

**THE CONTROL OF CONCENTRATIONS
BETWEEN ENTERPRISES LAWS 1999 TO 2000**

**Notification of concentration regarding the acquisition of the share capital of
FIPAL S.A.S. and Carita International S.A. by L'Oreal S.A.**

Commission for the Protection of Competition:

Mrs. Loukia Christodoulou	Chairperson
Mrs. Eleni Karaoli	Member
Mr. Andreas Karides	Member
Mr. Charis Pastellis	Member
Mr. Christos Tsingis	Member

Date of decision: 15 April 2014

SUMMARY OF THE DECISION

On the 20th of February 2014, the Commission for the Protection of Competition (hereinafter the «Commission») received a notification of the proposed concentration on behalf of L'Oreal S.A. (hereinafter «L'Oreal»), in accordance with section 13 of the Control of Concentrations between Enterprises Law (Number 22(I)/99) (hereinafter the «Law»). The concentration is based on an agreement concerning the acquisition by L'Oreal of 100% of the share capital of FIPAL S.A.S. (hereinafter «Fipal») and 100% of the share capital of Carita International S.A. (hereinafter «Carita»).

L'Oreal is a company duly registered in accordance with French law. The company operates worldwide with its subsidiary and affiliate companies in the markets of cosmetics and beauty products. Specifically, L'Oreal is active in the research, development, production, marketing and distribution of a wide series of cosmetics which include professional products, mass market products, luxury products and dermocosmetic products. L'Oreal's products are sold through different distribution retail channels, hair salons and a single-brand store network.

Fipal is a company duly registered in accordance with French law and is a subsidiary of Shiseido International Europe S.A.. Fipal is the parent company of a group of companies that develops, manufactures, distributes and sells Decleor products. More specifically, the group of companies manufactures skin care products and offers a wide range of luxury aromatherapy and phyto therapy products, natural skin care products, beauty treatments and cosmetics based on essential oils and herbal extracts. Decleor products are mainly used by professionals in beauty salons, hair salons and spas, and are also sold by perfume shops and some department stores, on a selective basis.

Carita is a company duly registered in accordance with French law and is a subsidiary of Shiseido International Europe S.A.. Carita manufactures professional skin care products, body care products and hair care products, beauty treatments and women's perfumes. Carita products are mainly used by professionals in beauty salons, hair salons and spas, and are also sold by perfume shops and some department stores, on a selective basis.

This notified concentration was based on a Share and Asset Purchase Agreement concerning the acquisition by L'Oreal of 100% of the share capital of the target companies, Fipal and Carita. In addition, with the acquisition of Fipal, L'Oreal will acquire all of its subsidiaries except one. Furthermore, on the basis of this agreement, L'Oreal will acquire in some countries, but not in Cyprus, part of the business operations of Shiseido's local subsidiaries.

The Commission, taking into account the above facts and events concerning this concentration has concluded that this transaction constitutes a concentration within the meaning of section 4 (1) (b) of the Law, since it leads to a permanent change of control of Fipal and Carita.

Furthermore, based on the information contained in the notification, the Commission found that the criteria set by section 3(2) (α) of the Law were satisfied and therefore the notified transaction was of major importance under the Law. According to the notification, the aggregate turnover achieved by L'Oreal, Fipal and Carita, exceeded, in relation to each one of them 3.417.203 Euro. Furthermore, L'Oreal, Fipal and Carita engage in commercial activities within the Republic of Cyprus and the total turnover which relates to the supply of goods and services within the Republic exceeded 3.417.203 Euro.

The relevant product market in this case was defined as the market for (a) the supply of mass market cosmetic products, (b) the supply of luxury cosmetic products not distributed in the travel retail channel and (c) the supply of luxury cosmetic products distributed in the travel retail channel. The definition of the geographic market of the relevant product/services was defined as the geographic area controlled by the Republic of Cyprus.

The Commission, on the basis of the factual and legal evidence of the case and having taken into consideration the report prepared by the Service, unanimously decided that there is a horizontal overlap and this concentration creates an affected market, specifically the affected market of the supply of luxury cosmetic products not distributed in the travel retail channel.

Thus, the Commission proceeded to analyze the factors set in section 12 of the Law and after taking into consideration, the fact that there are many other branded products that compete with those of the parties of the proposed concentration, there are other possible alternative sources of supply of such products within the Republic of Cyprus, as well as the target companies' market share, the trends of supply and demand of luxury goods, the fact that the consumers best interests are not affected by the proposed concentration and there are no particular barriers to entry in regard to the specific market, it decided that the proposed concentration does not appear to affect the current position of the acquiring undertaking in the affected market of the supply of luxury cosmetic products not distributed in the travel retail channel.

Therefore, the Commission, acting in accordance with section 18 of the Law, unanimously decided not to oppose the notified concentration and declare it as being compatible with the requirements of the competitive market.

Loukia Christodoulou

Chairman of the Commission for the Protection of Competition