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PUBLIC VERSION

In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EC) No 139/2004 concerning non-disclosure of business secrets and other confidential information. The omissions are shown thus […]. Where possible the information omitted has been replaced by ranges of figures or a general description.

To the notifying party

Subject: **Case M.9500 — Lindsay Goldberg Group / Bilcare Research Swiss Holding I and II.**
Commission decision pursuant to Article 6(1)(b) of Council Regulation No 139/2004[1] and Article 57 of the Agreement on the European Economic Area[2]

Dear Sir or Madam,

(1) On 20 September 2019, the European Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EC) No 139/2004[3] by which the undertaking Lindsay & Co. LLC (USA) which belongs to Lindsay Goldberg group ('Lindsay Goldberg', USA) acquires within the meaning of Article 3(1)(b) of the Merger Regulation sole control of Bilcare Research Swiss I AG and Bilcare Research Swiss II AG (together with their subsidiaries 'Bilcare Research Group', Switzerland) by way of purchase of shares ('the Transaction'). Lindsay Goldberg and Bilcare Research Group will be hereinafter referred as 'the Parties'.

1 OJ L 24, 29.1.2004, p. 1 (the "Merger Regulation"). With effect from 1 December 2009, the Treaty on the Functioning of the European Union ("TFEU") has introduced certain changes, such as the replacement of "Community" by "Union" and "common market" by "internal market". The terminology of the TFEU will be used throughout this decision.

2 OJ L 1, 3.1.1994, p. 3 (the "EEA Agreement").

3 OJ L 24, 29.1.2004, p. 1 (the "Merger Regulation").

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1. THE PARTIES

(2) Lindsay Goldberg indirectly manages different funds that hold equity investments in operating portfolio companies. These portfolio companies are active in various industry sectors, namely in the fields of skilled nursing facility financing, women's healthcare practice platform, asphalt production, fans, asset management services, liquid storage, containerboard, pulp and paper products, pharmaceutical products, health centres, packaging, shipping containers, steel, metals, and alloys.

(3) Bilcare Research Group is a global manufacturer and supplier of technical plastic films that are used for the production of flexible packaging as well as for non-packaging applications. Bilcare Research Group is a 100% subsidiary of Bilcare Ltd (India), which also owns activities in Global Clinical Supplies and non-Clonable ID Technologies, […].

2. THE OPERATION

(4) Pursuant to the Share Purchase Agreement dated 10 July 2019, Lindsay Goldberg will purchase 100% of the shares in the companies that comprise Bilcare Research Group. Following the implementation of the Proposed Transaction, Lindsay Goldberg will thus hold 100% of the shares in the entities forming Bilcare Research Group. The Proposed Transaction is therefore a concentration pursuant to Article 3(1)(b) of the Merger Regulation.

3. EU DIMENSION

(5) The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 2,500 million (Lindsay Goldberg: EUR […] million, Bilcare Research Group EUR […] million). Each of them has an EU-wide turnover in excess of EUR 100 million (Lindsay Goldberg: EUR […] million, Bilcare Research Group EUR […] million). In […] and […], Lindsay Goldberg and Bilcare Research Group have a combined turnover in excess of EUR 100 million and an individual turnover in excess of EUR 25 million. None of the undertakings concerned achieve more of 2/3 of their EU turnover in one Member State. The notified operation therefore has an EU dimension pursuant to Article 1(3) of the Merger Regulation.

4. COMPETITIVE ASSESSMENT

(6) Bilcare Research Group is organized around three business units:

- Pharma Packaging Innovations (‘PPI’) supplies the pharmaceutical industry and offers a range of products from low to ultra-high-barrier films and related packaging optimisation and research services. The main area of application are barrier films and foils for pharmaceutical blister packs.

- Specialty Film Solutions (‘SFS’) supplies films for shrink sleeves labels mainly used for the labelling of beverage bottles and other consumer products as well as PVC films used in end applications like printing and graphics.

- Card Solutions ('Cards') supplies PVC films and overlays for banking cards and other gift and loyalty cards applications.

