EUROPEAN COMMISSION

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PUBLIC VERSION[*]

In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EC) No 139/2004 concerning non-disclosure of business secrets and other confidential information. The omissions are shown thus […]. Where possible the information omitted has been replaced by ranges of figures or a general description.

To the notifying party

Dear Sir/Madam,

Subject: **Case M.9408 – Assa Abloy/Agta Record**
Commission decision pursuant to Article 6(1)(b) in conjunction with Article 6(2) of Council Regulation No 139/2004[1] and Article 57 of the Agreement on the European Economic Area[2]

(1) On 9 January 2020, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EC) No 139/2004 (the 'Merger Regulation') by which Assa Abloy AB (publ) (Sweden, 'Assa Abloy'), acquires within the meaning of Article 3(1)(b) of the Merger Regulation sole control of the whole of agta record ag (Switzerland, 'Agta Record'). The concentration is accomplished by way of purchase of shares (the 'Transaction').[3] Assa Abloy is hereinafter designated as the 'Notifying Party'. Assa Abloy and Agta Record are hereinafter collectively referred to as the 'Parties'.

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[*] Special handling instructions are given at https://europa.eu/!db43PX.

[1] OJ L 24, 29.1.2004 p. 1. With effect from 1 December 2009, the Treaty on the Functioning of the European Union ('TFEU') has introduced certain changes, such as the replacement of 'Community' by 'Union' and 'common market' by 'internal market'. The terminology of the TFEU will be used throughout this decision.

[2] OJ L 1, 3.1.1994, p. 3 (the 'EEA Agreement').

[3] Publication in the Official Journal of the European Union No C 16, 17.1.2020, p. 47.

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1. THE PARTIES AND THE OPERATION

(2) Assa Abloy is a group headquartered in Stockholm, Sweden, active across a broad range of access solutions, including automatic pedestrian doors, automatic industrial doors, locks, sensors, as well as access control systems and related components.

(3) Agta Record is a group headquartered in Fehraltorf, Switzerland, focusing on the manufacture, supply and servicing of automatic pedestrian doors, with limited activities in industrial doors.

(4) Assa Abloy currently owns a non-controlling 38.75% interest in Agta Record.[4]

2. THE TRANSACTION

(5) The Transaction involves the acquisition of sole control by Assa Abloy over Agta Record. On 6 March 2019, the Parties entered into a share purchase agreement for the sale and transfer of the controlling 53.75% interest in Agta Record currently owned by Agta Record Finance SAS. After closing, Assa Abloy will own approximately 92.5% of Agta Record's share capital and voting rights.[5] Upon completion of the Transaction, Assa Abloy is committed to launch a public tender offer for the remaining outstanding shares in Agta Record.

(6) The Transaction therefore constitutes a concentration within the meaning of Article 3(1)(b) of the Merger Regulation.

3. UNION DIMENSION

(7) Assa Abloy and Agta Record have a combined aggregate worldwide turnover of more than EUR 5 000 million (Assa Abloy: EUR 8 412.7 million, Agta Record: EUR 375.4 million). Each of them has a Union-wide turnover in excess of EUR 250 million (Assa Abloy: [Assa Abloy's Union-wide turnover] million, Agta Record: EUR [Agta Record's Union-wide turnover] million), but they do not achieve more than two-thirds of their aggregate Union-wide turnover within one and the same Member State. The Transaction therefore has a Union dimension pursuant to Article 1(2) of the Merger Regulation.

4. INTRODUCTION TO THE ENTRANCE AUTOMATION INDUSTRY

(8) As a matter of general introduction, this section summarises the basic features of the entrance automation industry and introduces terms and concepts used in the remainder of this decision.

(9) Entrance automation systems are motorised products used in and around entrances, which allow the opening and closing of, *e.g.*, doors and gates. These systems equip commercial, industrial and residential buildings, as well as other types of public spaces.

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4 Assa Abloy acquired a non-controlling 37.9% interest in Agta Record in 2010. In 2013, Assa Abloy increased its shareholding to the current 38.75% of the share capital and the votes.

5 The remaining 7.5% shares are free float.

4.1. Relevant entrance automation systems

(10) For the purpose of assessing the Transaction, two types of automation systems are relevant, namely automatic pedestrian doors and industrial doors, as well as after-sales services and spare parts for each of these door types.[6]

4.1.1. Automatic pedestrian doors

(11) Automatic pedestrian doors are doors used by pedestrians that open and close automatically after being triggered by a motion sensor, a push plate or an access control device. Automatic pedestrian doors may be used for both interior and exterior applications.

(12) Automatic pedestrian door solutions may involve the sale of (i) standalone operators; or (ii) complete door sets.

(13) An operator is a mounted device that performs the function of opening and closing an automatic pedestrian door. Operators usually consist of: (i) operating control components (e.g. control boards and sensors); (ii) opening and closing hardware (e.g. power supply and gear boxes); (iii) a motor; (iv) safety devices and actuators (e.g. safety switches and push buttons); and (v) software.

(14) Original equipment manufacturers ('OEMs') assemble separate parts into operators and fit them into aluminium casings. While this assembly process is generally manual, cutting aluminium for the casings and the painting and coating requires machinery.

