) and operates, through Abu Dhabi Airports Company PJSC, the airports of Abu Dhabi and Al Ain in the United Arab Emirates. It also has interests in Abu Dhabi Aviation (a publicly listed company which is a helicopter

and fixed wing aircraft operator); Amiri Flight (the exclusive air carrier of Abu Dhabi's ruling family); and Royal Jet (a private charter airline that provides special air charter services to VIP customers for private, business, emergency and medical flights).

The Target

7. Takeoff is the ultimate parent undertaking of SR Technics. Takeoff indirectly owns 100% of the shares in SR Technics. SR Technics is based in Zurich, Switzerland. As noted above SR Technics provide aircraft maintenance, repair and overhaul services for commercial aircraft and provides component solutions and engine technical services worldwide. These services are either provided directly to the airline or through parties such as aircraft leasing companies, original equipment manufacturers or component trading companies. SR Technics operates a number of subsidiaries in Europe, including SR Technics Ireland Limited ("SR Technics Ireland") and SR Technics Airfoil Services Limited in Ireland ("SR Technics Airfoil").
8. SR Technics Ireland is based in Dublin Airport and offers a full range of aircraft maintenance solutions. It offers aircraft and component maintenance services including (a) auxiliary power unit (i.e., a small gas turbine engine which provides additional power for services), and (b) landing gear (i.e., the complete assembly of legs, struts, wheels, brakes, and steering gear that enables aircraft to move and steer on the ground) for both the Airbus and Boeing families of aircraft. SR Technics Ireland's operations in Dublin is also part of a line station network which provides fully supported aircraft turnaround services for most types of commercial aircraft.
9. SR Technics Airfoil, based in Cork, provides turbine engine hot section component repair services for blades and vanes on specific types of large commercial airline engines.

The Proposed Transaction

10. Mubadala has arranged to acquire sole control of SR Technics through two transactions, the first of which has already taken place (having completed on 26 February 2009) and the second of which comprises the proposed transaction.
11. The ownership and control of Takeoff as a result of the transaction completed on 26 February 2009 is presented in Table 1 below:

Table 1: Ownership and Control of Takeoff following Completion of First Transaction

Undertakings Concerned	Pre-Acquisition		Completed Acquisition	
	Ownership Interest (%)	Joint Control	Ownership Interest (%)	Joint Control
MHC	36	MHC	70	MHC
DAE	27	DAE	30	DAE
Istithmar	27	Istithmar	-	
SR Tech Holdco	10		-	
Total	100		100	

The Competition Authority based on the Parties' Notification

12. Prior to 26 February 2009, SR Technics was owned by a consortium of investment companies consisting of Mubadala Holdings Cyprus Limited

("MHC"), Istithmar PJSC ("Istithmar") and Dubai Aerospace Enterprise Limited ("DAE").¹ MHC is a wholly-owned subsidiary of Mubadala. MHC held 36% of the shares in Takeoff, while Istithmar and DAE each held 27%. The remaining 10% of the shares in Takeoff were held by SR Technics Holdco, a holding company domiciled in Switzerland and the direct parent company of SR Technics Swiss. Through Takeoff, Istithmar, DAE and MHC jointly controlled SR Technics.

13. A shareholders' agreement between Mubadala, Istithmar and DAE provided that certain matters, such as the appointment and removal of directors, the initial adoption and alteration of the budget, the business plan and major investments by SR Technics, required the consent of each of Mubadala, Istithmar and DAE.
14. [...], Mubadala (through its wholly-owned subsidiary, MHC) entered into an agreement with Istithmar to acquire the latter's interest in Takeoff and all its other securities relating to SR Technics (either directly or through a subsidiary). The parties submit that this agreement was not a notifiable agreement for the purposes of Part 3 of the Act. Completion under that agreement took place on 26 February 2009 resulting in Istithmar's exit as a shareholder in Takeoff. That resulted in MHC owning 70% of the shares in Takeoff and DAE controlling the remaining 30%.² Despite the fact that MHC now owns 70% of the shares in Takeoff, SR Technics is jointly controlled by MHC and DAE, by virtue of the shareholders' agreement referred to in paragraph 13 above, which remains in force between MHC and DAE. The shareholders' agreement remains in place between MHC and DAE.
15. The present notification relates to the second step in Mubadala's plan to acquire sole control of SR Technics. This is summarised in Table 2 below:

Table 2: Ownership and Control of Takeoff following Completion of Notified Transaction

Undertakings Concerned	Pre-Acquisition		Proposed Acquisition	
	Ownership Interest (%)	Joint Control	Ownership Interest (%)	Sole Control
MHC	70	MHC	70	MHC
DAE	30	DAE	30	
Total	100		100	

The Competition Authority based the on Parties' Notification

16. On 9 March 2009, MHC and DAE entered into an Equity Restructuring Deed. Under this restructuring agreement, Mubadala plans to provide the required capital to the ultimate holding company of SR Technics in order to fund a capital increase. At Mubadala's direction, up to 70% of the new shares will be issued to Mubadala or one of its subsidiaries and up to 30% of the new shares will be issued to DAE. DAE will make no payment for the securities issued to it pursuant to the capital increase but will (within three years of the capital increase) pay deferred consideration to Mubadala. On completion of the capital increase, the

¹ The acquisition of SR Technics by this consortium was the subject of the decision of the European Commission in Case COMP/M.4393 - *Istithmar/Mubadala/DAE/SR Technics*.

² The parties informed the Authority that shares held by SR Technics Holdco (10%) should be disregarded on the basis that they are held intra-group rather than by an external investor. SR Technics Holdco is an indirect wholly-owned subsidiary of Takeoff. If SR Technics Holdco's shares are disregarded, Mubadala's shareholding is 70%.

shareholders' agreement between Mubadala and DAE will be terminated with DAE relinquishing its veto rights in relation to SR Technics. Mubadala, through MHC, will thereby acquire sole control of SR Technics.

The Rationale for the Proposed Transaction

17. The parties submitted that SR Technics urgently needs funding in order to avoid the insolvency of the group. Mubadala, on the other hand, is prepared to provide the required funding in exchange for sole control of SR Technics.

Analysis

18. SR Technics provides aircraft and component maintenance services in Dublin through its subsidiary, SR Technics Ireland. It also provides turbine engine hot section component repair services for blades and vanes on specific types of large commercial airline engines in Cork through its subsidiary, SR Technics Airfoil.
19. Mubadala has a jointly controlling interest in LeasePlan which provides fleet and vehicle management (excluding aircraft), mainly through operational leasing, in the State. It does not have any other direct or indirect business interests in the State.
20. Neither Mubadala nor any of its subsidiaries provide aircraft maintenance, repair and overhaul services in the State. Thus, there is no overlap in the activities of the parties in the State.
21. On the basis of the above, the Authority has formed the view that the result of the proposed acquisition of sole control of SR Technics by Mubadala would not be to substantially lessen competition in any market for goods or services in the State.

Determination

The Competition Authority, in accordance with section 21(2)(a) of the Competition Act 2002, has determined that, in its opinion, the result of the proposed acquisition by Mubadala Development Company PJSC of sole control of Takeoff Luxco 1 S.à.r.l., the ultimate parent undertaking of SR Technics Switzerland AG, will not be to substantially lessen competition in any market for goods or services in the State and, accordingly, the acquisition may be put into effect.

For the Competition Authority

Dr Stanley Wong

Member of the Competition Authority