



Decision CPC: 15/2020

Case number: 8.13.020.07

**THE CONTROL OF CONCENTRATIONS BETWEEN ENTERPRISES LAW
NO 83(1)/2014**

**Notification of a concentration concerning the acquisition of the
Sub-License of the cosmetics under the brand name Prada, by L'Oréal S.A.**

Commission for the Protection of Competition:

Mr. Panayiotis Oustas	Chairperson
Mr. Aristos Aristeidou Palouzas	Member
Mr. Polynikis Panayiotis Charalambides	Member

Date of Decision: 18 March 2020

SUMMARY OF THE DECISION

On 24/2/20 the Commission for the Protection of Competition (hereinafter the "Commission") received on behalf of L'Oréal SA (hereinafter "L'Oréal"), a notification of a proposed concentration.

The said notification concerns the acquisition of the Sub-License of the cosmetics under the brand name Prada, by L'Oréal.

The enterprises involved in this transaction are the following:

- The acquisition of the Sub-License of the cosmetics under the brand name Prada (hereafter the "Target") concerns the products Prada Candy, Prada Amber, Prada Amber Pour Homme, La femme Prada, Les Infusions και Olfactories.
- L'Oréal S.A is the holding company of the L'Oréal Group of companies and it duly registered under the laws of France and is active globally in the cosmetics

and beauty products. The L'Oréal Group is active in the research, development, trade of a portfolio of cosmetics and beauty products.

The transaction is based on an Operating License Agreement dated 11 December 2019 (hereinafter referred to as the 'Agreement') concluded by L'Oréal and Prada S.p.A.. It is expected that the Agreement will enter into force on 1 January 2021. In particular, L'Oréal will acquire the exclusive right to manufacture, sell, distribute, advertise, and promote fine perfumes and aromatic sands and cosmetic products under the Prada name. L'Oréal will acquire the Operating License of The Target.

The Commission, taking into account the facts of the Concentration has concluded that this transaction constitutes a concentration within the meaning of section 6(1)(a)(ii) of the Law since it leads to a permanent change of control of the target.

Furthermore based on the information contained in the Notification, the Commission found that the criteria set by section 3(2)(a) were satisfied and therefore the notified transaction was of major importance under the Law.

The Commission, for the purposes of evaluating this concentration has concluded that the relevant markets are (1) the market for the distribution and/or wholesale supply of luxury cosmetics, in particular the sub-market of perfumes and 2) the market for the distribution and/or wholesale supply of luxury cosmetics for travelers. The territory of the Republic of Cyprus has been defined as a geographic market.

The activities of L'Oréal and the Target in Cyprus overlap horizontally mainly in the luxury cosmetics market. There is also overlap in the market for distribution and/or wholesale supply of luxury cosmetics for travelers. In order to determine whether there is an affected market at a horizontal level between these participating undertakings, the Commission should determine whether the threshold of the combined share of 15% is exceeded.

According to the information provided by the parties, the combined market share in the market for the distribution and/or wholesale supply of luxury cosmetics, in particular the sub-market of perfumes was 30-40%. The combined market share in the market for the distribution and/or wholesale supply of luxury cosmetics for travelers was 10-20%.

The Commission has taken a further examination of whether there are serious doubts as to the compatibility of the notified concentration with the functioning of competition on the market in the above affected markets, on the basis of Section 19 of the Law. Given that there is a horizontal overlap between the parties involved, the Commission, for the assessment of the results of the notified concentration, has also drawn guidance from the Guidelines for the assessment of horizontal concentrations in accordance with the Council Regulation on the control of concentrations between undertakings (2004/C 31/03).

Therefore, in accordance with Section 19 of the Law on the assessment of the above mentioned affected submarkets created, the Commission proceeded to examine a number of factors, such as financial strength, alternative sources of supply, the position of the undertakings concerned in the market, possible barriers to entry into the affected markets and the interests of consumers.

The Commission, on the basis of the factual and legal circumstances, unanimously decided that this concentration does not create or strengthen a dominant position in the affected markets, and therefore the concentration does not raise serious doubts as to its compatibility with the operation of the competition in the market.

On the basis of the above and all the information in the administrative file, the Commission concluded that there are no other markets on which the notified concentration may have a significant impact, based on the provisions of the Law.

Therefore acting in accordance with Article 22 of the Law, the Commission unanimously decides not to oppose the notified concentration and declares it compatible with the functioning of the competition in the market.

Loukia Christodoulou

Chairperson of the Commission for the Protection of Competition