(15) A complete automatic pedestrian door set generally consists of (i) an operator; (ii) one or several door leaves; and (iii) a door frame, tracks, carriage wheels, belts (for sliding doors) or an arm (for swing doors). Automatic pedestrian doors may come with variations in, e.g., the size, colour and thickness of the glass.

(16) Automatic pedestrian doors include several door types, mainly swing, sliding and revolving doors, but also folding and other types of specialty doors:

(a) Automatic swing doors ('swing doors') open by rotating around an axis. Swing doors are more space efficient than sliding or revolving doors in terms of the size of wall/frame space needed, but less energy-efficient. Swing doors are more often used as interior doors. Most non-automated doors may be converted into an automatic swing door with the installation of an operator and an arm. Therefore, many sales of swing doors consist in the sale of the

[6] The Transaction gives rise to minor horizontal overlaps in other entrance automation systems, such as traffic gates and barriers, roller shutters, garage doors and entrance control units. Since the Parties' activities in these segments are minimal and cannot give rise to affected markets, these will not be further assessed in this decision. In particular, according to the Form CO, Agta Record is not active in the manufacturing of traffic gates and barriers but only acts as a distributor of FAAC's traffic gates and barriers in The Netherlands, where Assa Abloy is not directly active. Likewise, Agta Record is not active in the manufacturing of entrance control but only acts as a distributor of FAAC's, Gunnebo's and Cominfo's products in The Netherlands and Boon Edam's products in Poland, where Assa Abloy has either *de minimis* sales ([Assa Abloy's sales] in The Netherlands) or no presence at all (Poland). Agta Record also has very limited production and distribution of roller shutters and garage doors in France (only), whereas in France Assa Abloy makes *de minimis* sales of third party roller shutters ([Assa Abloy's sales], and of garage doors ([Assa Abloy's sales]).

operator and arm only. There is also an existing overall trend towards greater adoption of low-energy swing door operators as opposed to full-energy operators.[7] Low-energy swing operators allow the door to open at lower speeds than full-energy operators and remain open for at least five seconds.

(b) Automatic sliding doors ('sliding doors') open laterally by sliding. They can consist of single or bi-parting openings. Sliding doors typically include glass leaves and are primarily used for the entrance of buildings. Globally, the sliding door segment is forecast to grow the fastest between 2016 and 2021, as these are the most popular product type and account for the biggest proportion of all automatic doors installed.[8]

(c) Automatic revolving doors ('revolving doors') rotate to let pedestrians in and out. Revolving doors usually have two, three or four leaves. These doors are the most expensive and complex option, but also the most energy-efficient. They are almost exclusively found at the entrance of buildings.

(d) Automatic folding doors ('folding doors') move horizontally and are intended for premises with limited space around the door opening.

(e) Additionally, there is a heterogeneous group comprising different types of specialty automatic doors displaying certain special properties, such as sealing capabilities (hermetic doors), fire resistance (fire doors) or bullet or blast resistance (security doors).

(17) Even though many of these products may be similar throughout the EEA, there are country-specific requirements in terms of national safety norms and regulation that result in certain product differences across countries. For instance, some countries may impose specific requirements on doors used in escape routes[9] or additional certificates or declarations.[10] While the most important standard in the EU applicable to automatic doors is EN 16005, some countries have defined their own national standards.[11]

(18) Figure 1 below illustrates automatic swing, sliding, revolving and hermetic doors.

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7 'Door Automation Products. Global Report', IHS Markit Technology, 24 October 2017, page 19.

8 'Door Automation Products. Global Report', IHS Markit Technology, 24 October 2017, page 3.

9 By way of illustration, Germany and Austria require the use of redundant sliding doors (equipped with two batteries and two motors), Belgium requires sliding doors with a break-out function and France requires sliding doors equipped with a rubber band.

10 By way of illustration, Hungary requires obtaining the additional certificate NMÉ in order to sell automatic doors in the country. In Sweden, some customers require that suppliers are declared by SundaHus or Byggvarubedömningen as non-hazardous in order to qualify for tenders.

11 By way of illustration, Germany and Austria require that automatic pedestrian doors comply with the national standards DIN 18650 and DIN 18263.

Figure 1 – Sample of automatic swing, sliding, revolving doors and hermetic doors



Source: prepared by the Commission.

4.1.2. Industrial doors

(19) Automatic industrial doors ('industrial doors') are generally designed to facilitate the flow of goods or vehicles in industrial or commercial buildings. They may be used for either interior or exterior applications.

(20) Industrial doors include different types of automatic doors, such as (i) high-speed doors; (ii) overhead sectional doors; (iii) industrial folding doors; and (iv) docking doors and stations.

(a) High-speed doors have a roll-up system with high opening speed and allow people and goods to pass through without disrupting the flow.

(b) Overhead sectional doors are made of sections that slide up and disappear up under the roof when opened in order to save as much space as possible around the door opening.

(c) Industrial folding doors move horizontally and are intended for premises with limited space around the door opening and where the roof space is not sufficient to allow for a sectional door.

