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***Case No COMP/M.7097 - BRIDGEPOINT / ORLANDO /  
LA GARDENIA BEAUTY***

Only the English text is available and authentic.

**REGULATION (EC) No 139/2004  
MERGER PROCEDURE**

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Article 6(1)(b) NON-OPPOSITION  
Date: 18/12/2013

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Brussels, 18/12/2013  
C(2013) 9639 final

In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EC) No 139/2004 concerning non-disclosure of business secrets and other confidential information. The omissions are shown thus [...]. Where possible the information omitted has been replaced by ranges of figures or a general description.

PUBLIC VERSION

MERGER PROCEDURE

**To the notifying parties:**

Dear Sirs,

**Subject: Case No COMP/M.7097 - BRIDGEPOINT / ORLANDO / LA GARDENIA BEAUTY  
Commission decision pursuant to Article 6(1)(b) of Council Regulation No 139/2004<sup>1</sup>**

- (1) On 18 November 2013, the European Commission received a notification of a proposed concentration pursuant to Article 4 of the Merger Regulation by which the undertakings Bridgepoint Advisers Group Limited ("Bridgepoint", United Kingdom) and Orlando Italy Management S.A. ("Orlando", Luxembourg) acquire joint control of La Gardenia Beauty S.p.A. ("La Gardenia", Italy), currently solely controlled by Orlando.<sup>2</sup> Bridgepoint and Orlando are hereinafter referred to together as "the Parties".

**1. THE PARTIES AND THE OPERATION**

- (2) Bridgepoint is an independent private equity fund which controls a number of entities active in a wide range of industry sectors across the EEA and beyond.
- (3) Orlando is an independent private equity firm, which focuses its investments on small and medium sized companies.

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<sup>1</sup> OJ L 24, 29.1.2004, p. 1 ('the Merger Regulation'). With effect from 1 December 2009, the Treaty on the Functioning of the European Union ('TFEU') has introduced certain changes, such as the replacement of 'Community' by 'Union' and 'common market' by 'internal market'. The terminology of the TFEU will be used throughout this decision.

<sup>2</sup> Publication in the Official Journal of the European Union No C 345, 26.11.2013, p. 19.

- (4) La Gardenia is mainly active in the retail distribution of perfumes and cosmetic products in specialised stores. Its activities are limited to Italy with around 170 retail stores across the country.
- (5) La Gardenia is currently solely controlled by OI-Cosmetics S. A. ("OIC"), through its wholly owned subsidiary European Fragrances S. à r. l. ("EF"). OIC in turn is a wholly owned subsidiary of Orlando. The proposed transaction consists in the acquisition by Bridgepoint of joint control over La Gardenia by means of an agreement concluded on 29 October 2013 ("Agreement") between OIC and European Fragrances (Holding) S.à.r.l. ("EFH"), which in turn is controlled by Bridgepoint. On the basis of the Agreement, EFH will be granted veto rights over any approval and/or amendment to the business plan and annual budgets of La Gardenia. These veto rights will remain in force until OIC transfers La Gardenia to an independent third party. As a result of this contractual arrangement Bridgepoint will obtain joint control over La Gardenia.
- (6) EF was sold to Orlando by Bridgepoint under a share purchase agreement ("SPA") entered into on 8 August 2013. Prior to the acquisition by Orlando, La Gardenia was solely controlled by Bridgepoint.<sup>3</sup> The acquisition of sole control over La Gardenia by Orlando and the present transaction are not interdependent transactions pursuant to paragraphs 38-45 of the Commission Consolidated Jurisdictional Notice,<sup>4</sup> since the SPA and the Agreement are not linked by a condition, they were not concluded simultaneously, they have different economic functions<sup>5</sup> and, according to the Parties, they were not a part of a pre-existing legally binding plan.
- (7) In view of the above, the present transaction constitutes an acquisition of joint control within the meaning of Article 3 (1) (b) of the Merger Regulation.

## **2. EU DIMENSION**

- (8) The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 5 000 million<sup>6</sup> (Bridgepoint: [...], Orlando: [...]), Bridgepoint and Orlando have EU-wide turnover in excess of EUR 250 million (Bridgepoint: [...] and Orlando: [...]). Orlando achieves more than two thirds of its EU-wide turnover in Italy. However, Bridgepoint does not achieve more than two-thirds of its EU-wide turnover in any single Member State.

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<sup>3</sup> See Italian antitrust authority, Case C11921 *OI-Cosmetic / European Fragrances*, decision of 3 September 2013.

<sup>4</sup> Commission Consolidated Jurisdictional Notice under Council Regulation (EC) No 139/2004 on the control of concentrations between undertakings, O.J. C 95, 16.04.2008, p.1.

<sup>5</sup> The SPA was concluded to enable Orlando to promptly commence the debt restructuring process of La Gardenia. Currently, due to a planned outsourcing of certain business functions to a company jointly controlled by La Gardenia and Limoni S.p.A., Bridgepoint is again obtaining joint control over La Gardenia in order to be actively involved, inter alia, in the structuring and implementation of the outsourcing agreement.

<sup>6</sup> Turnover calculated in accordance with Article 5(1) of the Merger Regulation and the Commission Consolidated Jurisdictional Notice (OJ C95, 16.04.2008, p. 1).

- (9) The notified operation therefore has an EU dimension pursuant to Article 1(2) of the Merger Regulation.

