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**Common Market for Eastern  
and Southern Africa**

**Case File No. CCC/MER/08/42/2022**

**Decision<sup>1</sup> of the Eighty-Ninth (89<sup>th</sup>) Committee Responsible for Initial Determinations Regarding the Proposed Acquisition of Joint Control by BC Partners Management XI Limited and Bain Capital Investors L.L.C. Over Fedrigoni S.P.A.**

**ECONOMIC SECTOR:** Paper and self-adhesive label stocks



**28 November 2022**

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<sup>1</sup> In the published version of this decision, some information has been omitted pursuant to Rule 73 of the COMESA Competition Rules concerning non-disclosure of business secrets and other confidential information. Where possible, the information omitted has been replaced by ranges of figures or a general description.

## **The Committee Responsible for Initial Determinations,**

Cognisant of Article 55 of the Treaty establishing the Common Market for Eastern and Southern Africa (the “**COMESA Treaty**”);

Having regard to the COMESA Competition Regulations of 2004 (the “**Regulations**”), and in particular Part 4 thereof;

Mindful of the COMESA Competition Rules of 2004, as amended by the COMESA Competition [Amendment] Rules, 2014 (the “**Rules**”);

Conscious of the Rules on the Determination of Merger Notification Thresholds and Method of Calculation of 2015;

Recalling the overriding need to establish a Common Market;

Recognising that anti-competitive mergers may constitute an obstacle to the achievement of economic growth, trade liberalization and economic efficiency in the COMESA Member States;

Considering that the continued growth in regionalization of business activities correspondingly increases the likelihood that anti-competitive mergers in one Member State may adversely affect competition in another Member State,

Desirability of the overriding COMESA Treaty objective of strengthening and achieving convergence of COMESA Member States’ economies through the attainment of full market integration,

Having regard to the COMESA Merger Assessment Guidelines of 2014,

Determines as follows:

### **Introduction and Relevant Background**

1. On 9 September 2022, the COMESA Competition Commission (“**Commission**”) received notification of a merger involving BC Partners Management XI Limited (“**BC Manager**”), Bain Capital Investors L.L.C. (“**Bain Capital**”) and Fedrigoni S.P.A. and its subsidiaries (“**Fedrigoni**”), pursuant to Article 24(1) of the COMESA Competition Regulations of 2004 (the “**Regulations**”).
2. Pursuant to Article 26 of the Regulations, the Commission is required to assess whether the transaction between the parties would or is likely to have the effect of substantially preventing or lessening competition or would be contrary to public interest in the Common Market.
3. Pursuant to Article 13(4) of the Regulations, there is established a Committee Responsible for Initial Determinations, referred to as the CID. The decision of the CID is set out below.



## The Parties

### *BC Manager*

4. BC Manager is a company incorporated under the laws of Guernsey. BC Manager is the primary manager of BC Partners Fund XI (the relevant investing fund advised by BC Partners LLP (“**BC Partners**”)). BC Partners is an international private equity firm established in London whose sole activity is to provide advisory services. BC Partners Fund XI together with other private equity funds advised by BC Partners (together the “**BC Funds**”) holds a controlling interest in 32 portfolio companies active globally.
5. The BC Funds are pure financial investors, i.e., they are not involved in the day-to-day management of the companies in which they invest, which are operated by independent management teams.
6. In the preceding financial year, save for Comoros, Djibouti and Eritrea, BC Partners (through portfolio companies controlled by the BC Funds) had activities in all other COMESA member states.
7. The parties submitted the portfolio companies controlled by BC Funds which have activities in the Common Market as per Table 1 below.

**Table 1 – Activities of the portfolio companies controlled by BC Funds in the Common Market in the preceding financial year**

Name of portfolio company	Description of Activity
Aenova	European outsourcing partner for contract manufacturing services for pharma generics and consumer healthcare companies based in Germany.
Springer Nature	Global research publisher and information service provider.
Dummen Orange	Global floricultural breeding provider.
Keter	Quality resin consumer products provider.
Pronovias	Global leading bridalwear brand.
CeramTec	Provider of high-performance ceramics solutions.
Zest Dental Solutions	Developer and manufacturer of attachment systems for implant-supported dentures for edentulous patients.
Forno d'Asolo	Italian leading manufacturer and distributor of frozen bakery products with a broad product range covering sweet pastries, patisserie, savoury baked products and bread.
NAVEX	Ethics and compliance software-as-a- service provider.
United Group	Integrated cable and media operator in South eEastern Europe.
Advanced	UK provider of mission critical software to c. 19k mid-sized companies and public sector organisations.