(d) Docking doors and stations are designed for locations with intense traffic flow of heavy vehicles. Docking stations enable loading and unloading from trucks and allow for adjusting the loading bay to facilitate loading from truck beds of different levels.

(21) Figure 2 below illustrates these different types of industrial doors.

Figure 2 – Sample high-speed, overhead sectional, industrial folding and docking doors



Source: prepared by the Commission.

4.1.3. After-sales services

(22) After-sales services include the maintenance, repair, servicing, overhaul and upgrades of automatic doors in operation. After-sales services involve both regular maintenance (typically performed on the basis of maintenance contracts[12]), ad-hoc repairs (also known as one-off transactions, call-outs or service calls) and retro-fits or overhaul (whereby the provider supplies additional features to an existing installation and/or upgrade it to higher or later specification).[13]

(23) After-sales services can be provided both by the supplier of the door (either the OEM or the non-integrated supplier) or by a third party. They are undertaken with the assistance of service tools and may require spare parts. Service tools are software-based solutions that can facilitate configuration and troubleshooting. Spare parts can be generic or brand specific. Brand specific spare parts typically need to be sourced directly or indirectly from the OEM of the door to be repaired or maintained. This is particularly true for some parts such as the drive motor and the electronic control of the operator.

4.1.4. Spare parts

(24) Spare parts include components used when assembling automatic doors or even sub-assemblies of such components.

(25) The majority of the supply of spare parts occurs within the context of the provision of after-sales services to replace faulty or depleted parts, although spare parts may also be sold to non-integrated suppliers for them to assemble automatic doors.

(26) There are two types of spare parts: generic spare parts and brand-specific spare parts.

(a) Generic spare parts can be replaced by any sub-component with the same function, regardless of brand or certification. These include, *e.g.*, springs, rollers, hydraulics, wheels, plastics, belts, cables and metal plates/bends.

(b) Brand-specific spare parts are specific to products of a specific brand, which must be sourced from the OEM or its dealer network (or from entities that resell brand-specific spare parts). These include, *e.g.*, the motor, the drive unit or the control board of the door in question, but also mechanical spare parts such as carriages, casings, frames and profiles, as well as certain pieces of electronics such as batteries.[14]

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12 Contracts may include maintenance ranging from one to a few times per year, with additional options to also include, e.g., spare parts, labour and/or a preferred response time.

13 Form CO, paragraphs 169, 274, 275; minutes of a call with a competitor of 14 August 2019, paragraph 15; minutes of a call with a competitor of 30 October 2019, paragraph 13.

14 The Notifying Party considers that a distinction can also be made between non-copyable and copyable branded spare parts (Form CO, paragraph 315), but the practical relevance of that distinction is not entirely clear (e.g,, what determines the copyable nature of a branded spare part, what is the level of awareness of what is copyable or not, who can actually copy copyable spare parts and under what market conditions). For the purpose of its investigation in the present case, the Commission has therefore considered branded-spare parts as a single category, without further distinctions.

4.2. Value and supply chain of automatic pedestrian doors and industrial doors

(27) The value chain of automatic pedestrian doors and industrial doors typically consists in the design of sub-systems, manufacture/procurement of components, assembly, sale/wholesale and installation of operators or complete door sets, and after-sales services.

(28) This value chain may be more or less centralised depending on the company. Some companies manufacture, assemble and ship automatic pedestrian doors in/from the same premises, whereas others manufacture in certain premises and ship the manufactured products to a different plant for the final assembly and distribution.

(29) The supply chain in the entrance automation systems industry mainly comprises two types of suppliers: OEMs (or 'integrated suppliers') and independent distributors/installers (or 'non-integrated suppliers').

(30) OEMs manufacture and supply operators and complete door sets to both end-customers and non-integrated suppliers. OEMs also install themselves operators and complete door sets at the premises of end-customers and provide after-sales services.

(31) Non-integrated suppliers do not have their own proprietary designs and supply chain. They source door parts (e.g. operators, door frames and glass leaves), which they then assemble, sell and install as a complete door set at the premises of end-customers. Operators sold to non-integrated suppliers generally carry the brand of the manufacturing OEM.[15]

(32) On the demand side, there are several types of end-customers of entrance automation systems, such as small and medium-sized business owners, key account customers, building contractors, façade companies or facility management companies.

(33) End-customers may belong to different end-user groups, such as healthcare (e.g. hospitals and elderly care), retail (e.g., clothes stores, pharmacies or supermarkets), private sector (e.g., office buildings and banks), public sector (e.g., universities, libraries and governmental buildings), hospitality (e.g., hotels) or transport (e.g., airports).

(34) OEMs and non-integrated suppliers also sell operators and complete door sets to customers who are not the end-users (intermediary customers). These intermediary customers tend to be responsible for the construction or refurbishment of a building on behalf of an end-user (e.g., contractors or façade companies).