### **3. COMPETITIVE ASSESSMENT**

- (10) La Gardenia is active in the Italian market for retail distribution of perfumes and cosmetics through selective distribution channels. Orlando and Bridgepoint are active in the same market through their jointly controlled company Limoni S.p.A. ("Limoni"), which in turn controls Bergamotto S.p.A. ("Bergamotto") and Vima Due S.r.l. ("Vima Due").
- (11) The transaction does not materially change the competitive landscape since Orlando already solely controls La Gardenia and jointly, with Bridgepoint, controls Limoni, Bergamotto and Vima Due. The transaction will shift ownership so that Bridgepoint will, post-transaction, jointly with Orlando, control also La Gardenia. Moreover, until 8 August 2013, Bridgepoint solely controlled La Gardenia.

#### **3.1. Relevant market**

##### *3.1.1. Relevant product market*

- (12) The Commission has previously distinguished between (1) the distribution of luxury perfumes and cosmetics sold via selective distribution networks and (2) the distribution of luxury perfumes and cosmetics sold via travel retail outlets.<sup>7</sup> The Commission has also investigated whether a further segmentation of luxury perfumes and cosmetics could be made, on the basis of the type of product into: (i) perfume, (ii) make-up and (iii) skin care products.<sup>8</sup>
- (13) La Gardenia sales are made through the selective distribution channel, through perfumeries.
- (14) For the purposes of the present case, the precise product market definition can however be left open as the transaction does not give rise to any competition concerns under any plausible alternative product market definition.

##### *3.1.2. Relevant geographic market*

- (15) The Parties submit that the geographic scope of the relevant market is at least national.
- (16) In previous cases, the Commission has left open whether the geographic scope of the markets for luxury products and for the selective distribution of perfumes and cosmetics is national or wider.
- (17) The Commission has also previously<sup>9</sup> indicated that, in the retailing segment, the catchment area for an outlet is often delimited by a boundary within which the

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<sup>7</sup> Case COMP/M.6212 *LVMH/Bulgari*, paras. 18-20; Case COMP/M. 5068 *L'oreal/YSL Beaute*, paras. 14-16.

<sup>8</sup> Case COMP/M. 5068 *L'oreal/YSL Beaute*, *ibidem*, paras. 11-13.

<sup>9</sup> Cases IV/M.1086 *Promodès/S21/Gruppo GS*, IV/M.998 *OBSI Denmark*; IV/M.784 *Kesko/Tuco*; IV/M.558 *La Rinascente/Cedis Migliarini*.

distribution outlet can be reached by car in no more than about twenty minutes, with an indication that in particular in Italy this catchment area would not exceed the size of administrative province.<sup>10</sup>

- (18) For the purposes of the present case, the precise geographic market definition can however be left open as the transaction does not give rise to any competition concerns even when markets are considered to be local.

### 3.2. Assessment

- (19) In the overall market for luxury retail of perfumes and cosmetics through the selective distribution channel in Italy<sup>11</sup>, the combined market share of the Parties and La Gardenia is [20-30]% (with La Gardenia having [5-10]% and Limoni [10-20]%).<sup>12</sup>
- (20) In the sub segment of luxury retail of perfumes through the selective distribution channel in Italy, the combined market share of the Parties and La Gardenia is [20-30]% (with La Gardenia having [5-10]% and Limoni [10-20]%).<sup>13</sup> In the sub segment of luxury retail of make-up through the selective distribution channel in Italy, the combined market share of the Parties and La Gardenia is [20-30]% (with La Gardenia having [5-10]% and Limoni [10-20]%).<sup>14</sup> In the sub segment of luxury retail of skincare products through the selective distribution channel in Italy, the combined market share of the Parties and La Gardenia is [10-20]% (with La Gardenia having [0-5]% and Limoni [10-20]%).
- (21) The Parties submit that there are at least three large players left post-transaction in the Italian market for the retail of perfumes and cosmetics through the selective distribution channel, namely Douglas, Marionnaud and Sephora.
- (22) Post-transaction the competitive situation will remain substantially unaffected. Orlando already controls either solely or jointly the horizontally overlapping businesses. Bridgepoint does not control any other companies active in the affected market(s). In addition, the Commission has already carried out the analysis of the activities of the Parties in the field of perfumes and cosmetics at the time when Bridgepoint controlled La Gardenia.<sup>15</sup>
- (23) In light of the above, the Commission concludes that the proposed transaction does not raise serious doubts as to its compatibility with the internal market.

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<sup>10</sup> See Case IV/M.1086 *Promodès/S21/Gruppo GS*, *ibidem*, par. 23.

<sup>11</sup> According to the Parties, the combined market share would not exceed [20-30]% even at local level (single Italian administrative province) and would not be materially different if perfumes, make-up and skincare product segments were assessed separately.

<sup>12</sup> Form CO, Table 4.

<sup>13</sup> Form CO, Table 5.

<sup>14</sup> Form CO, Table 6.

<sup>15</sup> See Case COMP/M.6892 *Bridgepoint/Orlando/Bergamotto/Vima Due* and Case COMP/M.6670 *Bridgepoint/Orlando/Limoni*.

**4. CONCLUSION**

- (24) For the above reasons, the European Commission has decided not to oppose the notified operation and to declare it compatible with the internal market and with the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of the Merger Regulation.

*For the Commission*

*(Signed)*

*Joaquín ALMUNIA*

*Vice-President*