Name of portfolio company	Description of Activity
GardaWorld	Privately owned, integrated security services companies, offering a wide range of highly focused solutions across physical and specialized security, as well as end-to-end cash management.
Synthon	Vertically integrated global leader in the development and manufacturing of complex generic pharmaceuticals, with an industry leading R&D track record and an in-depth knowledge of the global regulatory landscape.
Presidio	Provider of IT solutions to mid-market companies in the US.
Keesing	European developer and publisher of puzzle content.
I.M.A. Industria Macchine Automatiche S.p.A.)	Design and manufacture of automatic machines provider for the production and packaging of pharmaceuticals, consumer products, along with fully automated manufacturing lines for devices like insulin pens, contact lenses, and production machinery for key electric engine components.
Tentamus	Tentamus is a founder-run testing business with an established pan European presence and a strong, fast-growing foothold in the US and Asia.
Valtech	Valtech designs, builds and runs digital experience, commerce and connected platforms for 600 customers across industries globally.

### ***Bain Capital***

8. Bain Capital is a limited liability company incorporated under the laws of the State of Delaware, United States of America. It is a global private equity investment firm that invests, through its family of funds, in companies across a number of countries and industries, including information technology, healthcare, retail and consumer products, communications, financial services and industrial/manufacturing.
9. In the preceding financial year, Bain Capital's controlled portfolio companies had activities in the following COMESA Member States: Egypt, Kenya, Mauritius, and Tunisia.



**Table 2: Activities of the portfolio companies controlled by Bain Capital in the Common Market in the preceding financial year<sup>2</sup>**

Name of portfolio company	Description of Activity
Centrient Pharmaceuticals (formerly DSM Pharmaceuticals)	Active in beta-lactam antibiotics and also provides next-generation statins and anti-fungals.
Consolis	European industrial group specialized in the design and manufacture of high-performance precast concrete products.
Diversey	Provider of cleaning chemicals, equipment, and value-added services.
Kantar	Provider of syndicated and customized market research with global presence.
Inetum	Provider of application and infrastructure development and maintenance services
Stada	Provider of life sciences products such as pharmaceuticals, food supplements, cosmetics, and other medical products.
Brillio	Global technology consulting and business solutions company focused on digital technologies and big data analytics.
Arxada	Provider of microbial control solutions and other industrial specialty chemicals headquartered in Basel, Switzerland
JM Baxi	Provider of logistics chain, port operations and cargo generating and handling activities.
StackData/ChinData Group	Provider of data center solutions in emerging markets

***Fiber JVCo S.p.A (the Joint Venture Company)***

10. The parties submitted that Fiber JVCo S.p.A (“JVCo”) is a joint stock company incorporated under the laws of Italy. JVCo is a special purpose vehicle jointly controlled by BC Partners and Bain Capital and established for purposes of joint acquisition of control over Fedrigoni S.p.A. (“**Fedrigoni**”), and it does not have any activity in the Common Market.

***Fedrigoni (the target undertaking)***

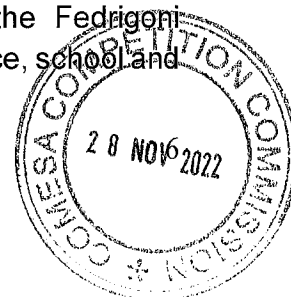
11. Fedrigoni is a company incorporated under the laws of Italy. It is presently solely (indirectly) controlled by funds ultimately managed by Bain Capital.
12. Fedrigoni is a manufacturer and supplier of specialty paper products and self-adhesive materials. Specialty paper consists of graphic or fine paper for creative and luxury packaging applications as well as stationery products. Fedrigoni’s main brands are Fedrigoni, Fabriano, Cordenons, Ritrama, Arconvert, and Manter.