4.3. Procurement process

(35) The procurement process might vary depending on whether the end-customer is a public or a private entity. Public entities often organise tenders according to public procurement rules, whereas private entities may organise regular tenders or simply request quotes from different suppliers. Certain large/key customers also enter into

[15] Questionnaire 1 to competitors, question 14.10; Questionnaire 3 to non-integrated suppliers, question 21.

framework agreements with suppliers, whereas smaller customers rather resort to one-off sales to source a single (or a few) door(s).[16]

(36) Architects are not customers but have an important role in the competitive process, particularly in sales to contractors and façade companies. Architects may influence the choice of automatic doors used in a particular building project by, *e.g.*, specifying certain dimensions for a door opening that suits a certain supplier better than other potential suppliers.[17] For this reason, many OEMs market their products to architects with the objective of inducing them to include, in the specifications of a building, technical requirements or references to a particular supplier's product, or to mention a particular brand or simply dimension door openings in a way that suits them better than other potential OEMs.

(37) The importance of architects in the procurement process was echoed by respondents to the market investigation and also mentioned by Assa Abloy in recent earning calls with investors, as follows: '[f]*or new projects, bigger projects, we have a large specification team working together with architects, working together with contractors, making sure that the spec in the right solution, an ASSA ABLOY solution in their projects. Once it's spec-ed in, then it's also much easier afterwards to sell your products and your solutions*'.[18] The market feedback is consistent on this point. A majority of respondents who expressed an opinion consider that architects play either an 'important' or a 'very important' role.[19] A competing OEM expressed that planners and architects usually specify a brand and that their influence is very high.[20]

4.4. Other products vertically or closely related to entrance automation systems

(38) Access control systems and components, locking devices and sensors are products that are closely related to entrance automation systems.

4.4.1. Access control systems

(39) Access control systems manage the access credentials into and/or within buildings and enable communication between access control components (e.g., cards and card readers).

4.4.2. Locks

(40) Locks secure access to doors of, e.g., buildings, vehicles, furniture or cabinets. A traditional lock may be either mechanical (where all parts of the system are mechanical) or electromechanical (where are least one part is electronic).

(41) Mechanical locks typically consist of cylinders, lock cases and a strike plate. Mechanical locks are either single-point locks or multi-point locks (which have more than one locking point typically activated by a cylinder). The cylinder is

16 Form CO, paragraphs 242 and 244.

17 Form CO, paragraph 246.

18 ASSA ABLOY AB (publ) – Analyst Investor Day, slide 6.

19 Questionnaire 1 to competitors, question 38.

20 Questionnaire 1 to competitors, questions 32.1 and 33.1.

fitted into a lock case (a metal case around the actual lock cylinder) which is placed in the door or on the side of the door with the strike plate.

(42) Electromechanical locks operate by means of electric current.

4.4.3. Electric strikes

(43) Electric strikes are electromechanical locking devices, activated by an electric current and releasing the latch bolt of the lock case by electrically retracting a small ramped surface ('strike'). This allows for opening of the door with a lock in a closed position (without operating the lock itself). The strike subsequently returns to its original position, relocking the door when closed.

4.4.4. Sensors

(44) Sensors are devices that detect the presence of pedestrians and vehicles and consequently order the door to open automatically. Sensors can work for one or multiple types of automatic doors. Sensors can also be used for elevators and escalators.

4.5. Introduction to the Parties' activities

4.5.1. Overlapping activities of the Parties

(45) The Parties are both OEMs of automatic doors, including automatic pedestrian doors (swing, sliding and revolving) and industrial doors (including high-speed doors). The Parties have a fully integrated supply chain ranging from the design of operators to the on-site installation of complete door sets (including operators, door leaves and other components), and the provision of after-sales services.

(46) Both companies sell directly to end-customers (e.g., building contractors, façade companies, retail chains or hospitals), but also to non-integrated suppliers.

(47) In the EEA, Assa Abloy sells automatic pedestrian doors to end-customers under the Assa Abloy (formerly, until 2018, Besam) brand and to non-integrated suppliers under the Entrematic and Ditec brands.[21] Agta Record sells swing and sliding doors under the record brand, and revolving doors under the BLASI brand.[22] In addition, it sells hermetic doors under the KOS brand. In the supply of industrial doors, Assa Abloy uses the brand Assa Abloy, as well as various local brands, for sales to end-customers and brands such as Dynaco, Ditec, Nergeco and Normstahl, combined with Entrematic, for sales to non-integrated suppliers.[23] Agta Record supplies limited volumes of industrial doors under the record brand.[24]

(48) Both Assa Abloy and Agta Record provide after-sales services (which may comprise the maintenance, repair or upgrade of automatic doors), an activity that contributes a sizeable share of their overall revenues and profits ([Assa Abloy's

21 Form CO, paragraph 134.

22 Form CO, paragraph 156. In France, Agta Record also sells swing and sliding doors to non-integrated suppliers under the Vercor brand.

23 Form CO, paragraph 1653.

24 Form CO, paragraph 1662.

sales]).[25] In addition to offering after-sales services themselves, the Parties also supply spare parts required to provide after-sales services on their doors to third-party service providers.[26]

4.5.2. Non-overlapping activities of the Parties

(49) In addition to its activities related to automatic doors, Assa Abloy provides access control systems, locking devices and sensors.