(7) Lindsay Goldberg's portfolio company Schur Flexibles ('Schur Flexibles', Austria) sells very limited amounts of shrink films for labelling of bottles and some technical and specialty films, activities which overlap horizontally with the SFS business of Bilcare Research Group.[4] Schur is active also in the sourcing and trading of input materials for the production of flexible packaging products, notably PE resins, PP resins, additives (fillers, lubricants, antiblocking agents) and colour batches. Bilcare Research Group purchases some of these products for manufacturing blister base for packaging applications in its PPI business and technical and specialty films for non-packaging applications in its SFS and Cards businesses. There is therefore a potential vertical link between Schur and Bilcare Research Group.

4.1. Product and geographic markets

4.1.1. Blister base

(8) Within plastic flexible packaging for pharmaceuticals, the Commission considered in previous cases a further sub-segmentation between blister packaging (used primarily for solid tablets) and laminated sachets (used for e.g. medicines in powder form).[5] The Commission also considered that blister materials[6] can potentially be further split into (i) blister lidding and (ii) blister base, with a further sub-division of the latter into (a) cold-form and (b) plastic-based blister bases.[7] This segmentation remains valid in the present case.

(9) In previous cases, the Commission has consistently considered the geographic scope of the flexible packaging market, including blister base, to be at least EEA-wide.[8] In the present case, these conclusions remain applicable.

4.1.2. Technical and Specialty films and Shrink films

(10) With regard to technical and specialty films for non-packaging applications, the Commission noted in previous cases that the market should be segmented based on groups of end-applications,[9] but left it open whether shrink films could be considered a separate sub-segment of technical and specialty films.[10] Shrink films are made of polymer films, which shrink when heated to the shape of the surface of the products they are applied to. Technical and specialty films are mainly single-layer foils for non-packaging industrial purposes.[11]

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4 Both Parties are also active in pharmaceutical packaging but they sell different products which are complementary and not overlapping. Schur provides laminated sachets, predominantly for transdermal drug delivery systems (e.g. nicotin patches). Bilcare Research Group sells blister base exclusively from polyvinyl chloride (PVC).

5 Case COMP/M.5599-Amcor/Alcan, paragraph 30.

6 The primary component of blister packaging is a cavity or pocket made from a formable web, usually a thermoformed plastic. This is the blister base. The blister base has a backing of paperboard or a seal of aluminium foil, the blister lidding.

7 Case COMP/M.6681 - Strategic Value Partners/Klöckner Holdings, para. 13.

8 Case COMP/M.6681 - Strategic Value Partners/Klöckner Holdings, para. 14.

9 Case COMP/M.6681 - Strategic Value Partners/Klöckner Holdings, para. 23.

10 Case COMP/M.6681 - Strategic Value Partners/Klöckner Holdings, para. 27.

11 Case COMP/M.3946 - Renolit/Solvay, para. 15.

(11) In light of the decisional practice and based on Bilcare Research Group's internal segmentation, the parties submit that the market for technical and specialty films could be further segmented into (i) shrink films for labelling, (ii) printing (for maps, posters etc), (iii) cards (covering credit cards), (iv) decorative films (for furniture, doors and windows) and (v) stationary. The precise market definition can be left open because the Transaction would only lead to a minimal share increment even on the basis of this narrow segmentation.

(12) The geographic scope of the markets for films was considered to be at least EEA-wide and for certain end-use applications even global.[12] This geographic market definition remains valid in the present case.

4.1.3. Raw materials for plastic packaging products and plastic films

(13) The potential supply relationship between Schur Flexibles and Bilcare Research Group relates to the following input materials: semi-finished PE films, additives (fillers, lubricants, antiblocking agents) and color batches.

(14) Based on previous decisional practice of the Commission, there appears to be no overall product market comprising all raw materials used for plastic packaging products and plastic films.[13] Rather, the Commission considered basic and intermediate chemicals based on the individual raw material/chemical/compound. The geographic market has been considered at least EEA-wide.[14] These market definitions remain valid in the present case.

4.2. Competitive assessment

4.2.1. Horizontal overlaps

(15) The Notifying Party estimates the total demand for technical and specialty films in the EEA (including shrink films for labelling) at approximately EUR […] million in 2018. In 2018, Bilcare Research Group generated sales of roughly EUR […] million with technical and specialty films in the EEA (estimated market share of [20-30]%). As regards a potential sub-segment of shrink films, the total demand in the EEA is estimated at EUR […] million. With sales of approximately EUR […] million, Bilcare Research Group's share in this potential sub-segment is estimated at [20-30]% in the EEA.