<sup>2</sup> In addition to Fedrigoni.



Fedrigoni has manufacturing sites in Italy, Spain, the UK, USA, China, Mexico and Brazil.

13. Fedrigoni operates under two business units: "Paper" and "Self-Adhesives".
14. Fedrigoni's paper business unit manufactures and supplies the following product lines:
  - Specialty Graphic Paper: High quality specialty graphic paper for luxury packaging, shoppers, bookbinding and lining of boxes and publications.
  - Coated Wood-Free Paper: Paper with a surface layer improving the quality of printing, used by printers, publishers, for luxury packaging and in the paper industry in general.
  - Uncoated Wood-Free Paper: Paper used for books, magazines and printed advertising.
  - Office Paper: Full range of paper for office use.
  - Art and Drawing Paper: Fabriano-branded paper for drawing, painting and art.
  - Boutique Stationery: High-end stationery products (notebooks, folders, photo albums, greeting cards, etc.) sold through 12 owned "Fabriano Boutique" stores in various cities and prestigious tourist locations.
15. Fedrigoni's self-adhesives business unit manufactures and supplies self-adhesive paper and film designed for offset and digital printing of labels for the food and wine industry and various industrial applications. Fedrigoni manufactures and distributes self-adhesive labelstock ("**SAL**") (through Arconvert, which is specialised in paper-based SAL and film-based SAL and is active through the following brands:
  - Adhoc rolls, SAL rolls for the food and beverage, textile and cosmetics industries, as well as for electrical appliances.
  - Adhoc sheets, SAL sheets used, inter alia, for stickers and other applications in the publishing industry, labelling for high-end food and beverage and agricultural products.
  - Manter (Spain), SAL for wine and gourmet food products (wine, beers, spirits and oil).
  - Sadipal (Spain), a consumer division operating in the design, production (using semi-finished materials from other factories of the Fedrigoni group), and distribution of paper consumer products for office, school and home use.



16. In the Common Market, Fedrigoni is active in Egypt, Kenya, Madagascar, Mauritius, Seychelles, Tunisia, and Uganda.

### **Jurisdiction of the Commission**

17. Article 24(1) of the Regulations requires 'notifiable mergers' to be notified to the Commission. Rule 4 of the Rules on the Determination of Merger Notification Thresholds and Method of Calculation (the "**Merger Notification Thresholds Rules**") provides that:

*Any merger, where both the acquiring firm and the target firm, or either the acquiring firm or the target firm, operate in two or more Member States, shall be notifiable if:*

- a) the combined annual turnover or combined value of assets, whichever is higher, in the Common Market of all parties to a merger equals or exceeds COM\$ 50 million; and*
- b) the annual turnover or value of assets, whichever is higher, in the Common Market of each of at least two of the parties to a merger equals or exceeds COM\$ 10 million,*

*unless each of the parties to a merger achieves at least two-thirds of its aggregate turnover or assets in the Common Market within one and the same Member State.*

18. The undertakings concerned have operations in two or more Member States. The parents to the joint venture hold a combined asset value in the Common Market above the threshold of USD 50 million and they each hold asset value of more than USD 10 million. In addition, the merging parties do not hold more than two-thirds of their respective COMESA-wide asset within one and the same Member State. The notified transaction is, therefore, notifiable to the Commission within the meaning of Article 23(5)(a) of the Regulations.

### **Details of the Merger**

19. The proposed transaction entails the acquisition by JVCo, a special purpose vehicle ultimately jointly controlled by BC Partners and Bain Capital,<sup>3</sup> of a 99.99839% stake in Fedrigoni. Accordingly, the proposed transaction involves a change from sole control of Fedrigoni by funds managed by Bain Capital to joint control by funds managed or advised by BC Partners and funds managed by Bain Capital.

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<sup>3</sup> Prior to closing of the acquisition, JVCo will novate its rights and obligations under the SPA to an indirect wholly owned subsidiary of JVCo.



## Competition Assessment

### *Relevant Product Markets*

20. The parent companies to JVCo do not have overlapping activities. The joint venture company will control Fedrigoni who is active in the manufacture and supply of speciality paper (particularly wood-free graphic) and SAL. Under the manufacture and supply of wood-free graphic or speciality paper, Fedrigoni is exclusively active in the manufacturing and supply of wood-free graphic or fine paper (both coated and uncoated).

