



DETERMINATION OF MERGER NOTIFICATION M/17/018 – EXPONENT DCC ENVIRONMENTAL

Section 21 of the Competition Act 2002

Proposed acquisition of sole control of DCC Environmental Limited and DCC Environmental Britain Limited by Exponent Private Equity LLP

Dated 8 May 2017

Introduction

1. On 6 April 2017, in accordance with section 18(1)(a) of the Competition Act 2002, as amended (the “Act”), the Competition and Consumer Protection Commission (the “Commission”) received a notification of a proposed acquisition whereby funds managed or advised by Exponent Private Equity LLP (“Exponent”) would acquire sole control of each of DCC Environmental Limited and DCC Environmental Britain Limited (collectively, “DCC Environmental”).

The Proposed Transaction

2. The proposed transaction is to be implemented pursuant to two share purchase agreements (“SPAs”), each of which is dated 5 April 2017. One SPA is between DCC Business Expansion Fund Limited, DCC Nominees Unlimited Company, GWE Irish Bidco Limited (which is ultimately controlled by funds managed or advised by Exponent) and DCC plc (“DCC”), whereby GWE Irish Bidco Limited will acquire the entire issued share capital of DCC Environmental Limited.¹ The other SPA is between DCC Environmental UK Limited, Michael Tracey, GWE UK Bidco Limited (which is ultimately controlled by funds managed or advised by Exponent) and DCC, whereby GWE UK Bidco Limited will acquire the entire issued share capital of DCC Environmental Britain Limited.²
3. Following implementation of the proposed transaction, Exponent will solely control DCC Environmental.

The Undertakings Involved

Exponent

¹ DCC Business Expansion Fund Limited and DCC Nominees Unlimited Company currently own the entire issued share capital of DCC Environmental Limited. Both of DCC Business Expansion Fund Limited and DCC Nominees Unlimited Company are ultimately controlled by DCC.

² DCC Environmental UK Limited currently owns 75% of the issued share capital of DCC Environmental Britain Limited and Michael Tracey currently owns 25% of the issued share capital of DCC Environmental Britain Limited. DCC Environmental UK limited is ultimately controlled by DCC.



4. Exponent, a limited liability partnership established in England and Wales, makes private equity investments in businesses located in the United Kingdom across a range of industry sectors.
5. Exponent currently controls the following portfolio companies which generate revenue in the State:

Portfolio Company Name	Business Activities In the State
HSS Hire Service Group Limited (“HSS Hire”)	Provider of tools and equipment hire and related services.
Racing Post	Newspaper publisher of data, opinion and analysis on racing and other sports.
Photobox Limited	Provider of digital consumer services for personalised products.
The Leisure Pass Group Limited	Provider of sightseeing city card passes.
LivingSocial Europe Limited	Provider of online discount deals.
Group GTI Limited	Provider of graduate career advice and recruitment services.
BBI Diagnostics Group Limited	Business-to-business manufacturer and services provider to customers in the in vitro diagnostic healthcare, food safety and military bio-threat detection industries.
Loch Lomond Group	Producer of malt, blended and grain whisky, vodka and gin.



6. For the financial year ending September 2016, Exponent's worldwide turnover was approximately €[...]million, of which approximately €[...] million was generated in the State.³

DCC Environmental

7. Both of DCC Environmental Limited and DCC Environmental Britain Limited, which are private limited companies registered in the State, are ultimately controlled by DCC, a public limited company registered in the State. DCC is organised into the following four divisions: Energy, Healthcare, Technology and Environmental.
8. DCC Environmental and their subsidiaries, which comprise the entire Environmental division within DCC, are active in the provision of recycling, waste management and resource recovery services to the industrial, commercial, construction and public sectors in the State and in the United Kingdom. DCC Environmental operates primarily in both the hazardous and non-hazardous segments of the waste management sector in the State and in the United Kingdom.
9. In the State, DCC Environmental operates under the brand name, *Envva*. *Envva* is active in the provision of the following services: hazardous waste treatment and water and waste water treatment. *Envva* operates six licensed facilities and four laboratories located in the State and in Northern Ireland. *Envva* has in-house infrastructure which treats materials including waste oil, contaminated soils, bulk chemicals and contaminated packaging. It processes approximately 200,000 tonnes of hazardous waste per annum and offers tailored treatment services to solve different waste issues.⁴
10. For the financial year ending 31 March 2016, DCC Environmental's worldwide turnover was approximately €188.5 million [Based on the average ECB exchange rate of €1 = £0.81948 for 2016], of which approximately €[...] million was generated in the State.

