



DETERMINATION OF MERGER NOTIFICATION M/14/020 - CETP / Expereo

Section 21 of the Competition Act 2002

Proposed acquisition by CETP III Expereo S.à.r.l of sole control of Expereo Holding B.V.

Dated 14 August 2014

Introduction

1. On 25 July 2014, 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 CETP III Expereo S.à.r.l ("CETP") would acquire indirect sole control of Expereo Holding B.V. ("Expereo Holding").

The Transaction

2. Pursuant to a Sale and Purchase Agreement ("SPA") and a Shareholders Agreement, both dated 18 July 2014,¹ the proposed transaction would involve the transfer of all existing shares in Expereo Holding to Expereo Acquisition Holdings B.V. ("Expereo Acquisition"), a private company incorporated on 17 July 2014 specifically for the purpose of the proposed transaction.² The effect of the proposed transaction would be that CETP would acquire a controlling interest and a majority shareholding ([...])% in Expereo Acquisition and the current managers of Expereo Holding would acquire a minority interest and shareholding ([...])%.

The Undertakings Involved

The Acquirer

3. CETP is a private company, headquartered in Luxembourg, established for the purposes of the proposed transaction. CETP was incorporated on 11 July 2014 [...].³ CETP is ultimately controlled by The Carlyle Group L.P. ("Carlyle").
4. Carlyle, a publicly traded limited partnership, is listed on the NASDAQ stock exchange and headquartered in Washington D.C., USA. Carlyle is a global asset fund manager investing across four business segments: (a) Corporate Private Equity (buyout and growth capital); (b) Real Assets (real estate, infrastructure, energy and renewable resources); (c) Global Market Strategies (distressed and corporate opportunities, corporate mezzanine, energy mezzanine, structured credit, hedge funds and structured credit); and (d) Solutions (private

¹ [...].

² Correspondence from CETP to the Authority dated 1 August 2014.

³ *ibid.*

equity fund of funds program and related co-investment and secondary activities).⁴

5. In the State, Carlyle, [through funds managed by its affiliates], is active via [...] [portfolio] companies which generate revenue in sectors as diverse as [...].⁵
6. For the year ending 31 December 2013 Carlyle's portfolio companies had a consolidated worldwide turnover of approximately €[...], of which approximately €[...] was generated within the State.⁶

The Target

7. Expereo Holding is a private company founded in 2004 headquartered in Amsterdam, the Netherlands. Expereo Holding is primarily involved, through its network of contracting parties in 180 countries⁷, in the indirect provision of telecommunications infrastructure, such as dedicated and broadband internet, ethernet, virtual private networks, and WiFi. Expereo Holding acts as a broker between international telecommunications carriers and local "last mile"⁸ providers, typically in countries where the international telecommunications company in question is not active and/or has no affiliate.
8. Expereo Holding also supplies ancillary services such as network delivery, installation and maintenance services.
9. For the year ended 31 December 2013 Expereo's worldwide turnover was approximately €[...], of which approximately €[...] was generated within the State.⁹

Third Party Submissions

10. No submission was received.

Rationale for Transaction

11. Carlyle states that

"The Proposed Transaction is a financial investment by Carlyle and reflects the strategy of Carlyle affiliates to invest in companies with proven track records in their respective industries and with stable prospects for mid-to-longer-term growth."¹⁰

⁴ As of 14 August 2014 Carlyle has approximately \$200 billion in assets under management. See: <<http://www.carlyle.com/about-carlyle>>.

⁵ As identified in correspondence from CETP to the Authority dated 1 August 2014 [Funds managed by affiliates of Carlyle are] active in the State [via the following portfolio companies] [...].

⁶ These figures relate to the financial year ended 31 December 2013 and are calculated on an ECB annual exchange rate for 2013 of €1 = \$US1.3281. [...].

⁷ Expereo Holding currently has offices and other points of presence in The Netherlands, USA, Argentina, Canada, Mexico, UK, Germany, Russia, United Arab Emirates, Morocco, Hong Kong, Singapore, Japan and Australia. For more information on Expereo Holding <<http://www.expereo.com/about-us/network>>.

⁸ Last mile connectivity refers to technology and processes that enable an end user to connect to a network of telecommunications providers. See for example, <<http://www.investopedia.com/terms/l/lastmile.asp>>.

⁹ [...].

¹⁰ Notification page 9.

Analysis

12. There is no direct horizontal overlap in in the activities of the parties within the State.
13. Within the State, Expereo Holding is involved in supplying “last mile” brokerage services to telecommunications providers. Within the State neither Carlyle nor any of the portfolio companies controlled by Carlyle are involved in supplying “last mile” brokerage services of the type supplied by Expereo Holding.
14. [Funds managed by affiliates of] Carlyle control two portfolio companies which are, however, involved in the telecommunications sector within the State: (a) CommScope Inc. (“Commscope”)¹¹ which sells telecommunications/network equipment and (b) Syniverse Technologies Inc. (“Syniverse”)¹² which supplies telecommunications software and services to Mobile Network Operators, in particular, data clearing, financial clearing and near real-time roaming data exchange services.
15. The business activities of each of Commscope and Syniverse are sufficiently different to those of Expereo Holding that the Authority does not consider that there is a potentially significant horizontal overlap in the State.¹³
16. The proposed transaction does not raise any vertical competition concerns.
17. In light of the above the Authority concludes that the proposed transaction will not substantially lessen competition in any market for goods or services in the State.

Ancillary Restraints

18. [...]¹⁴ [...]¹⁵ have entered into non-compete and non-solicitation covenants to apply for a period of [...] years after the completion of the proposed transaction. The Authority considers that these covenants are directly related to and necessary for the implementation of the proposed transaction.

¹¹ See <<http://www.commscope.com/About-Us/Who-We-Are/>>.

¹² See <<http://www.syniverse.com/home>>.

¹³ [...].

¹⁴ See footnote 1.

¹⁵ [...].

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 transaction whereby CETP III Expereo S.à.r.l would acquire indirect sole control of Expereo Holding B.V. will not be to substantially lessen competition in any markets for goods or services in the State, and, accordingly, that the acquisition may be put into effect.

For the Competition Authority

Stephen Calkins
Member of the Competition Authority
Director, Mergers Division