



## **DETERMINATION OF MERGER NOTIFICATION M/08/020- IAWS/HIESTAND**

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### **Section 21 of the Competition Act 2002**

#### **Proposed acquisition of sole control by IAWS Group plc of Hiestand Holding AG**

**Dated 01/08/08**

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#### **Introduction**

1. On 4 July 2008 the Competition Authority (the "Authority"), in accordance with section 18(1)(a) of the Competition Act, 2002 ("the Act") was notified, on a mandatory basis, of the proposed acquisition of control by IAWS Group plc ("IAWS") of Hiestand Holding AG ("Hiestand").
2. IAWS current holds a non-controlling shareholding in Hiestand of approximately 32 per cent. As a result of the proposed transaction, IAWS will acquire a further stake of approximately 32 per cent of Hiestand's shares from Lion Capital ("Lion"), a UK-based private equity group. Therefore, at the completion of the proposed transaction IAWS will have acquired 64 per cent of the share capital in Hiestand giving it sole control over Hiestand.

#### **The Undertakings Involved**

##### ***The Acquirer***

3. IAWS is an Irish registered public limited company and is listed on the Dublin and London Stock Exchanges. It has diverse shareholders and is not under the control of any undertaking(s) or individual(s). IAWS is an international lifestyle food and agri-nutrition company with operations in Europe and North America. IAWS has "Food Europe" business segment and "Food North America" business segment.
4. In the State, IAWS is active in the lifestyle food sector (bakery products and convenience food) and the agri-nutrition sector (through Origin Enterprises plc).
5. In the lifestyle food sector (bakery products and convenience food), IAWS is active in the State through the following brands (which form part of IAWS' "Food Europe" business segment):
  - (i) Cuisine de France, a supplier of freshly baked breads, pastries and baked confectionery to convenience stores, supermarkets and garage forecourt outlets;
  - (ii) Carroll Cuisine, a supplier of chilled hams, sandwich fillings, ready meals and speciality products to both the foodservice and retail channels; and,

- (iii) Pierre's, a supplier of hot food solutions to the retail and foodservice channels.
- 6. In the agri-nutrition sector, IAWS is active in the State through Origin Enterprises plc, a company which has ambient food and cereal milling businesses in the State.
- 7. IAWS' worldwide turnover for the financial year ended 31 July 2007 was approximately €2,050 million. IAWS' turnover in the State for the financial year ended 31 July 2007 was [...].

### **The Target**

- 8. Hiestand is a company listed on the SWX Swiss Exchange. IAWS and Lion currently each have a 32 per cent non-controlling stake in Hiestand. The remainder of the shares in Hiestand are held by diverse shareholders. Hiestand is not under the control of any undertaking(s) or individual(s).
- 9. Hiestand is active in the production and distribution of deep-frozen and convenience bakery products, with subsidiaries in Switzerland, Germany, Austria, Poland, Malaysia, Japan and Turkey, and sales in numerous other countries worldwide.
- 10. Hiestand's product offering includes bread rolls, sweet pastry, bread loaves, savoury snacks, croissants and pretzels, which are mainly sold to convenience stores, petrol stations, bakeries, retail stores and the foodservices sector (hotels, restaurants, coffee shops, etc).
- 11. In the State, Hiestand's sole activity is the supply of a range of frozen bakery products to IAWS which IAWS distributes to the in-store bakery sector as part of its Cuisine de France range. Hiestand has no other customer in the State.
- 12. Hiestand's worldwide turnover for the financial year ended 31 December 2007 was CHF 740,627,000 (€450.86 million<sup>1</sup>). Hiestand's turnover in the State for the financial year ended 31 December 2007 was approximately [...]. This entire turnover was achieved through the sale of Hiestand products to IAWS.

### **Analysis**

- 13. There is no horizontal overlap between the parties in the State. Although both IAWS and Hiestand are active in the supply of frozen bakery products in the State, all of Hiestand's sales are to IAWS.
- 14. There is a vertical overlap between the parties in the State since Hiestand supplies IAWS with a range of frozen bakery products which IAWS distributes to the in-store bakery and food services sectors as part of the Cuisine de France range. However, this vertical overlap does not raise competition concerns in the State since the entirety of Hiestand's sales in the State are made to IAWS. Furthermore, IAWS competitors in the supply of frozen bakery products in the State include Country Kitchen, Complete Cuisine, Stafford's Bakery, Lynas Brozen and Express Cuisine.

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<sup>1</sup> Calculated on the basis of the ECB's average conversion rate for 2007 of €1 = CHF1.6427.

**Determination**

The Authority, in accordance with section 21(2)(a) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed acquisition

**For the Competition Authority**

Dr. Paul K. Gorecki  
Member of the Competition Authority