



## DETERMINATION OF MERGER NOTIFICATION M/16/035 - FENCE / STRADBROOK

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### Section 21 of the Competition Act 2002

**Proposed acquisition by Fence Bidco Limited, ultimately controlled by Exponent Private Equity LLP, of sole control of Stradbrook Acquisitions (Holdings) Limited**

**Dated 24 August 2016**

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### Introduction

1. On 14 July 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 Fence Bidco Limited (“Fence Bidco”), ultimately controlled by Exponent Private Equity LLP (“Exponent”), would acquire sole control over Stradbrook Acquisitions (Holdings) Limited (“Stradbrook”).

### The Proposed Transaction

2. The proposed transaction is to be implemented pursuant to a share and purchase agreement (“SPA”), dated 28 May 2016<sup>1</sup>, between Fence Bidco, the majority shareholders in Stradbrook<sup>2</sup> and FL Partners.<sup>3</sup>
3. Having considered the activities of Stradbrook and Exponent (in particular, the activities of Immediate Media Company (“Immediate”) which is owned and controlled by Exponent), the Commission considers that the proposed transaction does not constitute a “media merger” (as defined in section 28A(1) of the Act) for the purposes of Part 3A of the Act.

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<sup>1</sup> The SPA was subsequently amended by a Deed of Amendment dated 13 July 2016.

<sup>2</sup> The majority shareholders in Stradbrook, referred to in the SPA as the “Majority Sellers”, comprise (a) Campesey Limited, Peter Crowley, Neill Hughes and (b) the “Management Sellers”, who are Louise Argen, Alan Byrne, Paul Carse, Michael Griffen, Mark Louis Francis, Bruce Millington, Mark Renshaw and Mark Whittaker. The Majority Sellers collectively own approximately 74% of the issued share capital of Stradbrook.

<sup>3</sup> FL Partners, a management company incorporated in Dublin, is identified in the SPA as the designated representative for each of the Majority Sellers.



## The Undertakings Involved

### *The Acquirers – Exponent and Fence Bidco*

4. Exponent, headquartered in London, UK, is a private equity investment firm that invests, through managed funds, in UK-headquartered businesses across a broad range of sectors.<sup>4</sup> The following portfolio companies controlled by Exponent generate turnover in the State:
  - (a) BBI Group – a supplier of products and services to customers in the diagnostic, healthcare, research, food and cosmetics sectors.<sup>5</sup>
  - (b) Group GTI Limited – a graduate recruitment business.
  - (c) HSS Hire Group plc – tool hire business.
  - (d) Immediate – a publisher of special interest magazines in the UK.<sup>6</sup>
  - (e) LivingSocial Europe Ltd (trading as Woucher) - an online trading platform.
  - (f) Loch Lomond Holdings Limited – a producer of whisky, vodka and gin.
  - (g) Photobox – a manufacturer and supplier of products such as photo books, wall canvasses and gift cards.
5. Immediate is of greatest relevance to the proposed transaction. Immediate is a private limited company, headquartered in London, UK, which is involved in the publication of consumer magazines and the operation of related websites as well as e-commerce sites.<sup>7</sup> Immediate generates turnover from customers purchasing its publications, from the sale of related advertising space and from website subscribers. Immediate's publications focus on special interest areas such as crafts, cycling, entertainment, food, gardening and nature, hobbies, lifestyle, parenting, travel and weddings.<sup>8</sup>
6. Immediate has no physical presence in the State and does not produce Irish editions of any of its print titles or internet sites.
7. Fence Bidco is a private limited company incorporated and headquartered in the UK, which has been established for the purposes of the proposed transaction. It does not currently supply any goods or services worldwide or in the State.

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<sup>4</sup> For more information on Exponent see <http://www.exponentpe.com> and <http://www.exponentpe.com/portfolio/default.aspx>.

<sup>5</sup> For more information on BBI Group see <http://www.the-bbigroup.com>.

<sup>6</sup> For more information on Immediate see <http://www.immediate.co.uk>.

<sup>7</sup> See <http://hitched.co.uk>, <http://www.jewellerymaker.com/em=gb>, <http://www.juniormagazine.co.uk> and <http://www.madeformums.com>.

<sup>8</sup> See <http://www.immediate.co.uk/brands/?show=az>.



