



# DETERMINATION OF MERGER NOTIFICATION M/24/014 – COCA-COLA/BDS VENDING

## Section 21 of the Competition Act 2002

**Proposed acquisition by Coca-Cola HBC AG, through its wholly-owned indirect subsidiary Coca-Cola HBC Northern Ireland Limited, of sole control of BDS Vending Solutions Limited**

**Dated 6 September 2024**

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### Introduction

1. On 5 March 2024, in accordance with section 18(1)(a) of the Competition Act 2002, as amended (the “Act”), the Competition and Consumer Protection Commission (the “Commission”) received a notification of a proposed acquisition whereby Coca-Cola HBC AG (“CCHBC”),<sup>1</sup> through its wholly-owned indirect subsidiary Coca-Cola HBC Northern Ireland Limited,<sup>2</sup> would acquire sole control of BDS Vending Solutions Limited (“BDS”)<sup>3</sup> (the “Proposed Transaction”).<sup>4</sup>

### The Proposed Transaction

2. The Proposed Transaction is to be implemented by way of a share purchase agreement dated 21 February 2024 (the “SPA”). Pursuant to the SPA, Coca-Cola HBC Northern Ireland Limited will acquire the entire issued share capital, and thus, sole control, of BDS from Zebra Assets Ireland Limited.<sup>5</sup> CCHBC will thereby acquire sole control of BDS.

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<sup>1</sup> Coca-Cola HBC AG is a Swiss-incorporated company that is listed on the London Stock Exchange (under the ticker symbol “CCH”) with a secondary listing on the Athens Exchange (under the ticker symbol “EEE”).

<sup>2</sup> Coca-Cola HBC Northern Ireland Limited is a company incorporated under the laws of the United Kingdom, having its registered office and principal place of business at Knockmore Hill, 12 Lissue Road, Lisburn, County Antrim, Northern Ireland, BT28 2SZ, registered with Companies House under file number NI001920.

<sup>3</sup> BDS is incorporated in the State under registered number 379625.

<sup>4</sup> CCHBC and BDS are referred to collectively in this determination as the “Parties”.

<sup>5</sup> Zebra Assets Ireland Limited is incorporated in the State under registered number 617797. BDS is a wholly-owned direct subsidiary of Zebra Assets Ireland Limited.



## The Undertakings Involved

### *The Acquirer – CCHBC*

3. CCHBC is active in the State through Coca-Cola HBC Ireland Limited (“CCH Ireland”),<sup>6</sup> a wholly-owned subsidiary of Coca-Cola HBC Northern Ireland Limited. CCHBC is a bottling partner to The Coca-Cola Company (“TCCC”),<sup>7</sup> and offers a wide range of TCCC-branded and other beverages in 29 countries in Eurasia and Africa.
4. CCHBC is active primarily in the bottling and distribution of a range of drinks including sparkling soft drinks, water, energy and sports drinks, juices, snacks, premium spirits, ready-to-drink tea and coffee. CCH Ireland’s product offering in the State comprises: sparkling drinks, including “adult” sparkling drinks (i.e., mixers); fruit juices; energy drinks; bottled water; “ready-to-drink” tea; coffee products, including “ready-to-drink” coffee beverages as well as coffee beans, ground coffee and coffee capsules; and premium spirits.
5. CCH Ireland also provides vending services in the State in respect of food and beverages through its brand *Vending Ireland*. CCH Ireland offers full-service vending solutions to customers in the State, including the installation, operation and servicing of vending machines at designated spaces in customer premises. This full-service vending offering involves the following steps:
  - CCH Ireland supplies vending machines (over which it retains ownership) to its vending customers and installs these machines on the customer’s premises;
  - CCH Ireland stocks the vending machines with products for purchase and consumption by the consumer, and continues to keep these vending machines stocked for the duration of the supply arrangement; and,

<sup>6</sup> Coca-Cola HBC Ireland Limited is incorporated in the State under registered number 1809.

<sup>7</sup> TCCC is a publicly traded corporation incorporated in the State of Delaware, United States of America. TCCC is listed on the New York Stock Exchange under the ticker symbol “KO”. [REDACTED]



- CCH Ireland also provides maintenance and cleaning services in respect of the vending machines, as well as any repairs required for the duration of the supply arrangement.
6. For the financial year ending 31 December 2023, CCHBC generated worldwide turnover of approximately €10.2 billion and CCH Ireland generated turnover in the State of approximately €[REDACTED].

