

***Case No IV/M.1218 -  
PACKAGING  
INTERNATIONAL BV  
/ NV KONINKLIJKE  
KNP BT***

Only the English text is available and authentic.

**REGULATION (EEC) No 4064/89  
MERGER PROCEDURE**

---

Article 6(1)(b) NON-OPPOSITION  
Date: 03/07/1998

*Also available in the CELEX database  
Document No 398M1218*



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 03/07/1998

PUBLIC VERSION

MERGER PROCEDURE  
ARTICLE 6(1)(b) DECISION

To the notifying parties

Dear Sirs,

**Subject: Case No IV/M.1218 - Packaging International B.V./ N.V.Koninklijke  
KNP BT**

Notification of 2.6.1998 pursuant to Article 4 of Council Regulation N° 4064/89

1. On 2.6.1998, the Commission received the notification of a proposed operation by which the Dutch company, CVC Capital Partners B.V. ("CVC"), and the UK company, Cinven Limited ("Cinven"), will acquire joint control of the packaging business of the international group NV Koninklijke KNP BT ("KNP BT").
2. After examination of the notification, the Commission has concluded that the notified operation falls within the scope of Council Regulation (EEC) No 4064/89 and does not raise serious doubts as to its compatibility with the common market and the functioning of the EEA Agreement.

**I. THE PARTIES AND THE OPERATION**

3. The vendor, KNP BT, is active both as a trading company, trading in paper for the graphic market and supplying office products and information systems, and as a packaging company, producing board packaging based on waste paper.
4. CVC is an operating company of CVC Capital Partners Europe, which itself is a member of the CVC Capital Partners group of companies, active in the provision of management advice and consultancy services to the CVC funds.
5. Cinven is the principal trading company of Cinven Group Limited. Its main activity is the management of investment funds (including pension funds and private equity funds).

6. The operation will be carried out through a newly-created joint venture company, Packaging International B.V., constituted for the purposes of the acquisition of the KNP BT packaging companies and to act as a financial and service vehicle.

## **II. CONCENTRATION**

7. The proposed operation consists of two transactions, each of them envisaged for completion on the same date, i.e. the acquisition by Packaging International B.V. of the entire issued share capital of the KNP BT packaging companies and, [...]<sup>1</sup>, the investment in the share capital of Packaging International B.V by CVC, the Cinven funds and the Stichting Senior Management Kappa, a foundation constituted by the senior management of the new company.
8. After completion of these transactions, the joint venture company will be renamed Kappa [...]<sup>2</sup> Packaging, B.V. (“Kappa Packaging”). CVC and Cinven will hold [...]<sup>3</sup> respectively of the voting rights in Kappa Packaging. The remaining [...]<sup>4</sup> will be held by Stichting Senior Management Kappa.

### ***Joint control***

9. According to the subscription and shareholders agreement entered into by all the shareholders of Kappa Packaging, CVC and Cinven shall appoint three directors each of the total of seven directors of the Supervisory Board. The Board shall have one independent member appointed after consultation with Stichting Senior Management Kappa. However, certain “key” decisions (e.g. adoption of annual budgets, appointments and removals of management board) are subject to prior approval of the Supervisory Board, to be given with a majority of five votes out of seven, thus requiring the approval of both CVC and Cinven directors.
10. Therefore, it is considered that CVC and Cinven will exercise joint control over Packaging International B.V. within the meaning of the Merger Regulation.

### ***Full function joint venture***

11. The businesses of the Kappa Packaging group are already active in the market in the form of full function entities and under the structure of the proposed operation they will continue as such, more so given the condition of financial institutions of both controlling parents in this particular case.

## **III. COMMUNITY DIMENSION**

12. The combined aggregate world-wide turnover of the undertakings concerned exceeded 5,000 million ECU in 1997 ([...]<sup>5</sup> and turnover of KNP BT Packaging : 1,105.9 million ECU). The aggregate Community-wide turnover of each of at least

---

<sup>1</sup> Deleted for publication

<sup>2</sup> Material error

<sup>3</sup> Deleted for publication: between 40-55%

<sup>4</sup> Deleted for publication: between 8-10%

<sup>5</sup> Business secret

two of the undertakings concerned was more than 250 million ECU ([...]<sup>6</sup> and turnover of KNP BT Packaging : 935 million ECU).

13. The undertakings concerned do not generate more than two-thirds of their respective aggregate Community-wide turnovers within one and the same Member State. Hence, the concentration has a Community dimension.

#### **IV. ASSESSMENT**

14. While KNP BT is an important player in the sector of packaging and other paper-based products, the acquiring companies, CVC and Cinven, as financial institutions, are not active in this sector. Furthermore, neither CVC nor Cinven have any financial interests in other companies active in the sector concerned. Consequently, the operation does not give rise to any competitive concerns.
15. Hence, it is considered that the proposed concentration does not create or strengthen a dominant position as a result of which effective competition would be significantly impeded in the EEA or any substantial part of that area.

#### **V. CONCLUSION**

16. For the above reasons, the Commission has decided not to oppose the notified operation and to declare it compatible with the common market and with the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of Council Regulation (EEC) No 4064/89.

For the Commission,

---

<sup>6</sup> Business secret