8. For the financial year ended 30 September 2015, Exponent's worldwide turnover was approximately €[...], of which approximately €[...] was generated within the State.<sup>9</sup>

*The Target – Stradbrook*

9. Stradbrook is a private limited company headquartered in London, UK. Stradbrook owns the Racing Post and related titles<sup>10</sup> covering horseracing and betting in the UK and the State.<sup>11</sup> The Racing Post operates various related websites<sup>12</sup> and publishes books with a horseracing or betting focus.<sup>13</sup> Stradbrook generates turnover from customers purchasing its publications, from the sale of related advertising space and from website subscribers.
10. Within the State, the Racing Post has an office in Dublin which houses editorial and advertising staff. The Racing Post does not have any printing facilities in the State.
11. For the financial year ending 28 December 2015, Stradbrook's worldwide turnover was approximately €[...], of which €[...] was generated in the State.<sup>14</sup>

**Rationale for the Proposed Transaction**

12. The notification states that:

*“The Proposed Transaction reflects Exponent’s strategy of investing in UK headquartered businesses with enterprise values of between £75 and £350 million. Exponent is an experienced investor and it considers that the Racing Post is an attractive asset with strong further growth potential. Whilst Exponent has an existing business in the publishing sector, namely Immediate Media Co (“Immediate”), this business is active in a very different business sector than the Racing Post, namely the publication of special interest magazines. Exponent does not see scope for synergies between the two businesses, and indeed the funds which will own each of the Racing Post and Immediate are entirely*

<sup>9</sup> The portfolio companies owned and controlled by Exponent have different financial year end dates ranging from 31 December 2014 to September 2015. Within the State, the largest portfolio company controlled by Exponent, [...] for the financial year ended 31 December 2014, generated turnover of €[...]. Within the State, Immediate's turnover for the financial year ended 31 March 2015 was approximately [...]. (See Notification Appendix 4.)

<sup>10</sup> E.g., Racing Post Weekender, Racing and Football Weekender.

<sup>11</sup> In addition to its ownership of the Racing Post, Stradbrook holds non-controlling minority interests in Rewards4Racing Limited (a racing loyalty programme) and in Greyhound TV Limited (“GTV”). The Racing Post also operates GTV on behalf of the other shareholders of GTV, the majority of whom are bookmaking firms, and is paid a production/management fee for doing so. For more information on the Racing Post see <<http://www.racingpost.com>>.

<sup>12</sup> See <[www.racingpost.com](http://www.racingpost.com)>, <[www.bloodstock.racingpost.com](http://www.bloodstock.racingpost.com)>, <[www.soccerbase.com](http://www.soccerbase.com)> and <[www.greyhoundbet.racingpost.com](http://www.greyhoundbet.racingpost.com)>.

<sup>13</sup> These books are published annually and include for example, *Sports Trading on Betfair* and *The Definitive Guide to Betting on Football*.

<sup>14</sup> Calculated using 2015 annual ECB exchange rate of €1= £0.726].



*separate, with different sets of investors. Exponent therefore intends to run the Racing Post as a standalone business.”<sup>15</sup>*

### Third Party Submissions

13. No submission was received.

### Competitive Analysis

14. Within the State, there is a horizontal overlap between the activities of Exponent (through Immediate) and Stradbrook with respect to the sale of publications and the sale of advertising space.
15. 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 markets since there is very limited horizontal overlap in the activities of the parties within the State.
16. Immediate’s total turnover in the State is not significant (approximately [...]). Any increase in market concentration as a result of the proposed transaction in relation to the sale of publications or supply of advertising space in the State will not be significant.<sup>16</sup>
17. Immediate does not currently present a significant competitive constraint on suppliers of publications or suppliers of advertising space to customers in the State. Its absence, as an independent entity, following implementation of the proposed transaction will not result in any significant effect on competition for the supply of publications or supply of advertising space in the State.
18. Stradbrook and Immediate are not close competitors in relation to the supply of publications or the supply of advertising space in the State. Stradbrook and Immediate have different target markets for the sale of their publications and, consequently, different target audiences for the advertising space they supply to advertisers.
19. The proposed transaction does not give rise to vertical competition concerns within the State.

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<sup>15</sup> Notification pp. 5-6.

<sup>16</sup> The parties did not provide market share estimates in the Notification. In light of the low turnover of Stradbrook and Immediate in the State, in this instance the Commission did not request the parties to provide market share information.



## Conclusion

20. 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

21. The SPA contains restrictive obligations on each of the Management Sellers.<sup>17</sup> 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.<sup>18</sup>

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<sup>17</sup> See footnote 1.

<sup>18</sup> 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 Fence Bidco Limited, ultimately controlled by Exponent Private Equity LLP, would acquire sole control over Stradbrook Acquisitions (Holdings) 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**