#### Manufacture and supply of fine or graphic paper

21. Fine or graphic paper has traditionally been identified as a distinct product market, separate from types of paper such as magazine paper, or newsprint<sup>4</sup>. Newsprint is primarily used for publication of newspapers and the manufacturing of newsprint requires mechanical pulp or recycled pulp of at least 65% by weight<sup>5</sup>. Magazine paper is produced from mechanical, chemical and recycled pulp as well as chemicals fillers and pigments. It is primarily used for publication of consumer magazines, catalogues and advertising material using mainly gravure or offset printing. On the other hand, fine or graphic paper, which is generally manufactured from chemical pulp, is printing and writing paper of high quality<sup>6</sup>.

#### Manufacture and supply of self-adhesive labelstock

22. The target undertaking manufactures and supplies SAL product which is a type of labelling used primarily by label printers. SAL products are pre-coated with an adhesive, which is protected by a backing material or paper, and are used on a number of different products<sup>7</sup>. The major applications for labels by end users are labels for monitoring the flow of goods through production and distribution, price labels, production information labels, ticket labels, electronic data processing, printing labels, functional and security labels, and promotional labels<sup>8</sup>.
23. Potential segmentations could be made, for instance in relation to paper-based vs film-based SAL; or SAL sold in reels vs sheets<sup>9</sup>. However, in the current case, the relevant product market may be left open given that, on the basis of any alternative

<sup>4</sup> EC Case No COMP/M.5150 - UPM RUS / BRIST / JV, paragraph 25. Accessed at [https://ec.europa.eu/competition/mergers/cases/decisions/m5150\\_20080728\\_20310\\_en.pdf](https://ec.europa.eu/competition/mergers/cases/decisions/m5150_20080728_20310_en.pdf).

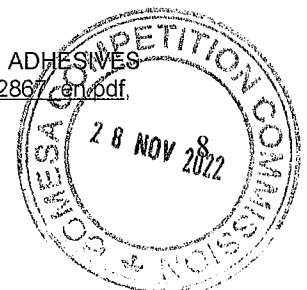
<sup>5</sup> EC Case No COMP/M.2498 ñ UPM-Kymmene/Haindl, paragraph 12. Accessed at [https://ec.europa.eu/competition/mergers/cases/decisions/m2498\\_en.pdf](https://ec.europa.eu/competition/mergers/cases/decisions/m2498_en.pdf).

<sup>6</sup> *Ibid*, paragraph 14.

<sup>7</sup> EC Case No COMP/M.2867 - UPM-KYMMENE CORPORATION / MORGAN ADHESIVES COMPANY, paragraph 10. Accessed at [https://ec.europa.eu/competition/mergers/cases/decisions/m2867\\_en.pdf](https://ec.europa.eu/competition/mergers/cases/decisions/m2867_en.pdf)

<sup>8</sup> *Ibid*.

<sup>9</sup> *Ibid* – para 11. and Case No COMP/M.2867 - UPM-KYMMENE CORPORATION / MORGAN ADHESIVES COMPANY, Para 17, available at [https://ec.europa.eu/competition/mergers/cases/decisions/m2867\\_en.pdf](https://ec.europa.eu/competition/mergers/cases/decisions/m2867_en.pdf), accessed on 10 October 2022.





market definition, the proposed transaction would not lead to the creation or strengthening of a dominant position.

24. On the basis of the foregoing assessment, and without prejudice to the CID's approach in similar future cases, the relevant product markets are construed as follows:
- a) the manufacture and supply of fine or graphic paper; and
  - b) the manufacture and supply of self-adhesive labelstock.

#### ***Relevant Geographic Market***

25. The relevant geographic markets for the manufacturing and supply of fine or graphic papers, and SAL are likely to be global in scope having regard to the significant imports into the Common Market from global players in America, Europe and China. Fedrigoni's competitors are the major global manufacturers and suppliers of fine or graphic papers, and SAL and include global players such as Syntegon Technology, Hokuetsu, Asia Pulp & Paper, Georgia-Pacific Consumer Products, James Cropper, and Cotek Papers. The CID noted that the target undertaking itself supplies its products to the Common Market from Italy.
26. In view of the foregoing, the CID determined the relevant geographic market for the identified relevant products as global.

