



DETERMINATION OF MERGER NOTIFICATION M/16/020 - JAGUAR SYNEXUS

Section 21 of the Competition Act 2002

Proposed acquisition by Jaguar Holding Company I of Synexus Clinical Research Topco Limited

Dated 12 May 2016

Introduction

1. On 13 April 2016, in accordance with section 18(1) 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 Jaguar Holding Company I (“Jaguar I”), through its wholly-owned indirect subsidiaries Jaguar Holding Company Luxembourg S.a.r.l (“Jaguar Luxembourg”) and Pharmaceutical Product Development, LLC (“PPD”), would acquire sole control of Synexus Clinical Research Topco Limited (“Synexus”).
2. Jaguar I, Jaguar Luxembourg and PPD are ultimately owned and controlled jointly by funds managed by affiliates of the Carlyle Group (“Carlyle”) and funds managed by affiliates of Hellman & Friedman (“H&F”).

The Proposed Transaction

3. The proposed transaction is to be implemented pursuant to a sale and purchase agreement (“SPA”), dated 9 April 2016, between Jaguar Luxembourg, PPD and the current shareholders of Synexus.¹ Following implementation of the proposed transaction, Synexus will be an indirect wholly-owned subsidiary of Jaguar I and PPD.

The Undertakings Involved

The Acquirers – Carlyle, H&F, Jaguar I, Jaguar Luxembourg and PPD

Carlyle

4. Carlyle, headquartered in Washington DC, USA, is a limited liability partnership listed on the NASDAQ stock exchange. Carlyle is a global alternative asset manager with approximately \$180 billion invested in four investment categories:

¹ The SPA at Schedule 1 lists [...] shareholders of Synexus, comprising [...].



- Corporate private equity (e.g., buyouts and growth capital).
 - Real assets (e.g., real estate, infrastructure and renewable resources).
 - Global market strategies (e.g., structured credit, mezzanine, distressed, hedge funds and middle market debt).
 - Investment solutions (e.g., private equity and related activities).
5. Carlyle and its affiliates manage funds controlling approximately 150 portfolio companies worldwide, spanning a wide range of sectors including aviation, business services, energy, health, information technology ("IT"), pharmaceuticals, retailing and telecommunications.
6. Within the State, [...] portfolio companies controlled by funds managed by affiliates of Carlyle generate turnover across various sectors including business and financial services, food products, logistics, media and pharmaceuticals. Of particular relevance to the proposed transaction is the fact that PPD, as described below in paragraphs 13-15, is the only portfolio company controlled (whether solely or jointly) by funds managed by affiliates of Carlyle which is involved to any significant extent in the pharmaceuticals sector within the State.²
7. For the financial year ending 31 December 2015, Carlyle's worldwide turnover was approximately €[...], of which approximately €[...] was generated within the State.³

H&F

8. H&F is a private limited company with offices in London, New York and San Francisco. H&F and its affiliates manage funds which have a controlling interest in 17 portfolio companies worldwide that are active across various sectors including business and financial services, education, IT, pharmaceuticals and travel.
9. Within the State, [...] portfolio companies controlled by funds managed by affiliates of H&F generate turnover across various sectors including business services, education, financial services and travel. Of particular relevance to the proposed transaction is the fact that PPD is the only portfolio company controlled (whether solely or jointly) by funds managed by affiliates of H&F which is involved in the pharmaceuticals sector within the State.
10. For the financial year ending 31 December 2014, H&F's worldwide turnover was approximately €[...], of which approximately €[...] was generated in the State.⁴

² The Carlyle portfolio also includes Haier Bio Medical and Laboratory Products Co, Ltd ("Haier Bio Medical"). However, Haier Bio Medical's presence in the State is not significant. Carlyle states, in correspondence with the Commission dated 6 May 2016, that Haier Bio Medical's turnover in the State for the financial year ended 31 December 2014, was approximately €[...], which included revenues from the sales of fridges and freezers used for medical purposes.

³ Calculated using the annual ECB exchange rate for 2015 of €1 = \$1.1095.

⁴ Calculated using the annual ECB exchange rate for 2014 of €1 = \$1.3285.



Jaguar I and Jaguar Luxembourg

11. Jaguar I, is a holding company incorporated in the USA formed by affiliates of Carlyle and affiliates of H&F prior to their acquisition of PPD in 2011.⁵
12. Jaguar Luxembourg, previously called PPD Luxembourg II S.a.r.l, is a holding company which was incorporated in Luxembourg in November 2014.⁶ Jaguar Luxembourg does not currently generate any turnover in the State.

PPD

13. PPD is a limited liability company headquartered in Wilmington, North Carolina, USA. PPD is involved in the pharmaceuticals sector, primarily as a Contract Research Organisation (“CRO”). PPD is involved in providing:
 - (a) Clinical development services - which in turn comprises two main elements:
 - (i) Pre-clinical services – i.e. early-stage development services involving pre-clinical and clinical pharmacology studies; and
 - (ii) Clinical services- i.e., late-stage development services involving clinical trials and central laboratory services.
 - (b) Laboratory services – i.e., the analysis of products and samples, as well as the testing of drugs and/or medical devices during and after clinical trials.
14. Within the State, PPD has a wholly-owned subsidiary, PPD Development Ireland Limited (“PPD Ireland”), which is located in Athlone, Co. Westmeath. PPD Ireland is involved in providing both clinical development and laboratory services.⁷
15. For the financial year ending 31 December 2014, PPD’s worldwide turnover was approximately €[...], of which approximately €[...] was generated in the State.⁸

The Target – Synexus

16. Synexus, headquartered in Chorley, UK, is a private limited company. Synexus is a Site Manager Organisation (“SMO”) which involves supplying services (“SMO services”) related to clinical trials including:

⁵ Jaguar Holding Company I and Jaguar Holding Company II were formed by affiliates of Carlyle and H&F to acquire PPD. Notification page 3.

