



Determination of the Competition Authority, dated 15th December 2005, under Section 21 of the Competition Act, 2002 in respect of Merger Notification No. M/05/074

Proposed acquisition of Lifestyle Sports Limited by Stafford Holdings Limited

Introduction

1. On 23rd November 2005, the Competition Authority, in accordance with Section 18(1) of the Competition Act, 2002 ("the Act"), was notified on a mandatory basis of the proposed acquisition by Stafford Holdings Limited ("Stafford Holdings") of the entire issued share capital of Lifestyle Sports Limited ("Lifestyle Sports") and indirectly, its subsidiary, Lifestyle Sports and Leisure Limited, which trades in Northern Ireland.

Failure to notify on time in breach of Section 18(1) of the Act

2. On 20th October 2005, the parties entered into a binding agreement in respect of the sale and acquisition of Lifestyle Sports, the subject matter of the above notification.
3. Although the parties did not put the proposed transaction into effect, they failed to notify the transaction within the time period set out in Section 18(1) of the Act, thus contravening that section. The Authority, having fully considered the matter, found insufficient evidence to take any further action under the Act in respect of that contravention, as it was not apparent that any officer of Lifestyle Sports knowingly and wilfully authorised or permitted the contravention.

The Parties

4. Stafford Holdings, the acquirer, is a private company incorporated in Ireland. Stafford Holdings is mainly involved in providing management services to holding companies in the oil/solid fuel distribution sector. It also has business interests in hotels, property and port services.
5. Lifestyle Sports, the target, is currently owned and controlled by a combination of a number of individuals and a venture capital company, ACT.¹ Lifestyle Sports is mainly actively in retailing sports footwear, textiles and equipment. It currently operates 71 stores which are located across the island of Ireland.

¹ ACT Venture Capital's main portfolio consists of a number of technology investments across software, communications and internet technology as well as the more traditional development capital and buyout investments.



Analysis

6. Neither Stafford holdings, nor the entities within its control are engaged in activities that overlap with those of Lifestyle Sport's on the island of Ireland. Therefore, the proposed transaction does not raise competition concerns.

Ancillary Restraint

7. The Authority also reviewed restrictive arrangements agreed by the parties contained in the Sale and Purchase Agreement ("SPA"). The SPA contains non-compete and non-solicitation clauses.
8. The non-compete and non-solicitation clauses are for a period of two years after the final consideration for Lifestyle Sports is made. These clauses are in line with the Authority's approach in respect of restrictive arrangements in mergers and are directly related and necessary to ensure the implementation of the proposed transaction.

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 by Stafford Holdings Limited of Lifestyle Sports Limited and indirectly, its subsidiary, Lifestyle Sports and Leisure Limited, which trades in Northern Ireland, 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