



## **DETERMINATION OF MERGER NOTIFICATION M/13/036 -**

### **Glanbia / Wexford Creamery**

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#### **Section 21 of the Competition Act 2002**

#### **Proposed acquisition by Glanbia Ingredients Ireland Limited of Wexford Creamery Limited**

**Dated 5 March 2014**

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#### **Introduction**

1. On 12 December 2013, 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 Glanbia Ingredients Ireland Limited ("GIIL") would acquire the entire issued share capital of Wexford Creamery Limited ("Wexford Creamery") from Wexford Milk Producers Limited ("Wexford Producers").
2. Wexford Producers<sup>1</sup> currently owns 70% of the issued share capital of Wexford Creamery. Cressdene Limited ("Cressdene"), a subsidiary of UK-Based Dairy Crest plc,<sup>2</sup> owns the remaining 30%. The notified transaction has two key elements. Wexford Producers would acquire Cressdene's 30% shareholding in Wexford Creamery and then GIIL would acquire 100% of the issued share capital of Wexford Creamery.

#### **The Undertakings Involved**

##### *Acquirer - GIIL*

3. GIIL, headquartered in Ballyragget, County Kilkenny is involved in the procurement of raw milk and the manufacture and supply of dairy ingredients and dairy proteins. GIIL is also involved in the manufacture and supply of butter and cheese to the Irish Dairy Board and also the manufacture and supply of cream.<sup>3</sup>
4. GIIL, established in later 2012, is controlled by Glanbia Co-operative Society Limited ("Glanbia Co-op") which holds 60% of the issued share capital. The remaining 40% shareholding is held by Glanbia plc.<sup>4</sup>
5. For the four months to the end of 24 November 2012 GIIL's world wide turnover was approximately €287 million of which €[...] million was generated within the State.<sup>5</sup>

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<sup>1</sup> Wexford Producers is a co-operative comprising 377 shareholders most of whom are farmers based in County Wexford.

<sup>2</sup> For more information on Dairy Crest see <<http://www.dairycrest.co.uk>>.

<sup>3</sup> For more information on GIIL see <[www.glanbia.com](http://www.glanbia.com)>. GIIL supplies cream to Diageo plc for use in the manufacture of Bailey's Irish Cream. Notification page 3.

<sup>4</sup> Glanbia Co-op's shareholding in Glanbia Plc is approximately 41%. Glanbia Co-op also nominates the majority of Glanbia Plc's board of directors. The remaining shares are held by institutional and retail investors including Co-op members.

### *Target – Wexford Creamery*

6. Wexford Creamery, located in Rocklands, County Wexford Creamery, is involved globally in the processing of raw milk into non-branded cheese, for export to business customers in Continental Europe, UK and US.
7. Within the State, Wexford Creamery is involved in the procurement of raw milk, the processing of raw milk into liquid milk cream and cheese and also cheese by-products (whey cream and whey concentrate).<sup>6</sup> Within the State, Wexford Creamery supplies various liquid milk, cream and cheese products under the “Wexford Creamery” brand.
8. For the year ended 31 March 2013 Wexford Creamery’s worldwide turnover was approximately €57.5 million of which €[...] million was generated within the State.

### **Investigation**

9. On 10 January 2014 the Authority served a Requirement for Information (“RFI”) on each of GIIL and Wexford Creamery. Issuing the RFIs automatically suspended the procedure for the Authority’s Phase 1 assessment.
10. Upon receipt of the responses to the RFIs, the “appropriate date” (as defined in section 19(6) of the Act) became 7 February 2014 and the new Phase 1 deadline became one month from that date.
11. The Authority also requested and received, on an on-going basis, further information and clarifications from the notifying parties.
12. During the investigation, the Authority has had extensive discussions with a number of third parties. The Authority has also engaged an external consulting econometrician.

### **Analysis**

13. The Authority is unable, at this stage, to reach a determination that the acquisition will not lead to a substantial lessening of competition in any market for goods or services in the State.

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<sup>5</sup> Notification Annex 3.2. The €[...] million figure includes sales to the Irish Dairy Board for subsequent export outside of the State.

<sup>6</sup> All Wexford Creamery whey is sold to GIIL. Notification page 3.

## **DETERMINATION**

The Competition Authority, in accordance with section 21(2)(b) of the Competition Act 2002, has determined that it intends to carry out a full investigation under section 22 of the Act in relation to the transaction whereby Glanbia Ingredients Ireland Limited would acquire the entire issued share capital of Wexford Creamery Limited from Wexford Milk Producers Limited.

### **For the Competition Authority**

Stephen Calkins  
Member of the Competition Authority  
Director, Mergers Division