(50) With regard to access control systems,[27] Assa Abloy manufactures and sells both access control systems (software) and access control components (hardware). The Notifying Party submits that '[t]*hrough its Global Technologies division, Assa Abloy manufactures and sells components to identity solutions and electronic access control systems (such as electronic systems to open doors and gates with identity cards, pin codes and card readers)*'[28], while '*ASSA ABLOY Opening Solutions EMEA provides both electronic access control systems (via Aptus, Accentra, Abloy OS, Scala, SMARTair and Seawing) and electronic access control system components (via e.g. its wholesaler business)*'.[29] Agta Record does not manufacture access control systems or components; at customers' requests, it occasionally sources from third parties electronic access control components to operate its automatic doors.[30]

(51) With regard to locking devices, Assa Abloy manufactures and sells locks via its division ASSA ABLOY Opening Solutions.[31] Assa Abloy's lock brands include ABLOY, ASSA ABLOY, IKON, Mul-T-Lock, TESA, UNION, Yale and Vachette. Agta Record is not active in the manufacturing of locks.[32] At customers' requests, it occasionally sources from third parties and resells locks as integrated part of its automatic doors.

(52) Assa Abloy manufactures electric strikes through ASSA ABLOY Sicherheitstechnik GmbH (Germany) and ASSA ABLOY Czech & Slovakia s.r.o. (Czechia).[33] These electric strikes are sold in the EEA through the Opening Solutions EMEA division, predominantly under effeff and FAB brands. Agta Record is not active in the manufacturing of electric strikes.[34] In rare cases an electric strike is delivered as part of a door system, Agta Record sources it from a third party.

(53) Finally, with regard to sensors, Assa Abloy's subsidiary Cedes manufactures and supplies sensors to, amongst others, OEMs of automatic doors (including Agta

25 Agta Record only provides after-sales services for industrial doors in France.

26 However, the Parties do not manufacture generic spare parts for automatic pedestrian doors and are only involved to a limited extent in the supply of generic spare parts.

27 Form CO, Section D.5.2.

28 Form CO, Section D.5.2.1., paragraph 2132.

29 Form CO, Section D.5.2.1., paragraphs 2132 and 2135.

30 Form CO, Section D.5.2.2., paragraph 2138.

31 Form CO, Section D.1.2.1., paragraph 1995.

32 Form CO, Section D.1.2.2., paragraph 2000.

33 Reply of the Notifying Party to question 1 of the request for information 14, 11 February 2020 and reply of the Notifying Party to question 1 of the request for information 15, 21 February 2020.

34 Reply of the Notifying Party to question 1 of the request for information 15, 21 February 2020.

Record).[35] In contrast, Agta Record does not sell sensors to third parties; it manufactures sensors based on a closed interface for exclusive use in some of its own automatic door models.

4.6. Entrance automation systems OEMs and non-integrated suppliers in the EEA

(54) Entrance automation systems OEMs active in the EEA have different geographical footprints. Some OEMs are present EEA-wide, whereas others have activities only in certain Member States. The Parties offer the products and services described in Section 4.5 above across the EEA, while their competitors may only offer a range of products or be active only in parts of the EEA. Non-integrated suppliers are for the most part active only at national or local level.[36]

(55) In addition to the Parties, some of the main industry players are listed below:

(a) For automatic pedestrian doors, the main OEM suppliers include Dormakaba International Holding GmbH ('Dormakaba'), Geze GmbH ('Geze'), Gretsch-Unitas GmbH ('GU Automatic'), Landert Group AG ('Tormax'), FAAC S.p.A. ('FAAC'), Gilgen Door Systems AG ('Gilgen'), Royal Boon Edam International B.V. ('Boon Edam'), Portalp SAS ('Portalp'), Label S.p.A. ('Label') and Manusa Gest, S.L. ('Manusa').

(b) For industrial doors, the main OEM suppliers include Hörmann KG Verkaufsgesellschaft ('Hörmann'), EFAFLEX Tor- und Sicherheitssysteme GmbH & Co. KG ('Efaflex'), Ba2i Technologies SAS ('Ba2i'), Manurégion SARL ('Manurégion'), Safir SAS ('Safir'), Portalp and Novoferm GmbH ('Novoferm').

(c) For after-sales services, important providers include Dormakaba, Geze, GU Automatic, Gilgen, Kone, Boon Edam, Tormax, Portalp, Thyssenkrupp, FAAC, as well as facility management companies.

(d) For access control systems and components, the main suppliers include Allegion, Dormakaba, Ikor, Hana, Season, Cominfo, Digitalist Finland, Westcomp, Victorsson Industrier and OEM Electronics.

(e) For locks, suppliers include Bricard, Dormakaba, Marques, Carl Fuhr, DOM-MCM, Ezcurra, Mottura Serrature di Sicurezza, jasa, Abson Industry or Carlisle Brass/Eurospec.

(f) For sensors, suppliers include BEA, Bircher Reglomat, Carlo Gavazzi, FRABA, Witt, Optex, Pepperl + Fuchs, SICK, Telco and Horton.

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35 Form CO, Section D.2.1., paragraph 2048 and Section D.2.2.1., paragraphs 2051 and following.

