



ΚΥΠΡΙΑΚΗ ΔΗΜΟΚΡΑΤΙΑ



ΕΠΙΤΡΟΠΗ ΠΡΟΣΤΑΣΙΑΣ
ΤΟΥ ΑΝΤΑΓΩΝΙΣΜΟΥ

Decision CPC: 34/2021

Case Number: 08.05.001.021.021

**THE CONTROL OF CONCENTRATIONS BETWEEN ENTERPRISES LAW
No. 83(I)/2014**

**Notification of a concentration regarding the acquisition of part of the share
capital of BC Butterfly Cosmetics Ltd by C.A.Papaellinas Ltd**

Commission for the Protection of Competition:

Mrs. Loukia Christodoulou	Chairperson
Mr. Andreas Karidis,	Member
Mr. Panayiotis Oustas,	Member
Mr. Aristos Aristidou Palouzas,	Member
Mr Polinikis Panayiotis Charalambides	Member

Date of decision: 10 June 2021

SUMMARY OF THE DECISION

On the 9th of April 2021, the Commission for the Protection of Competition (hereinafter the “Commission”) received on behalf C.A. Papaellinas Ltd (hereafter “Papaellinas”) 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 the acquisition of the 35% of the share capital of BC Butterfly Cosmetics Ltd (hereafter “Butterfly Cosmetics”) from the HOB House of Beauty Ltd

(hereafter “HOB”). It is noted that Papaellinas already owns 65% of the share capital of Butterfly Cosmetics.

Papaellinas is a company duly registered in accordance with the laws of the Republic of Cyprus. Papaellinas is active in the import, distribution and sale of pharmaceuticals, cosmetics, personal care and beauty products and other consumables. Papaellinas is already a shareholder of Butterfly and with this transaction, it will acquire all of its share capital.

Butterfly Cosmetics is a company duly registered in accordance with the laws of the Republic of Cyprus. Butterfly Cosmetics is active the import and distribution of perfumes, cosmetics, personal care and beauty products and other consumables.

The transaction is based on a Share Purchase Agreement dated 22/03/2021, (hereafter the “Agreement”). According to the agreement, Papaellinas will acquire 35% of the share capital of Butterfly Cosmetics, leading Papaellinas to be the sole holder of the shares of Butterfly Cosmetics.

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 from joint to sole control by Papaellinas.

Furthermore, based on the information contained in the notification, the Commission found that the criteria set by section 3(2)(α) of the Law were satisfied and therefore the notified transaction was of major importance under the Law.

The Commission, for the purposes of evaluating this concentration, defined the relevant product/service market as:

- 1) the wholesale market of luxury cosmetics with the following sub-markets:
 - (a) Make up products
 - (b) Fragrances
 - (c) Face and body care products
- 2) the wholesale market of mass consumption cosmetics with the following sub-markets:

- (a) Make up products
 - (b) Fragrances
 - (c) Face and body care products
- 3) the retail market of luxury cosmetics with the following sub-markets:
- (a) Make up products
 - (b) Fragrances
 - (c) Face and body care products
- 4) the retail market of mass consumption cosmetics with the following sub-markets:
- (a) Make up products
 - (b) Fragrances
 - (c) Face and body care products

For the purposes of the present case, the geographic market was defined as the Republic of Cyprus for all the above relevant products markets.

According to the undertaking concerned, this concentration leads to a horizontal overlap between the activities of Papaellinas and Butterfly Cosmetics (1) in the wholesale market of luxury cosmetics and its sub-markets and (2) in the wholesale market of mass consumption cosmetics and its sub-markets. Based on the facts provided in the notification, the post transaction market share of the wholesale market of mass consumption of fragrances with will be [25-30%]. The rest of the submarkets combined market share is below 15%.

Furthermore, this concentration leads to a vertical relationship and/or a close relationship between the activities of Butterfly Cosmetics and the activities of the companies connected with Papaellinas regarding 1) the wholesale market and 2) the retail sale market of luxury cosmetics and their sub-markets. Taking into consideration that the post transaction market share of the wholesale market of mass consumption of fragrances with will be [25-30%]. In the downstream market of the retail sale of market of mass consumption of fragrances Papaellinas has a market share of [10-15%]. The rest of the submarkets market share is below 25%.

Accordingly, the Commission proceeded to examine the compatibility criteria set out in section 19 of the Law for the above affected markets.

The Commission noted that the transaction concerns the change of control of Butterfly Cosmetics from joint control of HOB and Papaellinas to sole control of Papaellinas. Therefore, the transaction will not affect the market substantially.

The Commission sites Nicholas Levy, European Merger Control Law, A Guide to the Merger Regulation, § 5.08 [1]:

“More typically, however, changes from joint to sole control have not raised concern, in particular where there is “no evidence to suggest that the acquisition of sole control will on itself lead to any discernible change in the competitive conditions on [the] market”. Where the company acquiring sole control has effectively exercised “decisive influence” over the target company and has played a “a predominant role... during the joint venture’s life span”, the acquisition of sole control is unlikely to affect any change over the target company’s conduct, raise any new competition concerns, or have any significant market impact.”

Based on the above, and its decision 54/2017 the Commission concluded that the change of control from joint to sole for Butterfly Cosmetics will not have an impact on the behavior of Papaellinas.

The Commission, on the basis of the factual and legal circumstances, unanimously decided that this concentration does not create or strengthen a dominant position 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