



## DETERMINATION OF MERGER NOTIFICATION M/18/057 – ENDLESS LLP/MENZIES DISTRIBUTION LIMITED

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### Section 21 of the Competition Act 2002

### Proposed acquisition by Endless LLP of sole control of Menzies Distribution Limited

Dated 28 August 2018

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#### Introduction

1. On 27 July 2018, 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 notification of a proposed acquisition whereby Endless LLP (“Endless”) (the “Acquirer”), through its wholly controlled subsidiary Endless Newco 2 Limited (“Endless Newco 2”), would acquire the entire issued share capital and thereby sole control of Menzies Distribution Limited and its subsidiaries (“Menzies”) (the “Proposed Transaction”). Menzies is a wholly owned subsidiary of John Menzies plc (the “Seller”).

#### The Proposed Transaction

2. The Proposed Transaction is to be implemented pursuant to a Share Purchase Agreement dated 26 July 2018 between Endless Newco 2 and the Seller (the “SPA”).

#### The Undertakings Involved

##### *The Acquirer - Endless*

3. Endless is a UK manager of private equity funds, with offices in Leeds, London and Manchester. It is a limited liability partnership, authorised by the UK Financial Conduct Authority to undertake investment management activities.
4. Within the State, Endless generates turnover from ten of its portfolio companies:



- i. Adare SEC Limited is a provider of secure and essential communication solutions to organisations to ensure that their documents, assets and identities are protected from fraud and replication.
- ii. Antler Limited is a multi-channel British luggage business employing [...] people across the UK, China and the USA.
- iii. Arran Aromatics Limited is a Scottish retail company specialising in bath, body and home fragrance products that are designed, formulated and produced on the Isle of Arran.
- iv. C.T.I Travel Limited is a travel management specialist. It partners with companies and suppliers to offer bespoke travel solutions to businesses.
- v. EVO Business Supplies Limited is a distributor of business supplies in the UK and Ireland. There are four companies in the EVO Business Supplies Limited group. The first is Vow, a specialist wholesaler of business products and facilities supplies. The second, Vow Ireland, is the dedicated Republic of Ireland arm of the first company. The third is Banner, which is a direct provider of office supplies and business services to customers ranging from large corporates to micro businesses in both the public and private sectors. The fourth, Truline, is the EVO Business Supplies Limited group of companies' transport business, managing deliveries on behalf of Banner and Vow.
- vi. High Street TV (Group) Limited is an online retailer of household electrical goods based in Harrogate, England and specialises in kitchen, fitness, beauty and fashion and DIY products. High Street TV also sells products through teleshopping and outlets such as John Lewis and Argos.
- vii. eSubstance Limited (trading as Ink Global) specialises in the production of travel media, principally in-flight magazines for airlines and travel groups.
- viii. James Briggs Limited is an Oldham-based consumer chemicals business. It develops, manufactures and supplies chemicals, including janitorial, automotive and industrial products.



- ix. MTI Technology Limited is [a technology services and solutions provider operating across EMEA with offices across the UK, France and Germany. MTI specialises in data & cyber security, datacentre modernisation, IT managed services and IT transformation services].
  - x. The Book People Limited is an online UK and Irish book retailer. Its business model involves the provision of a specially curated selection of titles sold at low cost prices. The Book People's range of products includes toys, gifts and stationery.
5. Endless Newco 2 is a newly formed company for the purposes of the Proposed Transaction, incorporated in England and Wales, and is controlled by funds managed by Endless.
  6. For the financial year ending 31 December 2017, Endless' worldwide turnover was approximately [...], approximately [...] of which was generated in the State.

*The Target - Menzies*

7. Menzies is a wholly owned subsidiary of the Seller, a company listed on the London Stock Exchange. Menzies provides logistics, delivery and marketing services, comprising printed newstrade distribution, parcel collection and distribution, retail and freight logistics and print and marketing services, to the print media, parcel, travel and tourism, e-commerce and high street retail sectors. It also provides retail consultancy and event management services.
8. Menzies specialises in retail delivery, carrying news products and travel brochures to tens of thousands of locations, alongside parcel and freight logistics, which it operates throughout Scotland and into the rest of the UK via its partner networks. It has a working fleet of [...] vehicles and a staff of approximately [...] across the UK and Ireland.
9. In the State, Menzies is predominantly active through the wholesale distribution of newspapers and magazines. This activity accounts for approximately [more than 90%] of Menzies' turnover in the State. This activity is principally operated through EM News



Distribution, a wholesale distributor of newspapers and magazines.<sup>1</sup> EM News Distribution was established as a joint venture between Menzies and Eason and Son Limited in 2007.<sup>2</sup> It has been wholly owned by Menzies since May 2017.