36 By way of illustration, some of these non-integrated suppliers are Wartecker and Fiegl & Spielberger (in Austria), P.D.S. Installatiebedrijf (in Belgium), Nordisk Doer Automatik and Scandisolution (in Denmark), Axed, AF Maintenance, Citec and Lacroix (in France), Alois Jakob Metall am Bau GmbH, Burmann and Stahl- und Metallbau Schönhut (in Germany), Alvista, Chameo and Coenen Automatische Deuren (in the Netherlands), Alumatik d.o.o. (in Slovenia), Advanced Entrance Technology and Automatic Door Systems (in Sweden) and Automatic Access Limited and The Automatic Door Company (in the United Kingdom).

5. MARKET DEFINITION

(56) The main products relevant to the merger control assessment of the Transaction are automatic pedestrian doors, industrial doors, after-sales services, spare parts, access control systems and components, locking devices, and sensors.

(57) The supply of automatic pedestrian doors and industrial doors is characterized by similar features, which are described in Section 5.1 below. In turn, Sections 5.2 and 5.3 include a specific analysis of the supply of automatic pedestrian doors and industrial doors, respectively. The subsequent sections discuss after-sales services, spare parts, access control systems and components, locking devices and sensors.

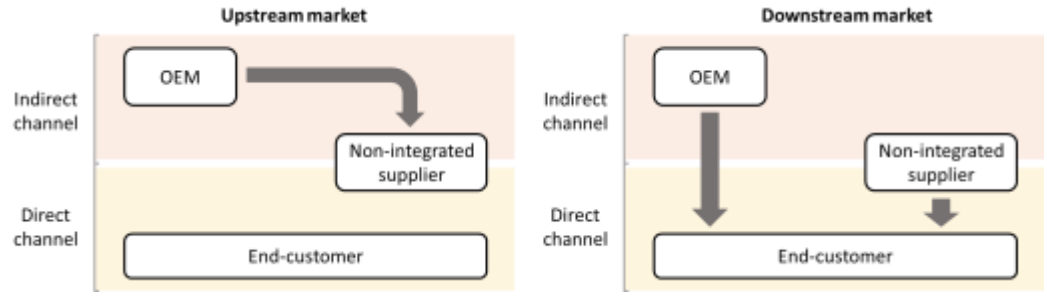
5.1. General considerations on the market definition of automatic pedestrian doors and industrial doors

5.1.1. Sales channels

5.1.1.1. Notifying Party's arguments

(58) The Notifying Party submits that two separate and vertically related product markets should be defined within automatic pedestrian doors and industrial doors, depending on whether the supplier installs the door at the premises of the end-customer, namely (i) an upstream market for automatic door components sold by OEMs to non-integrated suppliers (only), which is referred to as the 'indirect channel' and where installation is not included; and (ii) a downstream market for automatic door solutions sold to end-customers (only) by OEMs and non-integrated suppliers, which is referred to as the 'direct channel' and where installation is included.[37] Figure ***3*** below provides an overview of the Notifying Party's proposed segmentation.

Figure 3 – Notifying Party's proposed segmentation between an upstream and a downstream market



(59) In this regard, the Notifying Party submits that the upstream market (also referred to as the 'indirect channel') would consist in the supply of operators (and of complete door sets to a limited extent) by OEMs to non-integrated suppliers for resale and installation. In turn, the downstream market (also referred to as the 'direct channel') would comprise the supply to end-customers of complete automatic door sets and operators for the automation of existing doors, by both OEMs and non-integrated suppliers. According to the Notifying Party, downstream

[37] Form CO, Sections B.2.2.1.1. and C.2.1.2.1.

sales would usually include the installation and configuration of the automatic doors, as well as other on-site services.[38]

(60) The Notifying Party explains that indirect sales eventually translate into direct sales, as non-integrated suppliers supply end-customers with operators combined with door leaves and frames, in competition with the OEMs from which they procured the operators in the first place.

(61) The Notifying Party considers that the proposed segmentation is justified by differences in customer demand: in the direct channel a number of on-site services are supplied together with the automatic doors (e.g. taking exact measurements, discussing the specifications of the door), whereas in the indirect channel customers allegedly buy the products in bulk and order them for stocking purposes and eventually resale. In addition, the Notifying Party considers that supply side substitutability is limited across the two segments, as OEMs supplying end-customers downstream need a local presence, whereas non-integrated suppliers would need to develop their own automatic door operators (i.e., become OEMs) in order to enter the upstream segment.[39]

5.1.1.2. Commission's assessment

(62) In *Assa Abloy/Cardo*, which related to a concentration between two OEM suppliers of industrial doors and related after-sales services,[40] the Commission did not retain a distinction between an upstream and a downstream market, and the parties did not submit that it would be appropriate to do so at the time. In this precedent dating from 2011, while leaving the precise market definition open, the Commission based instead its competitive assessment on an overall market for industrial doors (and each of the different industrial doors types).

