



DETERMINATION OF MERGER NOTIFICATION M/15/022 - PADDY POWER/HACKETTS

Section 21 of the Competition Act 2002

Proposed acquisition by Paddy Power plc of six licensed betting offices from Davidson Unlimited trading as Hacketts Bookmakers

Dated 4 June 2015

Introduction

1. On 1 May 2015, in accordance with section 18(1) of the Competition Act 2002, as amended¹ (“the Act”), the Competition and Consumer Protection Commission (the “Commission”) received a notification of a proposed transaction whereby Paddy Power plc (“Paddy Power”) would acquire sole control of six licensed betting offices (“LBOs”) (the “Target Assets”) from Davidson Unlimited trading as Hacketts Bookmakers (“Hacketts”).

The Undertakings Involved

Paddy Power

2. Paddy Power is a public limited company incorporated and domiciled in the State and listed on the Irish and London stock exchanges. Paddy Power is an international multi-channel betting and gaming company that offers betting, casino games, poker and bingo to consumers in regulated jurisdictions through the internet, by telephone and in 566 LBOs located in the United Kingdom and in the State. Paddy Power provides online interactive betting services through the websites paddypower.com, paddypower.it, sportsbet.com.au and iasbet.com.au. Paddy Power owns and operates 245 LBOs in the State. Paddy Power also provides business-to-consumer services (principally in the United Kingdom, the State, Australia and Italy) and business-to-business services to the Paris Mutuel Urbain (the state-controlled betting provider) in France, the British Columbia Lottery Corporation in Canada, and a private operator Nike in Slovakia.
3. For the financial year ending 31 December 2013, Paddy Power’s worldwide turnover was €6.18 billion, of which €[...] was generated within the State.

The Vendor - Hacketts

4. Hacketts owns and operates 30 LBOs in the State (Hacketts will continue to operate LBOs at various locations throughout the State post transaction). Hacketts provides

¹ 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.



online interactive betting services through its affiliate website BetPack.com. Hacketts informed the Commission that it does not provide a telephone betting service to its customers.

The Target Assets

5. The Target Assets comprise six LBOs located in Cloghran, Sandymount and Artane in Co. Dublin; Skibbereen and Buttevant in Co. Cork; and, Nenagh in Co. Tipperary. Paddy Power will not acquire the online betting services of Hacketts as part of the proposed transaction.²
6. For the financial year ending 31 December 2014, the Target Assets' worldwide turnover was €[...], all of which was generated in the State.

Rationale for the Proposed Transaction

7. The parties state in the notification:

“The Target’s locations have been development targets of Paddy Power for some time. The purpose of the transaction is to enable the consolidation of Hacketts’ business. Hacketts are restructuring their business and focusing on a smaller operation in terms of scale.”

Third Party Submissions

8. No submission was received.

Competitive Analysis

9. There is no vertical relationship between Paddy Power and Hacketts in the island of Ireland. There is, however, a horizontal overlap between the parties with respect to the provision of betting services in the State. Both Paddy Power and Hacketts provide betting services, both online and in LBOs, in the State.
10. The narrowest product market affected by the proposed transaction is the provision of betting services in LBOs. The Commission, however, does not need to come to a definitive view on the precise relevant product market since its conclusion on the competitive impact of the proposed transaction will be unaffected whether the precise relevant product market is narrow (e.g., the provision of betting services in LBOs) or broader to encompass the provision of betting services online or over the telephone.
11. Similarly, the Commission does not need to come to a definitive view on the precise relevant geographic market since its conclusion on the competitive impact of the proposed transaction will be unaffected whether the precise relevant geographic market is local, regional, or national. However, in order to determine whether the proposed transaction might result in a substantial lessening of competition, the Commission analysed its impact by reference to the narrowest possible relevant product and geographic markets (being the market for the provision of betting services

² Online customers of Hacketts will be able to use Hacketts' affiliate website BetPack.com post-transaction.



in LBOs in the areas in which each of the Target Assets is located). The results of the analysis are set out in paragraphs 13 to 19 below.

12. As already mentioned, the proposed transaction involves the acquisition by Paddy Power of six of Hacketts' LBOs located in Cloghran, Sandymount and Artane in Co. Dublin; Skibbereen and Buttevant in Co. Cork; and, Nenagh in Co. Tipperary.

Cloghran

13. There is one LBO currently active in Cloghran which is owned and operated by Hacketts. Paddy Power does not own or operate a LBO in Cloghran. Within a radius of 1.5km of the Hacketts LBO in Cloghran, there are no other LBOs currently active. The nearest Paddy Power LBO to Cloghran is located in Swords, a distance of approximately 2.8km.

