



## DETERMINATION OF MERGER NOTIFICATION M/14/032 - GE / MILESTONE

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### Section 21 of the Competition Act 2002

### Proposed acquisition of Milestone Aviation Group Limited by GE Capital Aviation Funding

Dated 12 December 2014

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#### Introduction

1. On 7 November 2014, in accordance with section 18(1) of the Competition Act 2002, as amended<sup>1</sup> ("the Act"), the Competition and Consumer Protection Commission ("Commission") received a notification of a proposed transaction whereby General Electric Company ("GE"), through its wholly-owned indirect subsidiary GE Capital Aviation Funding ("GECAP"), would acquire all the issued shares in Milestone Aviation Group Limited ("Milestone") and all of its subsidiaries.

#### The Undertakings Involved

##### *The Acquirer – GE*

2. GE is a global, diversified technology and services public company incorporated in the United States. GE is divided into a number of business units, each of which has its own divisions. Its primary business units include: GE Energy Management, GE Power & Water, GE Oil & Gas, GE Healthcare, GE Aviation, GE Transportation, GE Capital and GE Home & Business Solutions.
3. GE is active globally in the following sectors: aircraft engines, consumer products, specialty materials, power systems, industrial systems, medical systems, plastics, broadcasting, financial services and transportation systems.
4. Most of GE's main business segments operate within the State. In particular, GE manufactures wind turbines and healthcare products, carries out much of GE's airplane leasing operations and has its GE Capital European headquarters within the State.
5. For the financial year ending 31 December 2013, GE had a worldwide turnover of €[...] billion and a turnover in the State of €[...] million.<sup>2</sup>

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<sup>1</sup> It should be noted that the Competition and Consumer Protection Act 2014 made a number of important amendments to the merger review regime set out in the Competition Act 2002.

<sup>2</sup> Based on USD \$[...] billion and USD \$[...] million respectively, calculated using the ECB average annual exchange rate, for the period 1 January to 31 December 2013, of €1=\$1.3281.



### **The Target – Milestone**

6. Milestone was founded in 2010 with its corporate headquarters located in Dublin. Milestone's primary activity is to partner with helicopter operators worldwide and to support them by offering lease financing services which in turn allows these operators to provide helicopter services for a number of uses, notably for offshore oil and gas mining, search and rescue, emergency medical services, police surveillance, mining and other utility missions.
7. For the financial year ending 31 December 2013, Milestone's worldwide turnover was approximately €[...] million, €[...] million of which was generated in the State.<sup>3</sup>

### **Rationale for the Proposed Acquisition**

8. The parties state in the notification:

“From GE's perspective, the rationale for the Proposed Transaction is that helicopter activities are a natural adjacency to the existing fixed-wing aircraft leasing and financing activities of its GE Capital Aviation Services (“GECAS”) division.”

### **Third Party Submissions**

9. No submission was received.

### **Competitive Analysis**

10. The Commission defines markets to the extent necessary depending on the particular circumstances of a given case. In this instance, it is not necessary for the Commission to define precise relevant markets. However, for the purpose of its analysis of the competitive effects of the transaction, the Commission has examined the impact of the transaction on the market for the financing/leasing of helicopters on a wider than national geographic market.
11. There is a horizontal overlap between the parties in the market for the financing/leasing of helicopters. Milestone owns approximately [...] helicopters which it leases to its customers worldwide. GE, through GECAS, provided loan financing for [...] helicopters in 2014. Additionally GE Capital currently provides financing arrangements (loans) for [...] helicopters. The extent of this overlap can be considered minimal given that there is a global fleet of approximately 17,000 civilian helicopters.
12. Furthermore, there are a number of large and sophisticated competitors to the parties for the financing of helicopters (these include Waypoint, LCI, Macquarie, AMUR HFS, Lobo Leasing, CIT, Societe Generale, RBS, BNP Paribas, Lloyds, CIC, BAML, Barclays, Citi Bank, Deutsche Bank, ICBC, US Bank and Element) and for the leasing of helicopters (these include current helicopter fleet operators such as Bristow, Bond, Blueway and CHC).

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<sup>3</sup> Based on USD \$[...] million and USD \$[...] million calculated using the ECB average annual exchange rate, for the period 1 January to 31 December 2013, of €1=\$1.3281.



13. For these reasons the Commission considers that the proposed transaction will not substantially lessen competition in any market for goods or services in the State.

#### **Ancillary Restraints**

14. The parties have entered into an agreement which includes a [...] year non-competition clause and a [...] year non-solicitation [...].
15. The Commission considers that these restrictions are directly related and necessary to the implementation of the proposed transaction.



## **DETERMINATION**

The Commission, in accordance with section 21(2)(a) of the Competition Act 2002, has determined that, in its opinion, the result of the proposed acquisition whereby General Electric Company, through its wholly-owned indirect subsidiary GE Capital Aviation Funding, would acquire all the issued shares in Milestone Aviation Group Limited and all of its subsidiaries will not be to substantially lessen competition in any market for goods or services in the State, and, accordingly, that the acquisition may be put into effect.

For the Commission

Gerald FitzGerald  
Member  
Competition and Consumer Protection Commission