(63) When it cleared Assa Abloy's acquisition of a non-controlling minority interest in Agta Record back in 2010, the United Kingdom's Office of Fair Trading ('OFT') distinguished between the sale of operators, on the one hand, and the sale of complete automatic pedestrian door sets, on the other hand.[41] The OFT did not distinguish between an upstream and a downstream market, but merely indicated that operators (i.e, 'automatic door automation systems') and complete door sets (i.e., 'complete automatic pedestrian door sets') *'are sold in the UK through different sales channels to end users'*.[42]

(64) In the present case, contrary to the Notifying Party's arguments, the Commission takes the view that examining competition at OEM-level (i.e., sales by OEMs-only to both end-customers and non-integrated suppliers, thus combining OEM sales in the direct and indirect channels) is a more appropriate analytical framework to assess the impact of the Transaction on competition, for a number of reasons

38 Revolving doors are generally sold as complete door sets in the direct channel and only very rarely as stand-alone operators in the indirect channel as the production process is integrated to a higher degree than for other door types.

39 Form CO, paragraph 331.

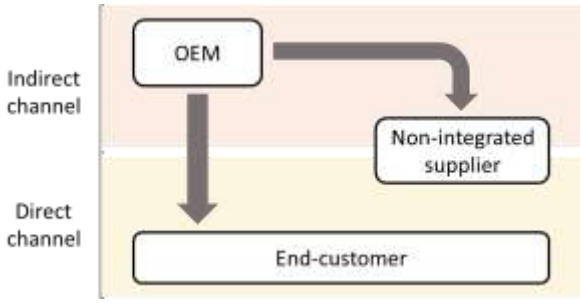
40 Commission decision of 9 March 2011 in Case COMP/M.6117 – *Assa Abloy/Cardo*.

41 OFT decision of 4 February 2011 in Case ME/4792/10 *Assa Abloy/Agta Record*, paragraphs 12-24.

42 OFT decision of 4 February 2011 in Case ME/4792/10 *Assa Abloy/Agta Record*, paragraph 10.

spelled out below. Figure 4 below provides an overview of the Commission's approach for the assessment of the Transaction.

Figure 4 – Commission's retained approach for the assessment of the Transaction



(65) At the outset, the Commission notes that the Transaction involves the combination of, and the resulting loss in competition between, two fully integrated OEMs supplying both end-customers and non-integrated suppliers with the same products by means of a dual distribution structure. However, the Notifying Party's approach does not capture accurately the extent of the loss of competition between the Parties as two of the main OEMs active EEA-wide in the supply of automatic doors. In particular, the proposed definition of a downstream market encompassing sales to end-customers by both OEMs and non-integrated suppliers has the consequence of artificially diluting the extent of the Parties' actual market position, which cannot be reflected either by assessing the proposed upstream market in isolation. The results of the market investigation support the appropriateness of the Commission's assessment framework.

(66) First of all, a vast majority of competing OEMs and non-integrated suppliers who expressed an opinion on this point do not consider that there are material technical differences between the automatic doors, including operators or complete door sets, supplied to end-customers, on the one hand, and to non-integrated suppliers, on the other hand.[43] Hence, there is a very high degree of substitutability between the products marketed to end-customers and to non-integrated suppliers.

(67) Secondly, a vast majority of respondents to the market investigation have indicated that non-integrated suppliers also source door leaves and complete door sets from OEMs, i.e., not only standalone operators.[44] Moreover, a significant number of respondents submitted that, contrary to the Notifying Party's argument, non-integrated suppliers also source products from OEMs on a project/on-demand basis, like end-customers do, and not only or even primarily for stocking and resale purposes.[45] In this regard, a competitor submitted that *'[t]he automatic door business is mainly project driven and specifications are strictly related to all the different openings present in each project (dimensions, type of flow, etc.)'*.[46] Conversely, as the Parties acknowledge, end-customers also procure operators

43 Questionnaire 1 to competitors, question 14.7; and Questionnaire 3 to non-integrated suppliers, question 19.

44 Questionnaire 1 to competitors, question 14.5; and Questionnaire 3 to non-integrated suppliers, question 14.

45 Questionnaire 1 to competitors, question 14.6; and Questionnaire 3 to non-integrated suppliers, question 18.

46 Questionnaire 1 to competitors, question 14.6.1.

only, such as swing operators to automate existing doors.[47] Moreover, revolving doors are generally sold as complete door sets irrespective of the sales channel,[48] and then primarily in the direct channel. These elements further reinforce the substitutability across sale channels, which extends to procurement patterns.

(68) Thirdly, non-integrated suppliers are inherently dependent on OEMs for the core – if not the whole – of the automatic door products that they supply. Moreover, according to a vast majority of competing OEMs and non-integrated suppliers, the brand of originating OEMs is generally affixed on the operators and the complete door sets procured by non-integrated suppliers for resale and installation.[49] As a result, from the end-customer perspective, the products supplied by non-integrated suppliers clearly originate from and remain affiliated with OEMs, with potential consequences in terms of customer loyalty and cross-selling/sourcing, notably for after-sales services.[50]

(69) Fourthly, the market investigation has revealed that vertical integration gives OEMs a significant cost advantage compared to non-integrated suppliers. This is particularly apparent from the outcome of an analysis of the realised prices of Agta Record's best-selling products to non-integrated suppliers in each of the United Kingdom, Germany and France, compared to the internal prices charged within Agta Record for the same products for supply in the same countries.[51] That analysis revealed differences of up to [information about Agta Record's margins and cost structure] to the benefit of Agta Record's own local operations. Hence, this constitutes strong evidence that non-integrated suppliers are not able to exercise the same level of competitive constraints on OEMs than OEMs among themselves, notably as basic local operational costs (e.g., labour, operating assets) are largely equivalent irrespective of the supplier category.