Sandymount

14. There is one LBO currently active in Sandymount which is owned and operated by Hacketts. Paddy Power does not own or operate a LBO in Sandymount. Within a radius of 1km of the Hacketts LBO in Sandymount, there are no other LBOs currently active. Within a radius of 1-2km of the Hacketts LBO in Sandymount, there are six LBOs currently active:

- two Paddy Power LBOs located in Irishtown and Upper Baggot Street (distances of approximately 1.05km and 1.85km, respectively);
- three LBOs owned and operated by Ladbrokes plc located in Ballsbridge, Ringsend, and Grand Canal Street (distances of approximately 1.08km, 1.27km, and 1.97km, respectively); and,
- one LBO owned and operated by Boylesports Limited located in Bath Avenue (a distance of approximately 1.32km).

Artane

15. The Hacketts LBO in Artane is located in Brookwood Rise. Within a radius of 1km of the Hacketts LBO in Brookwood Rise, there are no other LBOs currently active. Within a radius of 1-2km of the Hacketts LBO in Brookwood Rise, there are thirteen LBOs currently active:

- one LBO owned and operated by David Byrne located in Killester Avenue, Donnycarney (a distance of approximately 1.04km);
- five Paddy Power LBOs located in Ardcollum Avenue; Mornington Park; Howth Road, Raheny; Howth Road, Killester; and Edenmore Shopping Centre, Raheny (distances of approximately 1.07km, 1.1km, 1.13km, 1.15km and 1.4km, respectively);
- two LBOs owned and operated by Ladbrokes plc located in Howth Road, Killester and Main Street, Raheny (distances of approximately 1.09km and 1.33km, respectively);



- two LBOs owned and operated by Track Sports Limited located in Maryfield Avenue, Artane and Edenmore Avenue (distances of approximately 1.49km and 1.5km, respectively);
- one LBO owned and operated by J. Finlay located in Killmore Road, Artane (a distance of approximately 1.63km); and,
- two LBOs owned and operated by Boylesports Limited located in Main Street, Coolock and Collins Avenue, Donnycarney (distances of approximately 1.29km and 1.98km, respectively).

Skibbereen

16. Paddy Power does not own or operate a LBO in Skibbereen, Co. Cork. The nearest Paddy Power LBO to Skibbereen is located in Bantry, a distance of approximately 19km.

Buttevant

17. Paddy Power does not own or operate a LBO in Buttevant, Co. Cork. The nearest Paddy Power LBO to Buttevant is located in Mallow, a distance of approximately 10km.

Nenagh

18. Paddy Power currently owns and operates one LBO in Nenagh which is located on Kickham Street. The Hacketts LBO in Nenagh is located on Mitchell Street, approximately 180 metres from the Paddy Power LBO.
19. Post-transaction, Paddy Power will continue to face competition in Nenagh from one LBO owned and operated by Boylesports Limited (located on Silver Street within 400 metres of the Paddy Power LBO and approximately 220 metres from the Hacketts LBO) and from one LBO owned by Sherco Sports Limited (which is located on Kenyon Street approximately 350 metres from the Paddy Power LBO and approximately 170 metres from the Hacketts LBO).
20. In light of the above, the Commission considers that the proposed transaction will not substantially lessen competition in any market for goods or services in the State.

Ancillary Restraints

21. The Agreement between the parties relating to the proposed transaction contains a number of restrictive obligations on Davisdorf Unlimited (i.e. the vendor). These include non-compete and non-solicitation clauses. None of these restrictive obligations exceeds the maximum duration acceptable to the Commission.³ The Commission considers these restrictions to be directly related and necessary to the implementation of the proposed transaction.

³ In this respect, the Commission follows the approach adopted by the EU Commission in paragraphs 20 and 26 of its "Commission Notice on restrictions directly related and necessary to concentrations" (2005). For more information see [http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52005XC0305\(02\)&from=EN](http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52005XC0305(02)&from=EN)



Determination

The Competition and Consumer Protection Commission, in accordance with section 21(2)(a) of the Competition Act 2002, has determined that, in its opinion, the result of the proposed transaction whereby Paddy Power plc would acquire sole control of six licensed betting offices from Davisdorf Unlimited 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 Competition and Consumer Protection Commission

Gerald FitzGerald
Member
Competition and Consumer Protection Commission