



ΚΥΠΡΙΑΚΗ ΔΗΜΟΚΡΑΤΙΑ



ΕΠΙΤΡΟΠΗ ΠΡΟΣΤΑΣΙΑΣ
ΤΟΥ ΑΝΤΑΓΩΝΙΣΜΟΥ

Decision CPC: 68/2019

Case Number: 8.13.019.49

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

Notification of a concentration concerning the acquisition of USG Manufacturing Worldwide Ltd and Boral Middle East FZE share capital by Gerb. Knauf KG, via Knauf International GmbH.

Commission for the Protection of Competition:

Mrs. Loukia Christodoulou	Chairperson
Mr. Andreas Karidis,	Member
Mr. Panayiotis Oustas,	Member
Mr. Aristos Aristidou Palouzas,	Member
Mr Polinikis Panayiotis Charalambides	Member

Date of decision: 17 December 2019

SUMMARY OF THE DECISION

On the 8th of November 2019, the Commission for the Protection of Competition (hereinafter the “Commission”) received on behalf of Knauf International GmbH (hereafter “Knauf International”) 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 the acquisition of the share capital of USG Manufacturing Worldwide Ltd and Boral Middle East FZE (hereafter both the “Target”) by Gerb. Knauf KG (hereafter “Knauf”), via Knauf International.

USG Manufacturing Worldwide Limited which is a company duly registered under the laws of Cayman Islands and Boral Middle East FZE which is a company duly registered under the laws of the United Arab Emirates consist the target (hereafter the «Target”) of the transaction. The Target is active in the provision of building materials, including metal profiles, modular suspended ceilings including open suspended ceilings and sheathing boards.

Gerb. Knauf KG is company duly registered under the laws of Germany and it is the mother company of the Knauf Group. The Knauf Group is active in the manufacturing of building products and construction equipment and tools.

Knauf International GmbH is company duly registered under the laws of Germany and a subsidiary company of the Gerb. Knauf KG. the said company is active as a management parent entity without any of its own activities.

The transaction is based on the « Implementation Agreement» dated 24/8/2019, (hereafter the “Agreement”). According to the Agreement, Knauf, through Knauf International will acquire the 100% 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.

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.

The Commission, for the purposes of evaluating this concentration, defined the relevant product/service markets as the distribution of (a) modular suspended ceiling systems (including open suspended ceilings) (b) metal profiles and (c) exterior cladding. For the purposes of the present case, the geographic market for all relevant markets was defined as that of the Republic of Cyprus.

According with the undertaking concerned, this concentration leads to a horizontal overlap in the markets the distribution of:

- (a) modular suspended ceiling systems (including open suspended ceilings). According to the parties, the post transaction market share in Cyprus will be 10-20%. Therefore, the Commission concluded that there is no affected market.
- (b) metal profiles. According to the parties, the post transaction market share in Cyprus will be 40-50%.
- (c) exterior cladding. According to the parties, the post transaction market share in Cyprus will be 20-30%.

Accordingly, the Commission proceeded to examine the compatibility criteria set out in section 19 of the Law.

The Commission examined the financial strength of the undertakings involved, the alternative sources of supply, the position of the undertakings involved in the market, supply and demand trends, the possible existence of entry barriers and interests of the consumers. The Commission decided that this transaction will not lead to any unilateral effects or affect competition in the affected markets in Cyprus.

In addition, there is no vertical relationship or other markets which the notified concentration may have significant impact.

Considering the above, the Commission concludes that there is no affected market based on Annex I of the Law.

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

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.

LOUKIA CHRISTODOULOU

Chairperson of the
Commission for the Protection of Competition