(16) Schur generates minimal sales of less than EUR […] million per year with the sale of shrink films for the labelling of bottles (EUR […] in 2018). These sales result in an estimated market share of [0-5]% in technical and specialty films overall and approximately [0-5]% in shrink films, in the EEA. Accordingly, the increment ('delta') of the Herfindahl-Hirschman Index resulting from the Proposed Transaction would be below 150 ([…] in the technical and specialty films segment and […] in a potential sub-segment for shrink films).

(17) A narrower segmentation of the technical and specialty films by application would not bring different results. Although the market share of Bilcare Research Group is

12 Case COMP/M.3946 - Renolit/Solvay, para. 33.

13 Case IV/M.1163 - Borealis/IPIC/OMV/PCD, para. 14. Cf. as well Case COMP/M.8015 - Synthos/Ineos Styrenics, para. 17; COMP/M.6093 - BASF/Ineos/Styrene/JV, para. 18.

14 Case COMP/M.4737 - Sabic/GE Plastic, para. 22.

higher in some applications ([40-50]% in printing and [50-60]% in stationery), the increment brought by Schur Flexibles in these two areas is below [0-5]% (less than EUR […] of sales in each of the applications).

(18) Accordingly, the horizontal overlaps caused by the Transaction appear to be minimal. No market participant has submitted that the increment brought about by Schur Flexibles would be higher. Therefore, the Transaction does not raise serious doubts in relation to horizontal overlaps in technical and specialty films.

4.2.2. Vertical links

(19) Schur Flexibles sells raw materials for the production of plastic flexible packaging to third parties. Schur Flexibles is active in the resale / trading of some of the raw materials sourced by Bilcare Research Group, i.e. fillers, lubricants, antiblocking agents and colour batches. Currently, Schur does not sell these products to Bilcare Research Group. There is however a potential vertical link between Schur Flexibles which is active upstream and Bilcare Research Group, which is active downstream.

(20) As regards input foreclosure, for all of these products, Schur Flexibles achieves […] in the EEA: less than EUR […] as regards fillers and less than EUR […] in relation to lubricants, antiblocking agents and colour batches. Accordingly, the EEA market share of Schur in each of these markets is less than [0-5]%, which excludes any risk of input foreclosure.

(21) As regards customer foreclosure, Bilcare Research Group could use some of these products in its production, namely semi-finished PE films, fillers, lubricants, antiblocking agents or colour batches. The only potential sub-segments in which Bilcare Research Group reaches or exceeds a market share of 30% in the EEA as a downstream supplier are plastic-based blister bases ([30-40]%), technical and specialty films for printing ([40-50]%), technical and specialty films for cards ([30-40]%) and technical and specialty films for stationary ([40-50]%). These downstream markets are therefore technically affected but do not appear to raise customer foreclosure issues for the following reasons.

(22) In its last completed financial year 2019, between 1 April 2018 and 31 March 2019, Bilcare Research Group sourced fillers for a value of EUR […], lubricants for a value of EUR […], antiblocking agents for a value of EUR […] and colour batches for a value of EUR […].

(23) These numbers show that Bilcare Research Group's consumption of fillers, lubricants, antiblocking agents and colour batches is always significantly higher than Schur Flexibles’s sales of these products. Accordingly, even if Bilcare Research Group would start sourcing all fillers, lubricants, antiblocking agents and colour batches from Schur post-closing (which it currently does not), this could not possibly lead to any customer foreclosure as Bilcare Research Group would still have to source from several other suppliers, as it currently does, to fulfil its demand. There is therefore no risk of customer foreclosure.

(24) No market participant has expressed concerns in relation to input or customer foreclosure. Accordingly, the Transaction does not raise serious doubts regarding vertical links between fillers, lubricants, antiblocking agents and colour batches on the one hand, blister bases and technical and specialty films on the other hand.

5. CONCLUSION

(25) For the above reasons, the European Commission has decided not to oppose the notified operation and to declare it compatible with the internal market and with the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of the Merger Regulation and Article 57 of the EEA Agreement.

For the Commission

(Signed)
Margrethe VESTAGER
Member of the Commission