### *The Target – BDS*

7. BDS is a dedicated food and drink vending services business that offers full-service vending solutions to its customers, including machine sales, supply, operation, servicing and customer support services. BDS is based in Dublin and is primarily active in the State (having generated approximately 99% of its revenue in the State during 2022 and 2023), operating from a number of depots located in Dublin, Cork, Galway, Sligo, Limerick and Wexford, and also has minor operations in Northern Ireland.
8. BDS sells a range of different products in its vending machines, including hot beverages, cold beverages, snacks and a small proportion of fresh food.
9. In addition to its vending services offering, BDS is also active in the provision of contract catering services through the provision of the following services to offices and other work environments:
- “free-serve” office pantry solutions, focussed on providing food and drink solutions to employees in a cashless shop environment; and,
  - wholesale micro markets, which are unattended retail environments that allow consumers to engage with products displayed on shelves and in open coolers and to purchase these products using a self-checkout kiosk with a cashless payments system.
10. For the financial year ending 31 December 2023, BDS generated turnover of approximately €17.1 million, of which approximately €16.7 million was generated in the State.



## Rationale for the Proposed Transaction

11. The Parties state the following in the notification:

*“From CCHBC’s perspective, the Proposed Transaction is expected to enable CCH Ireland to:*

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

*“From the Sellers<sup>8</sup> perspective, the Proposed Transaction is expected to provide BDS with the investment and scope required to transition its business*

<sup>8</sup> The “Sellers” referred to here are two individuals, namely Brian Berry and David Mullan, who are jointly the ultimate owners of Zebra Assets Ireland Limited. Since BDS is a wholly-owned direct subsidiary of Zebra Assets Ireland Limited, the “Sellers” therefore indirectly own BDS in its entirety.



*model to become part of a larger group with a much wider geographic footprint.”*

### Third-Party Submissions

12. Three third-party submissions were received during the Commission’s Phase 1 investigation. Two submissions were made by suppliers of products to vending services providers, and one was made by a vending services provider in the State. These submissions have been considered by the Commission as part of its Phase 1 assessment of the likely competitive impact of the Proposed Transaction.

### Investigation

13. On 15 April 2024, pursuant to section 20(2) of the Act, the Commission served a requirement for further information on each of CCHBC (the “CCHBC Phase 1 RFI”) and BDS (the “BDS Phase 1 RFI”) (together the “Phase 1 RFIs”). The service of the Phase 1 RFIs adjusted the deadline within which the Commission had to conclude its assessment of the Proposed Transaction in Phase 1.

14. CCHBC provided its response to the CCHBC Phase 1 RFI on 26 July 2024. BDS provided its response to the BDS Phase 1 RFI on 29 July 2024.

15. Upon receipt of a full response to each of the Phase 1 RFIs, the “appropriate date” (as defined in section 19(6)(b)(i) of the Act) became 29 July 2024.<sup>9</sup>

16. The Commission also engaged with third parties in relation to its assessment of the likely competitive effects of the Proposed Transaction. This engagement included carrying out interviews with these third parties. Among the third parties contacted by the Commission were those third parties that made submissions, and customers and competitors of the Parties.

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<sup>9</sup> The “appropriate date” is the date from which the time limits for making both Phase 1 and Phase 2 determinations begin to run.



## Analysis

17. The Commission is unable, at this stage, to make a determination that the result of the Proposed Transaction will not be to substantially lessen competition in any market for goods or services in the State. Accordingly, the Commission intends to carry out a full investigation under section 22 of the Act.



## Determination

The Competition and Consumer Protection Commission, in accordance with section 21(2)(b) of the Competition Act 2002, as amended (the “Act”), has determined that it intends to carry out a full investigation under section 22 of the Act in relation to the proposed acquisition by Coca-Cola HBC AG, through its wholly-owned indirect subsidiary Coca-Cola HBC Northern Ireland Limited, of sole control of BDS Vending Solutions Limited.

For the Competition and Consumer Protection Commission

**Úna Butler**

**Member**

**Competition and Consumer Protection Commission**