



DETERMINATION OF MERGER NOTIFICATION M/18/041 – NS NORWAY HOLDING AS (OCEANWOOD)/NORSKE SKOG AS

Section 21 of the Competition Act 2002

Proposed acquisition by Oceanwood Capital Management Limited of sole control of Norske Skog AS

Dated 05 June 2018

Introduction

1. On 18 May 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 a notification of a proposed acquisition whereby Oceanwood Capital Management Limited (“Oceanwood”), through its wholly controlled subsidiary NS Norway Holding AS (“NS Norway”), would acquire sole control of Norske Skog AS (“Norske Skog”) (the “Proposed Transaction”).

The Proposed Transaction

2. The Proposed Transaction is to be implemented pursuant to a Sale and Purchase Agreement (the “SPA”) dated 3 May 2018 between: Citibank, N.A., London Branch;¹ NS Norway; and Norske Skog.² Pursuant to the SPA, NS Norway would acquire the entire issued share capital and ultimately sole control of Norske Skog.

The Undertakings Involved

The Acquirer – Oceanwood

3. NS Norway, a limited company incorporated under the laws of Norway, is a special purpose vehicle established for the purpose of the Proposed Transaction. NS Norway

¹ Citibank, N.A., London Branch (“Citibank”), is not acting in a capacity as owner of the shares rather in its capacity as security agent. Citibank is trustee for the holders of senior secured notes issued by Norske Skog and security agent under and as defined in the intercreditor agreement with, amongst others, Norske Skogindustrier ASA.

² In March 2018, Norske Skog initiated a public sales process for its entire issued share capital. Oceanwood was selected as the preferred bidder.



is ultimately controlled by Oceanwood.³ Oceanwood is in turn ultimately owned by Mr. Christopher Gate who is primarily responsible for the investment and re-investment of the assets of the Oceanwood funds.

4. Oceanwood is a European focused alternative investment fund manager incorporated under the laws of the Republic of Malta. Oceanwood manages equity, credit and distressed investments on behalf of a group of alternative investment funds and other investment vehicles.
5. The parties informed the Commission that Oceanwood does not own or control any entities (including portfolio companies) that provide services or products to customers in the State. However, the following two entities owned and/or controlled by Oceanwood are domiciled [in the State] and directly receive income from investments made by Oceanwood [...] in 2017 and 2018:
 - [...] – This is the entity in the Oceanwood Group that receives the direct income (e.g., interest income, dividends, etc.) from the investments of [...]
 - [...] – As of December 31 2017 this entity holds no assets. It was liquidated on 25 October 2017. However, prior to its liquidation, it performed the same function/business activities as [...].
6. The parties informed the Commission that Oceanwood (including, funds managed by Oceanwood, and Oceanwood's controlling shareholder) does not control any undertakings active in the production and supply of publication paper.
7. For the financial year ending 31 December 2017, Oceanwood's worldwide turnover was approximately [...], of which approximately [...] was generated in the State.

The Target – Norske Skog AS

8. Norske Skog, a wholly owned subsidiary of Norske Skogindustrier ASA,⁴ is a producer and supplier of publication paper for the newsprint, magazine and directory sectors. Norske Skog has seven paper mills in five countries throughout Europe (in Norway,

³ NS Norway is an indirectly wholly owned subsidiary of Oceanwood Special Situations Malta Limited, which is in turn managed by Oceanwood.

⁴ Norske Skogindustrier ASA, previously listed on the Oslo Stock Exchange, commenced bankruptcy proceedings in December 2017.



Austria and France) and Australasia (Australia and New Zealand). Its newsprint and magazine publication paper is sold globally.

9. In the State, Norske Skog sells publication paper through Norske Skog (UK) Ltd. Norske Skog (UK) Ltd is responsible for sales, technical support and administration of publication papers within the United Kingdom and the State. The main customers of Norske Skog in the State are publishers.
10. For the financial year ending 31 December 2017, Norske Skog's worldwide turnover was approximately €1.2 billion, of which approximately €5.9 million was generated in the State.

Rationale for the Proposed Transaction

11. The notification states:

“Oceanwood participated in the public sales process to acquire the entire issued share capital of Norske Skog. The Transaction will ensure that Norske Skog has a strong new owner backed by entities that have access to substantial financial resources and that have already demonstrated a strong commitment to the continued operation of Norske Skog.

Accordingly, the commercial rationale for the Proposed Transaction is, in effect, to maintain the continued operations of Norske Skog and its subsidiaries by substantially reducing its debt burden to a sustainable level.”

Third Party Submissions

12. No submission was received.

Competitive Analysis

Horizontal Overlap

13. There is no horizontal overlap in the activities of the parties in the State. As described above, Norske Skog is a producer and supplier of publication paper. None of the entities owned and/or controlled by Oceanwood⁵, which generated turnover in the State in

⁵ Including funds managed by Oceanwood, and Oceanwood's controlling shareholder.



2017, are engaged in the same business activities as Norske Skog, i.e., the production and supply of publication paper in the State.

14. In light of the above, the Commission considers that the Proposed Transaction does not raise any horizontal competition concerns in the State.

Vertical Relationship

15. The parties informed the Commission that there is no vertical relationship between Norske Skog and any of the entities managed and/or controlled by Oceanwood⁶, which generated turnover in the State. The Commission has not identified any vertical relationship between the parties. Therefore, the Proposed Transaction does not raise any vertical competition concerns in the State.

Conclusion

16. 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

17. No ancillary restraints were notified.

⁶ Including funds managed by Oceanwood, and Oceanwood's controlling shareholder.



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 Oceanwood Capital Management Limited, through its wholly controlled subsidiary NS Norway Holding AS, would acquire sole control of Norske Skog AS, 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