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Transaction Report

Cargill Poland's Acquisition of Dossche

Poland's Office of Competition and Consumer Protection (UOKiK) recently approved Cargill Poland's takeover bid of Dossche. Its proceeding shows the acquisition would not limit competition on the animal feed market.

Both Cargill Poland and Dossche engage in the production and sale of feed mix and mineral-vitamin supplements for animal feed. Cargill is to acquire 100 percent of the Dossche shares.

UOKiK's preliminary analysis showed that the concentration could have a negative impact on competition, leading it to issue a resolution to extend the proceedings by four months. The market study took into account the views of 60 of the companies' competitors. The study revealed that the takeover posed a threat to competition, leading UOKiK to issue objections to the concentration. In its response to those objections, Cargill brought to the Authority's attention another 17 competitors, which had not been included in the initial market study.

The additional information and perspective they provided prompted the Authority to reinterpret the data its initial objections were based on. They ultimately showed that the concentration will affect eight local animal feed markets, but competition would be limited on none of them. The two companies will continue to face competition from other competitors.

Kurzynski Kosinski Lyszyk i Wspolnicy (KKLW) advised Cargill Poland sp. o.o in the acquisition of Dossche sp. o.o., a manufacturer of industrial feed for animals. The scope of consulting included, among others legal audit, negotiation of transaction documentation, and conducting antimonopoly proceedings in obtaining antitrust clearance for the concentration.



Legal advisor to Cargill Poland sp. o.o.:

KKLW

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ADVISOR INTERVIEW

KKLW's specialised consultancy team led the transaction headed by Michal Kurzynski. Here, he tells *Lawyer Monthly* a little about his firm's work on the deal.

"We established our law firm KKLW 5 years ago. Before that I was practicing for over 15 years in international law firms with head offices in the US and the UK, from a trainee during studies to international partner. With these years of experience behind me, I truly understand the local market and the opportunities it presents. Our goal is to prove that top-level services can be combined with reasonable fees that reflect needs and expectations of even the most demanding clients," states Michal.

Please tell me about your involvement in the deal?

Cargill appointed us for the whole deal starting from LOI, due diligence, SPA negotiations, completing condition precedents (including antimonopoly clearance) and Closing procedure.

I was leading our team of lawyers and I was personally deeply involved in each stage of the deal. It wasn't the first M&A transaction with Cargill.

Why is this a good deal for all involved?

Cargill acquired all Dossche activities in animal feed production

and sales on the Polish market. So the ground for the deal was the strategic decision of Dossche to focus on other markets. The deal will allow Cargill's sales to grow, will reduce costs, and more effectively provide competitive customer solutions. Cargill's focused investments on the acquired facilities will be beneficial to improve Dossche product portfolio and capabilities and eventually the overall competitiveness of the Polish livestock farmer as market access improves in the EU.

What challenges arose? How did you navigate them?

No doubt, the biggest challenge was the antimonopoly clearance. On the national level Cargill is far from dominant position, so we didn't expect major problems. However, this time the Polish antimonopoly office adopted a precedent (in EU antimonopoly practice) approach and defined small local markets. This approach moved the Closing from 2015 into 2016 and involved a lot of work. Finally, we succeeded despite earlier reservations raised by the Office. We managed it due to the close and fully transparent cooperation with the Office. **LM**