



Decision CPC: 16/2022

Case Number: 08.05.001.022.006

THE CONTROL OF CONCENTRATIONS BETWEEN ENTERPRISES LAW

No. 83(I)/2014

Notification of a concentration concerning the acquisition of the share capital of Flex Acquisition Holdings, Inc. by Apollo Management L.P., via Clydesdale Acquisition Holdings, Inc.

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: 24th of March 2022

SUMMARY OF THE DECISION

On 18/02/2022, the Commission for the Protection of Competition (hereinafter the “Commission”) received on behalf of Apollo Management L.P. (hereinafter the “Apollo”), 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, Apollo intends to acquire the share capital of Flex Acquisition Holdings, Inc. (hereinafter the “Target”), via Clydesdale Acquisition Holdings, Inc..

The participating parties are the following:

- Apollo Management L.P. is a limited liability partnership, duly registered under the laws of the State of Delaware, of the United States of America. It is an investment advisor and it is controlled by Apollo Global Management, Inc. (AGM, and together with its subsidiaries, Apollo). Investment funds managed by affiliates of Apollo (Apollo Funds) invest in companies and debt issued by companies which are active in various businesses worldwide, such as investments in education businesses, hospital businesses, security businesses, insurance businesses and financial services businesses and real estate businesses. AGM shares are listed on the New York Stock Exchange.
- Clydesdale Acquisition Holdings, Inc. is a company duly registered under the laws of the State of Delaware, of the United States of America. It is controlled by affiliates of Apollo Management, L.P..
- Flex Acquisition Holdings, Inc. is a company duly registered under the laws of the State of Delaware, of the United States of America. It is the parent company of Novolex Holdings, LLC, which develops and manufactures a variety of packaging products and solutions made from fiber and other renewable and bio-based materials, recycled content and resin, such as food packaging (food service), delivery and transportation, food processing and industrial products. Many of its products are also recyclable or compostable.

This concentration is based on the Share Purchase Agreement (hereinafter the “Agreement”) dated 11/02/2022. As stated in the Agreement, Apollo intends to acquire the share capital of the Target, via Clydesdale Acquisition Holdings, Inc..

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 it leads to a permanent change of control of the Target Company.

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 was of major importance falling within the scope of the Law.

The relevant product/services market in this case was defined as the market of the supply of food packaging. In addition, the Commission concluded that the

geographical market is defined, for the relevant market under reference, as that of the territory of the Republic of Cyprus.

According to the data of the notification, only the Target Company is active in the relevant market of the supply of food packaging in Cyprus, while none of Apollo's portfolio companies is active in the wider market for the supply and manufacture of food packaging. Therefore, there is no horizontal overlap between the buyer and the Target.

Regarding the vertical relationship, according to the data of the notification Reno De Medici S.p.A. ("RDM"), which is one of Apollo's portfolio companies, acquired in 2021 and is a supplier of a range of products, including coated recycled paperboard (Liner-GD/GT). It is also a manufacturer of recycled fiberboard for the packaging industry. RDM generally supplies raw materials (flat coated recycled board or white sheet) to paper converters. Paper converters cut and glue RDM's raw materials to manufacture boxes and containers for end customers operating in various industries. Novolex is a packaging and food services company, not a paper converter, as RDM's main customers are. Therefore, there is no actual or potential supplier/customer relationship between RDM and the Target.

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 effect.

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