#### ***Market Shares and Concentration***

27. Fedrigoni submitted its good faith estimates of market shares and those of its top global competitors in the market for the manufacture and supply of specialty fine paper for the purposes of the Commission's review of the proposed transaction, as per Table 3 below<sup>10</sup>.

***Table 3: Market shares of top global manufacturers and suppliers of specialty fine paper***

Name of Provider	Estimated Market Shares (%)
<b><i>Fedrigoni</i></b>	<b><i>[0-10]</i></b>
Neenah	[0-10]
Favini Group	[0-10]
James Cropper plc	[0-10]
Others	[70-80]

28. Fedrigoni held an estimated market share of [0-10]% in the global market for manufacturing and supply of fine paper. The proposed transaction will not lead to

<sup>10</sup> The parties have submitted that the market shares provided are based on Fedrigoni's best internal estimates in the relevant industry.



any market share accretion as BC Partners did not operate in the same relevant market pre-merger, while Bain Capital was active through Fedrigoni.

29. Fedrigoni submitted good faith estimates of its market shares and those of its top global competitors in the market for the manufacturing and supply of SAL for the purposes of the Commission's review of the proposed transaction, as per Table 4 below<sup>11</sup>.

**Table 4: Market shares of top global manufacturers and suppliers of self-adhesive label stock**

Name of Provider	Estimated Market Shares (%)
Avery Dennison	[20-30]
Upm Raflatac	[10-20]
<b>Fedrigoni</b>	<b>[0-10]</b>
Zhongshan Fuzhou Adhesive Products Co., Ltd.	[0-10]
Shanghai Jinda Plastic Co., Ltd	[0-10]
Zhejiang Guan hao	[0-10]
Others	[40-50]

30. Fedrigoni held an estimated market share of [0-10]% in the global manufacturing and supply of SAL. The CID further noted that the global manufacturing and supply of SAL is competitive and there will not be any market share accretion resulted from the proposed merger, as there is no overlap in the merging parties' activities.
31. The major players in the the global manufacturing and supply of SAL market includes Henkel GmbH & Co. KGaA, 3M, Avery Dennison Corp., H.B. Fuller, RPM International Inc., Bostik SA, Sika AG, LINTEC Corp., Wacker Chemie AG, Illinois Tool Works Inc., Huntsman Corp., Pidilite Industries Ltd., LORD Corp., Jowat SE, Ashland Inc., Mactac, DELO Industrial Adhesives, The Reynolds Co., General Sealants, Inc., and Chemence.
32. Having regard to the foregoing, the CID was therefore satisfied that the transaction would not lead to any change in the market structure for the global manufacture and supply of fine paper and SAL.

### Third-Party Views

33. Submissions were received from the national competition authorities of Egypt, Eswatini, Kenya, Malawi, Rwanda, Seychelles, Zambia and Zimbabwe which did not raise any concerns in relation to the transaction, as the merger parties do not

<sup>11</sup> The parties have submitted that the market share estimates provided are based on Fedrigoni's best internal estimates in the relevant industry.



have overlapping activities. This is consistent with the CID's assessment, as presented above.

### **Determination**

34. Based on the foregoing reasons, the CID determined that the merger is not likely to substantially prevent or lessen competition in the Common Market or a substantial part of it, nor be contrary to public interest. The CID further determined that the transaction is unlikely to negatively affect trade between Member States.
35. The CID therefore approved this transaction. This decision is adopted in accordance with Article 26 of the Regulations.

**Decision of the 89<sup>th</sup> CID in the matter regarding the Proposed Acquisition of Joint Control by BC Partners Management XI Limited and Bain Capital Investors L.L.C. Over Fedrigoni S.P.A. issued on 28 November 2022 by:**

- 1. Commissioner Dr Mahmoud Momtaz (Chairperson)**
- 2. Commissioner Lloyds Vincent Nkhoma**
- 3. Commissioner Islam Tagelsir Ahmed Alhasan**