⁶ Jaguar Luxembourg states, in correspondence to the Commission dated 6 May 2016 that its corporate name was changed prior to the proposed transaction.

⁷ PPD, in correspondence with the Commission dated 20 April 2016, states that within the State approximately [...] % of PPD Ireland’s turnover is generated from laboratory services and the remaining approximately [...] % of PPD Ireland’s turnover is generated from clinical development services.

⁸ Calculated using the annual ECB exchange rate for 2015 of €1 = \$1.1095.



- (a) Identifying and recruiting patients for clinical trials.
 - (b) Hiring, training, managing and paying staff involved in clinical trials.
 - (c) Counselling and following up with patients involved in clinical trials.
 - (d) Managing and completing clinical trial-related documentation and also maintaining the site at which the clinical trial will take place.
17. Synexus supplies SMO services to CROs, as well as pharmaceutical and biotechnology companies, medical device companies and clinical sites. In addition to managing its own sites, Synexus manages sites within other locations such as hospitals and other clinical settings. Synexus supplies SMO services in various European countries (i.e., Bulgaria, Czech Republic, Germany, Hungary, Poland, Romania, UK and Ukraine), South Africa and USA.
18. Synexus has no significant physical presence within the State and does not undertake any significant activities within the State. Synexus does not supply SMO services to PPD Ireland. Rather, Synexus generates turnover within the State as a result of SMO services it provides outside the State which are charged to [...], its sole customer located within the State.⁹
19. For the financial year ending 31 December 2015, the worldwide turnover of Synexus was approximately €[...], of which approximately €[...] was generated in the State.¹⁰

Rationale for the Proposed Transaction

20. The notification states that:

“The Proposed Transaction will help the Purchaser to create a global infrastructure that enables efficient clinical trial enrolment at highly productive, quality sites.”¹¹

Third Party Submissions

21. No submission was received.

Competitive Analysis

Market Definition

22. The Commission defines markets to the extent necessary depending on the particular circumstances of a given case. In this instance, it is not necessary for the Commission to define precise relevant product markets. The Commission’s conclusion concerning the competitive effects of the proposed transaction would be unaffected whether the

⁹ Notification page 6.

¹⁰ Calculated using the annual ECB exchange rate for 2015 of €1 = \$1.1095.

¹¹ Notification page 11.



relevant product market is defined broadly or more narrowly e.g., whether the market is defined to:

- (a) comprise the entire pharmaceuticals sector;
 - (b) specify a distinct clinical trials market within the broader pharmaceuticals sector; or
 - (c) distinguish between separate markets for the provision of CRO and SMO services.
23. Similarly, it is also not necessary for the Commission to define precise relevant geographic markets in this case. The scope of the geographic market, e.g., a national market or market larger than the State, will not materially alter the competitive impact of the notified transaction in the State. Consequently, the Commission is of the view that the precise scope of the relevant geographic market can be left open in this instance. However, for the purposes of reviewing the proposed transaction, the Commission has considered the competitive effects of the proposed transaction in the State within a national market.

Competitive Effects

24. There is no horizontal overlap between the activities of PPD and Synexus within the State. There is also no horizontal overlap between the activities of any of the other portfolio companies controlled by funds managed by affiliates of Carlyle or affiliates of H&F and the activities of Synexus within the State.
25. Given its relatively low turnover in the State and lack of any physical presence within the State, Synexus does not currently present a significant competitive constraint on PPD in the State. Consequently, the absence of Synexus as an independent entity after the completion of the proposed transaction will not result in any significant competitive effect within the State.

Vertical Issues

26. There is no vertical relationship between PPD and Synexus within the State and the proposed transaction does not give rise to vertical competition concerns within the State.

Conclusion

27. In light of the above, the Commission considers that the proposed acquisition will not substantially lessen competition in any market for goods or services in the State.

Ancillary Restraints

28. The SPA contains restrictive obligations on the individual sellers named in Schedule 1 of the SPA. None of these restrictive obligations exceeds the maximum duration acceptable to the Commission. Given the particular nature of the proposed transaction,



the Commission considers that these obligations are directly related to and necessary for the implementation of the proposed transaction ¹²

¹² In this respect, the Commission follows the approach adopted by the EU Commission in paragraph 20 of its “Commission Notice on restrictions directly related and necessary to concentrations” (2005). For more information see <[http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52005XC0305\(02\)&from=EN](http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52005XC0305(02)&from=EN)>.



Determination

The Competition and Consumer Protection Commission, 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 Jaguar Holding Company I, through its wholly-owned indirect subsidiaries Jaguar Holding Company Luxembourg S.a.r.l and Pharmaceutical Product Development, LLC, would acquire sole control of Synexus Clinical Research Topco Limited, 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

Gerald FitzGerald
Member
Competition and Consumer Protection Commission