



DETERMINATION OF MERGER NOTIFICATION M/15/013 - PADDY POWER/TRACK

Section 21 of the Competition Act 2002

Proposed acquisition by Paddy Power plc of sole control of two licensed betting offices from Track Sports Limited

Dated 31 March 2015

Introduction

1. On 16 March 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 two licensed betting offices (the “Target”) from Track Sports Limited (“Track”).
2. The proposed transaction is an asset acquisition under section 16(1)(c) of the Act whereby Paddy Power will acquire sole control of two of Track’s licensed betting offices (“LBOs”) located in Swords and Donabate in County Dublin.

The Undertakings Involved

Paddy Power

3. 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, telephone and in 564 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 243 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.
4. For the financial year ending 31 December 2013, Paddy Power’s worldwide turnover was €6.18 billion, of which €[...] was generated within the State.

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.



The Vendor - Track

5. Track owns and operates 17 LBOs in the following counties in the State: Dublin, Louth, Meath, Waterford, and Wexford. Track provides online interactive betting services through its affiliate website BetPack.com. Track also provides a telephone betting service to its customers.

The Target

6. The Target provides betting services in two LBOs located in Swords and Donabate in County Dublin. Paddy Power will not acquire the online or telephone betting services of Track as part of the proposed transaction.²
7. For the financial year ending 31 December 2014, the Target's worldwide turnover was €[...], all of which was generated in the State.

Rationale for the Proposed Transaction

8. The parties state in the notification:

“Both [of] the Target's locations (Swords and Donabate) have been development targets of Paddy Power for some time; with well-established betting markets and strong demographics.”

Third Party Submissions

9. No submission was received.

Competitive Analysis

10. There is no vertical relationship between Paddy Power and Track 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 Track provide betting services online, over the telephone, and in LBOs in the State.
11. The proposed transaction involves the acquisition by Paddy Power of two of Track's LBOs located in Swords and Donabate in County Dublin. 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.
12. The narrowest geographic market affected by the proposed transaction is the provision of betting services in LBOs in Swords, County Dublin.³ For the same reason outlined in

² Telephone customers of Track's LBOs in Swords and Donabate will be able to use Track's telephone betting system post-transaction. Online customers of Track will be able to use Track's affiliate website BetPack.com post-transaction.

³ There is no horizontal overlap with respect to the provision of betting services in LBOs in Donabate since Paddy Power does not own or operate any LBO in Donabate. The nearest Paddy Power LBO to Donabate is located in Swords, a distance of approximately 6.8 km.



paragraph 11 above, the Commission does not need to come to a definitive view on the precise relevant geographic market.

13. Paddy Power currently owns and operates one LBO in Swords which is located on Main Street. The Track LBO in Swords is located on North Street, approximately 600 metres from the Paddy Power LBO.
14. Post-transaction, Paddy Power will continue to face competition in Swords from two LBOs owned by Boylesports Limited (both of which are located on Main Street within 100 metres of the Paddy Power LBO and approximately 500 metres and 600 metres, respectively, from the Track LBO) and from one LBO owned by Ladbrokes plc (which is also located on Main Street approximately 50 metres from the Paddy Power LBO and approximately 650 metres from the Track LBO).
15. 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

16. The Agreement between the parties to the proposed transaction contains a number of restrictive obligations on Track. These include non-compete and non-solicitation clauses. None of these restrictive obligations exceeds [the maximum duration acceptable to the Commission⁴]. The Commission considers these restrictions to be directly related and necessary to the implementation of the proposed transaction.

⁴ In this respect, the Commission follows the approach adopted by the EU Commission in paragraph 20 of “Commission Notice on restrictions directly related and necessary to concentrations”. 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 two licensed betting offices from Track Sports Limited 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