



**ΚΥΠΡΙΑΚΗ
ΔΗΜΟΚΡΑΤΙΑ**



**ΕΠΙΤΡΟΠΗ ΠΡΟΣΤΑΣΙΑΣ
ΤΟΥ ΑΝΤΑΓΩΝΙΣΜΟΥ**

Decision CPC: 70/2021

Case Number: 08.05.001.021.058

THE CONTROL OF CONCENTRATIONS BETWEEN ENTERPRISES LAW

No. 83(I)/2014

Notification of a concentration concerning the acquisition of the share capital of ABC FARMACEUTICI S.p.A. by Advent International Corporation, through AI ICE & CY S.C.A.

Commission for the Protection of Competition:

Mrs. Loukia Christodoulou	Chairperson
Mr. Andreas Karydis	Member
Mr. Panayiotis Ousta	Member
Mr. Aristos Aristeidou Palouzas	Member
Mr. Polynikis-Panagiotis Charalambides	Member

Date of Decision: 20th of December 2021

SUMMARY OF THE DECISION

On 20/10/2021, the Commission for the Protection of Competition (hereinafter the “Commission”) received on behalf of Advent International Corporation (hereinafter the “Advent”), a notification of a proposed concentration. The notification was filed according to Section 10 of the Control of Concentrations between Enterprises Law 83(I)/14 (hereinafter the “Law”).

The notification concerns a concentration, according to which, Advent, will acquire the share capital of ABC FARMACEUTICI S.p.A. (hereinafter the “ABC” or the “Target”), through AI ICE & CY S.C.A.

The participating parties of the transaction are the following:

- Advent is a private equity investment company based in Boston, of the United States of America. It focuses on managing investment funds and acquiring equity stakes in companies in a variety of sectors, including operations and financial services, industrial products and services, retail operations, branded consumer products and leisure services, media, telecommunications and information technology, health services and pharmaceutical products.
- AI ICE & Cy S.C.A. (hereinafter “Luxco”) is a parent company duly registered under the laws of the Grand Duchy of Luxembourg. It is owned by ICE S.p.A., which is ultimately controlled by certain funds managed by Advent. Luxco is a special purpose vehicle, with no prior activities, which has been formed to act as an acquisition company for the purposes of the proposed merger.
- ICE S.p.A. (hereinafter “ICE”) is a company duly registered in accordance with the laws of Italy. It is the parent company of the ICE group. ICE Group was founded in 1949 for the production of cholic acid and bile acids derivatives.

ICE is mainly engaged in the production of Active Pharmaceutical Ingredients (hereinafter “API”) and the sale of them to pharmaceutical companies. Particularly, it is active in the production and sale of Ursodeoxycholic Acid (“UDCA”), which is an API used for the treatment of liver-related pathologies and for post-surgical rehabilitation. It is active in the entire value chain, i.e. the collection of the raw material “bile” from animals (mainly from oxen), the manufacture of the intermediate Cholic Acid (CA) and the production of the API Ursodeoxycholic Acid.

ICE is also active in the production and sale of other cholic acids, derivatives, by-products to pharmaceutical companies, including APIs.

The company’s activities also include the collection and sale of hooves and horns, which are ground and used mainly as fertilizers.

- ABC Farmaceutici S.p.A. is a limited liability company duly registered under the laws of Italy. Through its subsidiaries, it is active in the production, research and development, trade and sale of pharmaceutical products and active ingredients. It follows the entire supply chain of a medicine, from the active ingredient to the manufacture of the final product, to its promotion and sale.

The ABC group also includes the brand “Istituto Dermatologico Italiano” (“IDM”), which offers a wide range of dermo-cosmetic products sold exclusively in pharmacies.

According to the notification, ABC is a leading integrated pharmaceutical group, which also has a contract development and manufacturing organization division (“CDMO”).

ABC’s sole shareholder is Istituto Biologico Chemioterapico S.r.l. (hereinafter “IBC”), which is a limited liability company duly registered under the laws of Italy. It is a holding company which has no business activities apart from holding shares in other companies (ie ABC and a very small real estate company which owns a property in Italy).

ABC has the following production factories: (a) a factory in Trecate (Novara) called “Unibios”, which focuses on the production of two APIs: Inosine Pranobex and Doxofylline, and (b) a factory in San Bernardo d’Ivrea (Turin), which focuses on the manufacture of solid and liquid Final Dose Pharmaceutical Products (FDP).

This concentration is based on the Framework Agreement (hereinafter the “Agreement”) dated 13/08/2021, between AI ICE & Cy S.C.A. (Luxco) (Buyer) and A G (hereinafter “AG”) (Seller).

Upon completion of the proposed merger, the share capital of Luxco will be held 99% by Advent and 1% by IBC/PFG which, through the sale and contribution of ABC to Advent, will acquire the said share in the share capital capital of Luxco and will therefore constitute a minority shareholder. It is noted that the said share of IBC/PFG in Luxco will not give it veto rights or any other rights related to transfers or rights to information, nor any rights to appoint advisers to the boards of directors of AI ICE & Cy SCA, AI ICE Subco, AI ICE, ICE or ABC.

The Commission, taking into account the facts of the concentration, has concluded that this transaction constitutes a concentration within the meaning of section 6 (1)(a)(ii) of the Law, since Advent will acquire the sole control of the Target.

Furthermore, based on the information contained in the notification, the Commission found that the criteria set by section 3 (2) (a) of the Law were satisfied and therefore the notified concentration is of major importance falling within the scope of the Law.

The relevant product/services and geographic market in this case was defined as the market of the Finished Dose Pharmaceuticals (FDP) in the territory of the Republic of Cyprus.

There is no a horizontal overlap between the activities of the participating enterprises.

However, there is vertical relation between the participating enterprises since ABC procures almost all of its bile-based API requirements from ICE. Despite this, this vertical relationship is created outside of Cyprus. As a result, the Commission concluded that there is no vertical relationship between of the participants in the concentration of businesses in Cyprus, since the activity of the Purchaser in relation to the active pharmaceutical ingredients (API) is carried out outside Cyprus, and the supply of the Target Company in active pharmaceutical ingredients by the Purchaser is correspondingly carried out outside Cyprus.

Taking into account the above, the Commission concludes that in this concentration no affected market is created based on Annex I of the Law. In addition, there are no other markets in which the notified concentration may have a significant impact.

The Commission, on the basis of the factual and legal circumstances, unanimously decided that this concentration does not create or strengthen a dominant position as there is no affected market and therefore the concentration does not raise serious doubts as to its compatibility with the operation of the competition in the market.

Therefore, the Commission, acting in accordance with section 22 of the Law, unanimously decided not to oppose the notified concentration and declare it as being compatible with the operation of the competition in the market.

Loukia Christodoulou
Chairperson of the
Commission for the Protection of Competition