



Decision CPC: 67/2022

Case Number: 08.05.001.022.048

**THE CONTROL OF CONCENTRATIONS BETWEEN ENTERPRISES LAW
No. 83(I)/2014**

**Notification of concentration regarding the acquisition of the share capital of
ESM Effervescent Sodas Management Ltd by CC Beverages Holdings II B.V.**

Commission for the Protection of Competition:

Mr. Andreas Karydis	Acting Chairperson
Mr. Panayiotis Ousta	Member
Mr. Aristos Aristeidou Palouzas	Member

Date of Decision: 10th of October 2022

SUMMARY OF THE DECISION

On 19/08/2022, the Commission for the Protection of Competition (hereinafter the “Commission”) received on behalf of CC Beverages Holdings II B.V., a notification of a proposed concentration. The notification was filed according to Section 10 of the Control of Concentrations between Enterprises Law 83(I)/14 (hereinafter the “Law”).

The notification concerns a concentration, according to which CC Beverages Holdings II B.V. (hereinafter the “CCBH Netherlands”) will acquire the share capital of ESM Effervescent Sodas Management Ltd (hereinafter the “ESM (Cyprus)” or the “Target”).

The companies participating in this merger are the following:

- CC Beverages Holdings II B.V. is a company duly registered under the laws of the Netherlands. It is a holding company, without any business/commercial

activity in the Cypriot market. CC Beverages Holdings II B.V. ultimately controlled by Coca Cola HBC AG (hereinafter “CCH Switzerland” or “CCH”).

- Coca Cola HBC AG which is a company duly registered under the laws of Switzerland and its shares are listed for trading on the London and Athens Stock Exchanges. The CCH Group is one of The Coca Cola Company’s largest bottling partners. The Coca Cola HBC Group’s product portfolio is one of the richest and most versatile in the beverage and soft drink industry, offering leading brands in the categories of carbonated soft drinks, juices, bottled water, isotonic drinks, energy drinks, plant-based drinks-based beverages), ready-to-drink tea, coffee and premium spirits.
- ESM Effervescent Sodas Management Ltd which is a company duly registered under the laws of the Republic of Cyprus, which is wholly owned by S.I.C.C. Holdings Limited. Its main business activities include the manufacture, distribution and supply of branded soft drinks “Three Cents”, which consist of carbonated soft drinks (CSDs).

This concentration is based on the Share Purchase Agreement, dated 08/08/2022 between CCBH (Netherlands) as the Purchaser and S.I.C.C Holdings Limited as the Seller. According to the Agreement, CCBH (Netherlands) will purchase 100% of the share capital 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 Company.

Furthermore, based on the information contained in the notification, the Commission found that the criteria set by section 3 (2) (a) of the Law were satisfied and therefore the notified concentration was of major importance falling within the scope of the Law.

The relevant product/services market in this case was defined as the supply for non-alcoholic carbonated drinks market.

In addition, the Commission concluded that the geographical market for the relevant market is defined as the Republic of Cyprus.

Both CCBH (Netherlands), through Coca-Cola HBC Cyprus Ltd, and Target are active in the territory of the Republic of Cyprus in the supply of carbonated soft drinks (CSDs). Therefore, there is a horizontal relationship as the two aforementioned companies operate in the same market.

According to the notification data, the market shares of CCBH (Switzerland) were [50-60] % and Target's were [0-5] % in the carbonated soft drinks market in the Republic of Cyprus in the year 2021. Therefore, from the horizontal relationship between CCBH (Netherlands), through Coca-Cola HBC Cyprus Ltd and the Target, an affected market arises on the basis of Annex I of the Law on the supply of carbonated soft drinks (CSDs) in Cyprus.

It is noted that the participants claim that the market for the supply of carbonated soft drinks is fragmented and characterized by the presence of several competitors with varying degrees of market power. Moreover, the HHI index before this transaction is estimated at 4.535 and following the transaction, the index is estimated at 4,556 while the delta amounts to 21. According to the approach of the European Commission, it does not consider that competition problems exist when the delta is below 150, in cases where the HHI is above 2,000.

Moreover, the barriers to entry and expansion in the market for carbonated soft drink products are low. This is mainly due to imports, as most producers import their products from abroad and rely almost exclusively on local agents for their sales.

The Commission, after taking into account the provisions of Article 19 and the EU Guidelines, found that the present concentration is not likely to significantly impede competition, in particular as a result of the creation and/or strengthening of a dominant position in the affected market within the Republic and therefore may be declared compatible with the requirements of the competitive market, in accordance with the provisions of article 11 of the Law.

Based on the above and all the elements of the administration file, the Commission concludes that there is no vertical relationship between the activities of the participating companies, as defined in Appendix I of the Law. In addition, there are no other markets in which the notified concentration may have significant effects, based on the provisions of the Law.

Therefore, the Commission, acting in accordance with section 22 of the Law, unanimously decided not to oppose the notified concentration and declare it as being compatible with the operation of the competition in the market.

Andreas Karydis

Acting President of the Commission for the Protection of Competition