



DETERMINATION OF MERGER NOTIFICATION M/11/008 -

Clondalkin Group/Catalent

Section 21 of the Competition Act 2002

Proposed acquisition by Clondalkin Group Inc of the printed components business of Catalent Pharma Solutions Inc.

Dated 25 March 2011

Introduction

1. On 1 March 2011, in accordance with section 18 of the Competition Act 2002 (the "Act"), the Competition Authority (the "Authority") received a notification of a proposed transaction whereby Clondalkin Group Inc ("Clondalkin Group") would acquire sole control of the printed components business of Catalent Pharma Solutions Inc and its wholly-owned subsidiary, Catalent USA Packaging LLC (together "Catalent").

The Undertakings Involved

The Acquirer

2. Clondalkin Group,¹ incorporated in the United States of America ("U.S.A."), is active internationally in the production of flexible² and specialist³ packaging products. Clondalkin Group supplies these products to customers in a variety of industries, namely: food and beverage, pharmaceutical and healthcare, consumer products, industrial, and agriculture.
3. In the State, Clondalkin Group is active mainly in the manufacture of flexible and specialist packaging products such as foils, laminates, films, lidding, paper sacks, inserts, labels, booklets and leaflets. It has manufacturing facilities in Ovens in County Cork and Glasnevin in County Dublin. It is not active in the manufacture or supply of folding cartons in the State.
4. For the year ending 2010, Clondalkin Group generated a worldwide turnover of approximately €855.4 million. In the State, for the same period, Clondalkin Group had a turnover of approximately €[...] million,

¹ Clondalkin Group is ultimately owned and controlled by Warburg Pincus, a global private equity firm that invests in a range of sectors including consumer, industrial, energy, financial services, healthcare, media and telecommunications. Warburg Pincus does not have any portfolio companies active in the State in the same activities as the notifying parties.

² Flexible packaging products include the manufacture of lids and seals for food and beverage containers, tobacco packaging products, flower sleeves, agricultural produce bags, wraps, paper bags and sacks.

³ Specialist packing products include the manufacture of folding cartons, labels and leaflets, inserts and outserts, direct mail and commercial print materials.

of which approximately [...] % was attributable to the supply of inserts⁴ to the pharmaceutical sector.

The Target

5. The companies to be acquired (collectively the "Target") which constitute the printed components business of Catalent include:
 - (i) Catalent PR Guaynabo Inc. (incorporated in Puerto Rico);
 - (ii) PC Moorestown LLC (incorporated in Delaware, U.S.A.); and,
 - (iii) Catalent Ireland Holding Limited (incorporated in Ireland) and its two wholly owned subsidiaries, Catalent Ireland Limited and Venture Laminate Limited⁵.
6. The Target is active internationally in the manufacture and supply of printed packaging products such as folding cartons, inserts, labels and patient information material. In the State, the Target only manufactures and supplies folding cartons and inserts to the pharmaceutical, healthcare and Information Technology sectors. The Target's manufacturing facilities are based in Dublin.
7. For the year ending 2010, the Target had a worldwide turnover of approximately €[...]. In the State, for the same period, the Target generated a turnover of approximately €[...]⁶ of which [...] % was attributable to the sale of folding cartons and [...] % from the sale of inserts.

Third Party Submissions

8. No third party submissions were received.

Analysis

9. In the State, the activities of Clondalkin Group and the Target only overlap to a minimal extent in the manufacture and supply of printed inserts for the pharmaceutical and healthcare sectors.
10. In 2010, the Target's sales of printed inserts to the pharmaceutical and healthcare sector accounted for approximately [range 0-5] % of its total turnover in the State.
11. The parties estimate that in the State Clondalkin Group and the Target account for approximately [range 10-30] % and [range 0-5] %, respectively, of the market for printed inserts to the pharmaceutical and healthcare sectors.
12. Chesapeake Limited and Nampak Healthcare, large international suppliers of printed inserts, are also active in the State. Other

⁴ Inserts are also referred to as leaflets.

⁵ Venture Laminate Limited is currently dormant.

⁶ This figure does not account for intra-group sales. Catalent is active in the manufacture of oral, topical, sterile and inhaled drug delivery products to the pharmaceutical and biotechnology sector on a worldwide basis.

suppliers of printed inserts in the State are Colorman (Ireland) Limited, Cashin Print and Kelly Print Works.

13. The Authority considers that the proposed transaction does not raise any competition concerns in the State in relation to the supply of printed inserts for the following reason:
 - (i) the overlap in the parties' manufacture and supply of printed inserts in the State is minimal;
 - (ii) the increase in market share post transaction is minimal; and,
 - (iii) there are a number of other alternative suppliers of printed inserts in the State, namely: Chesapeake Limited and Nampak Healthcare which are large international companies and others such as Colorman (Ireland) Limited, Cashin Print and Kelly Print Works.

Ancillary Restraint

14. The proposed transaction imposes non-compete and non-solicitation obligations for a period of four years from the completion date of the proposed transaction. The Authority considers these restrictions to be directly related and necessary to the implementation of the proposed transaction. The Authority considers that the four year period referred to above is reasonable given the specific nature of the proposed transaction, the retention of certain know-how by the vendor and the contemplated continued relationship between the vendor and purchaser post-completion.
15. The parties will also enter into a Transitional Services Agreement whereby Catalent will provide certain transitional services to the Target for a period not exceeding 120 days from the completion date of the proposed transaction. These services are set out in the Draft Term Sheet and include I.T. support, WAN access, I.T. helpdesk support, access to a voicemail system and other related I.T. infrastructure and support. The Authority considers this Transitional Services Agreement to be directly related and necessary to the implementation of the proposed transaction.

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 whereby Clondalkin Group Inc would acquire sole control of the printed components business of Catalent Pharma Solutions Inc and its subsidiary, Catalent USA Packaging LLC will not be to substantially lessen competition in markets for goods or services in the State, and accordingly, that the acquisition may be put into effect.

For the Competition Authority

Gerald FitzGerald

Member of the Competition Authority

Director, Mergers Division