



DETERMINATION OF MERGER NOTIFICATION M/15/033 - PADDY POWER/MULHOLLAND

Section 21 of the Competition Act 2002

Proposed acquisition by Paddy Power plc of six licensed betting offices from Reva Racing Limited trading as Mulholland Bookmakers

Dated 6 August 2015

Introduction

1. On 8 July 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 Reva Racing Limited trading as Mulholland Bookmakers (“Mulholland”).²

The Undertakings Involved

Paddy Power

2. Paddy Power is a public limited company incorporated 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 580 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 over 250 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 2014, Paddy Power’s worldwide turnover was €7 billion, of which €[...] was generated in the State.

The Vendor – Mulholland

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.

² [...]



4. Mulholland owns and operates 16 LBOs in the State (Mulholland will continue to operate LBOs at various locations throughout the State post-transaction).³ Mulholland provides online interactive betting services through its affiliate website BetPack.com. Mulholland also provides a telephone betting service to its customers.

The Target Assets

5. The Target Assets comprise six LBOs located in Co. Galway:
 - 34 Newcastle Road, Galway;
 - Main Street, Oranmore;
 - 7 Plunkett Avenue, Mervue, Galway;
 - Cois Chlair, Claregalway;
 - 162 College Road, Galway;
 - 35/37 Dominick Street, Galway.
6. Paddy Power will not acquire the online betting services of Mulholland as part of the proposed transaction.⁴
7. 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

8. The parties state in the notification:

“The Target’s locations have been development targets of Paddy Power for some time. Mr Alan Mulholland approached Paddy Power earlier this year to outline his intent to put the shop business on the market. [...]”

Third Party Submissions

9. No submission was received.

Competitive Analysis

10. There is no vertical relationship between Paddy Power and Mulholland 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 Mulholland provide betting services, both online and in LBOs, in the State.

³ One of the LBOs owned by Reva Racing Limited, which is not part of the proposed transaction, is a joint venture with Betpack.

⁴ Online customers of Mulholland will be able to use Mulholland’s affiliate website BetPack.com post-transaction.



11. 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. 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 in LBOs in the areas in which each of the Target Assets is located). The results of the analysis are set out in paragraphs 14 to 19 below.
13. As already mentioned, the proposed transaction involves the acquisition by Paddy Power of six of Mulholland's LBOs located in Co. Galway.

34 Newcastle Road, Galway

14. The Mulholland LBO at 34 Newcastle Road is located opposite Galway University Hospital close to Galway City. Within a radius of 1km of the Mulholland LBO, there are ten LBOs currently active:
 - two LBOs owned and operated by Paddy Power;
 - three LBOs owned and operated by Mulholland⁵;
 - two LBOs owned and operated by Boylesports Limited;
 - two LBOs owned and operated by Ladbrokes plc; and
 - one LBO owned and operated by B. Fahy.

Oranmore

15. Paddy Power does not own or operate a LBO in Oranmore. The nearest Paddy Power LBO to Oranmore is located in Galway City, a distance of approximately 10km. Within a radius of 1km of the Mulholland LBO in Oranmore, there is one other LBO currently active which is owned and operated by Bar One Racing.

7 Plunkett Avenue, Mervue, Galway

16. Mervue is a suburb of Galway located approximately 3km from the city centre. Within a radius of 1km of the Mulholland LBO in Mervue, there is one LBO currently active which is owned and operated by Boylesports Limited. The nearest Paddy Power LBO to Mervue is located in Prospect Hill, Galway City, a distance of approximately 2.8km.

⁵ One of the three LBOs, located at 35/37 Dominick Street in Galway City, is being acquired by Paddy Power as part of the proposed transaction. Another of the LBOs, Emerald Racing, is a joint venture between Mulholland and Betpack. This LBO is not part of the proposed transaction.



Cois Chlair, Claregalway

17. Paddy Power does not own or operate a LBO in Claregalway. The nearest Paddy Power LBO to Claregalway is located in Galway City, a distance of approximately 11km. Within a radius of between 5km and 10km of the Mulholland LBO in Claregalway, there are nine LBOs currently active:

- three LBOs owned and operated by Mulholland⁶;
- one LBO owned and operated by Boylesports Limited;
- two LBOs owned and operated by Bar One Racing;
- two LBOs owned and operated by Bruce Betting; and
- one LBO owned and operated by Ladbrokes plc.

162 College Road, Galway

18. The Mulholland LBO at 162 College Road is located close to Galway City. The nearest Paddy Power LBO is located in Prospect Hill, Galway City, a distance of approximately 1.4km. Within a radius of 1.2km of the Mulholland LBO at 162 College Road, there are two LBOs currently active which are owned and operated by Bruce Betting.

35/37 Upper Dominick Street, Galway

19. The Mulholland LBO on Upper Dominick Street is located in Galway City centre. Within a radius of 0.5km of the Mulholland LBO on Upper Dominick Street, there are two LBOs currently active: one owned and operated by Paddy Power (located on 3 Upper Dominick Street) and one owned and operated by Ladbrokes plc (located on 7 High Street). Within a radius of 1 km of the Mulholland LBO on Upper Dominick Street, there are five LBOs currently active: Paddy Power, Boylesports Limited, B Fahy, Emerald Racing (a joint venture between Mulholland and Betpack), and Ladbrokes plc.
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 John Mulholland and Reva Racing Limited (i.e. the vendors). These include non-compete and non-solicitation clauses. None of these restrictive obligations exceeds the maximum duration acceptable to the Commission.⁷ The Commission considers these restrictions to be directly related and necessary to the implementation of the proposed transaction.

⁶ All three LBOs are being acquired by Paddy Power as part of the proposed transaction.

⁷ 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)



Coimisiún um
Iomáiocht agus
Cosaint Tomhaltóirí

Competition and
Consumer Protection
Commission



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 Reva Racing 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