10. The distribution operations of Menzies in the State are restricted to newspapers, magazines and travel brochure products.
11. The remaining [less than 10%] of Menzies' turnover is generated through:
  - i. Newstrade merchandising, which involves stock rotation and replacement and managing the magazines' returns process. Retail outlets are visited by merchandisers on a weekly or fortnightly basis. This activity is operated through EM News Distribution.
  - ii. Retail consultancy (also referred to as Newstrade category management services), which includes, for example, assisting clients on brand awareness and point of sale placement, with a view to maximising existing and new sales opportunities<sup>3</sup>. It also includes negotiating promotional investment from newspaper and magazine publishers into retailers.
  - iii. Distribution of travel brochures to travel agents and homes on the basis of agreed launch plans and weekly replenishment orders, including, in some cases, the storing of brochures until the time of the launch, on-site shrink wrapping, management of campaigns through the use of travel agency and home worker databases, and customer access to the online portal with real time data on stock levels, distribution, agent grading and brochure orders<sup>4</sup>.

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<sup>1</sup> Dublin airport is supplied with newspapers for some of its lounges by Media on the Move Limited (a wholly owned subsidiary of Menzies Distribution Limited). Media on the Move Limited places the orders for those publications with the publishers. Those publications are then delivered directly to EM News Distribution and a third party wholesaler, who deliver them to a contractor at Dublin airport, who packs and delivers the newspapers to the relevant lounges.

<sup>2</sup> See M/07/002 - Eason/Menzies/EM News Distribution.

<sup>3</sup> These activities are operated through Fore Consultancy, a trading name of Menzies Distribution Limited, and were commenced in the Republic of Ireland in January 2017.

<sup>4</sup> This activity is operated through Menzies Response Limited, a wholly owned subsidiary of Menzies Distribution Limited, and was commenced in the Republic of Ireland in November 2012. It distributes these travel brochures from its Wakefield operations via Niteline, an independent third party logistics company.



12. For the financial year ending 31 December 2017, Menzies' worldwide turnover was approximately [...], approximately [...] of which was generated in the State.

#### **Rationale for the Proposed Transaction**

13. Endless states that:

*“Endless views the potential acquisition of the Target by the Purchaser as being in line with its commercial objective to focus on carve outs from large corporates.”*

14. The Seller states that:

*“John Menzies plc, the ultimate parent company of the Target, is selling the Target, which comprises the majority of its distribution business, to allow John Menzies plc to: (a) create a pure play, focused global leader in aviation services; (b) focus its management and capital resources entirely on expanding its position in the structurally growing aviation services market; (c) remove its exposure to the structurally declining newsprint market; and (d) reduce its exposure to its defined benefit pension scheme. Furthermore, the sale will allow the Target to pursue its own growth ambitions as it seeks to diversify away from the core print media market.”*

#### **Third Party Submissions**

15. No submission was received.

#### **Competitive Assessment**

##### Horizontal Relationship

16. There is no horizontal overlap in the activities of the parties in the State. The parties have informed the Commission that neither Endless, nor any portfolio companies controlled by funds managed by Endless, are active in the wholesale distribution of newspapers or magazines, newstrade merchandising, retail consultancy or the distribution of travel brochures in the State.

17. Furthermore, the Commission's preliminary investigation has not identified any area of overlap in the business activities of the parties in the State. On this basis, the



Commission considers that the Proposed Transaction does not raise any horizontal competition concerns in the State.

#### Vertical Relationship

18. There is little or no vertical overlap between the parties in the State. Certain Endless portfolio companies operate at the retail level within the State. Furthermore, a subsidiary of Menzies, Fore Consultancy, provides retail consultancy services to companies involved in the newstrade sector (i.e. retailers of newspapers and magazines), for which it generated a turnover of approximately [...] within the State. However, Fore Consultancy does not provide retail consultancy to undertakings outside of the newstrade sector.
19. The Commission has not identified any vertical relationship between Menzies and any Endless portfolio company.
20. On this basis, the Proposed Transaction does not raise any vertical competition concerns within the State.

#### **Conclusion**

21. 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.

#### **Ancillary Restraints**

22. The SPA contains a number of non-compete, non-solicitation and confidentiality restrictions on the Seller and on members of the Seller Group. The duration of these non-solicitation, non-compete and confidentiality obligations does not exceed the maximum duration acceptable to the Commission.<sup>5</sup> The Commission considers these restrictions to be directly related to and necessary for the implementation of the Proposed Transaction insofar as they relate to the State.

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<sup>5</sup> In this respect, the Commission 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” (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, as amended, has determined that, in its opinion, the result of the proposed acquisition, whereby Endless LLP, through its wholly controlled subsidiary Endless Newco 2 Limited, would acquire the entire issued share capital of Menzies Distribution Limited and its subsidiaries, 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

**Brian McHugh**  
**Member**  
**Competition and Consumer Protection Commission**