



Case M1024G

Proposed acquisition of joint control by
Lloyds Development Capital (Holdings)
Limited of TNT Post UK (currently
controlled solely by PostNL N.V.)

Decision – Preliminary Review

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1. On 18 December 2013, the Guernsey Competition and Regulatory Authority (**GCRA**) received a shortened merger application form (**MAF**) in respect of the proposed acquisition of joint control of TNT Post UK¹, a provider of postal services in the United Kingdom, by Lloyds Development Capital (Holdings) Limited (**LDC**).
2. TNT Post UK is currently solely controlled by European Mail Networks Holding B.V., a wholly-owned subsidiary of PostNL NV (**PostNL**). Following completion of the transaction, TNT Post UK will be jointly controlled by PostNL and LDC.
3. Section 13(1) of *The Competition (Guernsey) Ordinance, 2012* provides that certain mergers prescribed by regulations are prohibited except with, and in accordance with the conditions of, approval of the GCRA. The parties applied for preliminary review of the proposed acquisition under section 4 of *The Competition (Prescribed Mergers and Acquisitions) (Guernsey) Regulations, 2012* (**PMA Regulations**).
4. TNT Post UK is a supplier of postal services in the UK and focuses principally on collecting and sorting mail generated by business customers, as a Downstream Access (DSA) provider. It then provides that mail to Royal Mail for delivery to premises through its nationwide infrastructure. TNT Post UK has no physical presence and carries out no activities in Guernsey, although it does provide UK postal services to customers based in Guernsey.
5. PostNL has no physical presence in Guernsey, has no staff there and carries out no activities there. G3 Worldwide Mail (UK) Ltd, a wholly-owned subsidiary of PostNL, has [REDACTED] business customers in Guernsey ([REDACTED] and [REDACTED]), to which it provides outbound international mail services.
6. LDC is a private equity specialist, focusing on management buyouts, institutional buyouts and development capital transactions from a network of regional offices predominantly across the UK. LDC has limited activities in Guernsey, although it is wholly-owned by Lloyds Banking Group plc (**LBG**), which supplies banking and financial services in Guernsey through Lloyds Bank International Limited.

¹ “TNT Post UK” is the name of the collective business referred to in this Decision, comprising TNT NN1 Limited, which has two wholly owned operating subsidiaries that operate principally in the UK on a national basis (TNT Post UK Limited and TNT Post (Doordrop Media) Limited) and four wholly-owned subsidiaries that operate regionally: TNT Post Scotland Limited, TNT Post North Limited, TNT Post South West Limited and TNT Post London Limited.

7. For the purposes of *The Competition (Calculation of Turnover) (Guernsey) Regulations, 2012* (the **Turnover Regulations**) and for the year ended 31 December 2012, TNT Post UK had worldwide turnover of £[REDACTED], of which £[REDACTED] was derived from customers located in Guernsey but which related exclusively to services performed in the UK. The parties therefore submit that all competition for the services provided by TNT Post UK for Guernsey customers occurs in the UK market and not in Guernsey.
8. For the purposes of the Turnover Regulations, LDC is part of LBG, which has attributable turnover of around £[REDACTED] arising in Guernsey, derived from the provision of banking and financial services through Lloyds Bank International Limited.
9. Given that the only turnover of LBG arising in Guernsey stems from the existence of “financial institutions” (as that term is defined in the PMA Regulations) located in Guernsey, the GCRA has concluded that the proposed acquisition satisfies the criteria for preliminary review under section 4(1) of the PMA Regulations.
10. In accordance with the preliminary review process outlined in *CICRA Guideline 6 – Mergers and Acquisitions*, the GCRA noted its receipt of the application for approval of the proposed acquisition on its website, with a deadline for comments of 2 January 2014. No comments were received.
11. There are no horizontal overlaps between the activities of LBG and those of TNT Post UK. Moreover, the sole vertical overlaps arise through the use of postal services by LBG and banking services by TNT Post UK, and in neither case is there any evidence that the acquisition would lead to a risk of foreclosure of participants in those markets, particularly in markets in Guernsey. Based on these facts, and that TNT Post UK has no activity in markets in Guernsey, the GCRA is satisfied that the proposed acquisition will not substantially lessen competition in any markets in Guernsey, and will not act to the prejudice of consumers (or any class or description thereof), the economic development and well-being of the Bailiwick, or the public interest.
12. The GCRA therefore approves the notified acquisition under section 17(1) of *The Competition (Guernsey) Ordinance, 2012*.