



Determination No. M/04/012 of the Competition Authority, dated 23rd March 2004, under Section 21 of the Competition Act, 2002

Notification No. M/04/012 – Proposal by Glanbia plc and Milk Link Investments Limited to create a joint venture known as Cheese Company Holdings Limited

Introduction

1. On 23rd February 2004 the Competition Authority, in accordance with Section 18 (1) of the Competition Act, 2002 (“the Act”) was notified, on a mandatory basis, of a proposed joint venture to be known as Cheese Company Limited between Glanbia plc and Milk Link Limited. In fact the structure of the transaction is as follows: Milk Link Investments Limited (Milk Link Investments) and Waterford Foods International Limited (“Waterford”), a wholly owned subsidiary of Glanbia plc, would create a joint venture company for the purpose of acquiring from Waterford the entire issued share capital of Glanbia Foods Limited (Glanbia Foods). The joint venture company, to be known as the Cheese Company Limited (CCH) would be owned 75 per cent by Milk Link Investments and 25 per cent by Glanbia. CCH will be the second largest cheese producer in the UK, with strong positions in cheddar, Stilton and British territorial cheeses, supplying the retail, food service and ingredient sectors. It will operate four cheese processing facilities and a consumer packing facility in Great Britain. Milk Link Limited, part of the Milk Link Group will enter into a supply agreement with Glanbia Foods to supply milk to the joint venture.

The Undertakings Involved

2. Glanbia is an international dairy, consumer foods and nutritional products company based primarily in Ireland, the UK and the US and quoted on the Dublin and London stock exchanges. Glanbia is a major international cheese manufacturer.
3. Milk Link Investments is part of the Milk Link Group, which is one of the largest dairy businesses in the UK. Milk Link Limited is owned by 2,400 farmers across the South of England and its processing business includes long life milk, long life and fresh cream, soft cheese and yoghurt.
4. Glanbia Foods is a company incorporated in England and Wales and is Britain’s second largest producer of cheddar, Stilton and British territorial cheeses.

Analysis

5. The target company Glanbia Foods is based in the UK and does not supply customers in Ireland. The transaction involves a structural change whereby the target company will become part of a joint venture which will be 75% owned by a group whose activities are primarily outside the jurisdiction. The creation of CCH will allow the Milk Link Group to move into the cheese production



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business in the UK. Therefore the transaction will not significantly affect competition within the State and does not give rise to competition concerns.

Determination

The Competition Authority, in accordance with Section 21(2) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed acquisition will not be to substantially lessen competition in markets for goods and services in the State and, accordingly, that the acquisition may be put into effect.

For the Competition Authority

Edward Henneberry
Member of the Competition Authority

23rd March 2004