Rationale for the Proposed Transaction

11. The notification states:

“Exponent believes that the acquisition of DCC Environmental Group is attractive because, among other reasons, it is expected to diversify Exponent's sector exposure into the waste management industry (where it does not currently have an investment) and its geographic foothold in the Irish market. Moreover, the resources and management know-how provided by Exponent will support DCC Environmental to continue to grow.”

Third Party Submissions

³ The parties state in the notification that the figure supplied for Exponent's worldwide turnover is derived from the combined worldwide turnover of all of the portfolio companies currently controlled by Exponent for their last financial year (which vary in date up to September 2016 for the purposes of available audited accounts).

⁴ In cases where *Envva* is unable to treat the waste itself in-house, it has relationships with other European-based operators to provide treatment services to its customers.



12. No submission was received.

Competitive Analysis

13. 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 and geographic markets since there is no horizontal overlap between the activities of the parties in the State and the existing vertical relationship between the activities of the parties in the State is negligible.
14. None of the portfolio companies currently controlled by Exponent that generated turnover within the State in 2016 are active in the provision of recycling, waste management and resource recovery services in the State. Therefore, the proposed transaction does not raise any horizontal competition concerns in the State.
15. There is an existing vertical relationship between DCC Environmental and one of the portfolio companies controlled by Exponent, namely HSS Hire. HSS Hire currently provides equipment and related services to DCC Environmental.⁵ The parties state in the notification, however, that the turnover generated by HSS Hire from the provision of equipment and related services to DCC Environmental in the State was approximately €[...] in 2016, which accounted for only [0-5]% of the total turnover generated by HSS Hire in the State in the most recent financial year.⁶ The parties further submitted that DCC Environmental hired tools and equipment from a range of companies in 2016, such as Hinch Plant Hire Limited, Oliver Conroy Plant and Agri Hire Limited, Henley Hire Services Limited, M&T Plant Hire Limited, Kavanagh Crane Hire Limited, GPT Plant and Tool Hire Limited and Kells Hire Centre Limited. Therefore, the Commission considers that there are a range of companies providing tools, equipment and related services in the State which could supply competitors of DCC Environmental in the State.
16. DCC Environmental provides hazardous waste cleaning services to HSS Hire.⁷ The parties state in the notification, however, that the turnover generated by DCC Environmental from the provision of hazardous waste cleaning services to HSS Hire in the State was approximately €[...] in 2016, which accounted for only [0-5]% of the total turnover generated by DCC Environmental in the State in 2016. The Commission understands that there are other companies which provide hazardous waste cleaning services in the State, such as Indaver Ireland Limited, Rilta Environmental Limited, Safety-Kleen Ireland Limited and Soltec (Ireland) Limited. Therefore, the Commission considers that the vertical relationship between the parties raises no vertical foreclosure concerns in the State.
17. In light of the above, the Commission considers that the proposed transaction will not substantially lessen competition in any market for goods or services in the State.

⁵DCC Environmental hires tools and equipment from HSS Hire in circumstances where DCC Environmental is on a site cleaning and removing waste and requires the temporary hire of pumps, metal detectors, ladders, teleporters, etc. DCC Environmental uses a range of providers for the hiring of tools and equipment.

⁶HSS Hire's total turnover generated within the State in its most recent financial year was approximately €[...] million.

⁷DCC Environmental's *Envva* business collects and disposes of certain hazardous waste from some HSS Hire sites.



Ancillary Restraints

18. Clause 11 of each of the SPAs contains restrictive covenants on the current shareholders of DCC Environmental, in particular non-compete and non-solicitation obligations. The duration of these restrictive covenants does not exceed the maximum duration acceptable to the Commission and the Commission considers that these restraints are directly related and necessary to the implementation of the proposed transaction.⁸

⁸In this respect, the CCPC follows the approach adopted by the EU Commission in paragraphs 20 and 26 of its “Commission Notice on restrictions directly related and necessary to concentrations” (2002). For more information see [http://eurlex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52005XC0305\(02\)&from=EN](http://eurlex.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, as amended, has determined that, in its opinion, the result of the proposed transaction, whereby Exponent Private Equity LLP would acquire sole control of each of DCC Environmental Limited and DCC Environmental Britain 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

Patrick Kenny
Member
Competition and Consumer Protection Commission