(70) Fifthly, as explained in section 5.1.2, the outcome of the market investigation reveals that a core segment of demand, namely large end-customers and large projects, tend to favour direct procurement from OEMs rather than from non-integrated suppliers.[52] A majority of end-customers that expressed an opinion in response to the market investigation also indicated that they source predominantly from OEMs.[53] Generally, end-customers associate OEMs with specific preferences, including prices and technical expertise, which differ from the features associated with sourcing from non-integrated suppliers.[54]

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47 Form CO, paragraph 124.

48 Idem.

49 Questionnaire 3 to non-integrated suppliers, question 21. Sometimes, the non-integrated suppliers also add their own visual identity on the products in question (see Questionnaire 3 to non-integrated suppliers, question 21.2).

50 A vast majority of end-customers indicate in response to the market investigation that it is frequent or very common for them to contact the OEM of their automatic pedestrian doors when requiring after-sales services to be performed on the doors in question (see Questionnaire 2 to end-customers, question 57).

51 Reply of Agta Record to a request for information 7, 13 December 2019, question 7 and Annex 7.5.

52 Questionnaire 1 to competitors, question 41; Questionnaire 2 to end-customers, questions 39-39; Questionnaire 3 to non-integrated suppliers, question 51.

53 Questionnaire 2 to end-customers, question 14.2.

54 Questionnaire 1 to competitors, question 42; Questionnaire 2 to end-customers, question 40; Questionnaire 3 to non-integrated suppliers, question 52.

(71) At the end, the direct and indirect channels constitute two alternative ways for OEMs such as the Parties to satisfy the demand of end-customers, and to maximise sales and output. The service component of direct sales is also inherent to dealings with end-customers, as in many industries. Hence, in the present case and in light of all available evidence, the Commission considers that it is not appropriate to consider separately hypothetical upstream and downstream markets within the supply of automatic pedestrian doors and of industrial doors, as advocated by the Notifying Party. The Commission will therefore conduct its competitive assessment based on an OEM-level approach, which includes sales by OEMs-only to both end-customers and non-integrated suppliers. In turn, the Commission will factor in its assessment the existence of different sale channels and the level of competitive constraints that non-integrated suppliers may still exercise on OEMs for sales to end-customers.

5.1.2. Segmentation by types of supplier and customer group

5.1.2.1. Notifying Party's arguments

(72) The Notifying Party submits that it would not be appropriate to further segment the market according to the type of supplier (between OEMs and non-integrated suppliers) or customer group (between smaller and larger customers).[55]

5.1.2.2. Commission's assessment

(73) Section 5.1.1. explained that it was appropriate in the present case to define relevant markets at OEM level, i.e., as encompassing OEM sales to both non-integrated suppliers and end-customers. A different, though related, question pertains to whether it is appropriate to segment relevant product markets according to certain customer groups.

(74) In *Assa Abloy/Agta Record*, the OFT noted that *'large customers' requirements (such as nationwide coverage) may preclude local independents from supplying them because large national buyers prefer […] complete automatic door sets from established manufacturers'* and that *'[b]id data [had] revealed that larger customers had switched mostly to competing integrated manufacturers'*.[56] The OFT did not ultimately retain a segmentation by customer group in view of bid data supplied by Assa Abloy, which would have showed that it had bid for a significant number of smaller contracts.[57]

(75) In the present case, a majority of competitors and non-integrated suppliers submitted that certain final customers (such as large customers operating multiple sites) are more likely to procure automatic doors from OEMs rather than from non-integrated suppliers.[58] A number of respondents indicated that this would be in particular the case for categories of customers such as, among others,

55 Form CO, paragraph 332.

56 OFT decision of 4 February 2011 in Case ME/4792/10 *Assa Abloy/Agta Record*, paragraph 26.

57 OFT decision of 4 February 2011 in Case ME/4792/10 *Assa Abloy/Agta Record*, paragraph 30.

58 Questionnaire 1 to competitors, question 40; and Questionnaire 3 to non-integrated suppliers, question 50.

supermarkets, large distribution and Horeca chains, airports, hospitals, facility management companies or key account customers.[59]

(76) Moreover, a majority of competitors and non-integrated suppliers submitted that for large projects, final customers are more likely to source automatic doors from OEMs rather than from non-integrated suppliers.[60] While responses on this point were mixed among customers, some indicated that *'for large projects it is important to source via OEMs in order to have one responsible supplier for the whole project. If doors are installed at various sites within a certain period of time based on one sourcing project it is a large project'*.[61]

(77) A number of competitors also submitted that final customers typically ascribe value to procuring automatic pedestrian doors from OEMs rather than from non-integrated suppliers given their *'direct contact […] on technical problems and warranty'*, their *'better price and service'* or them being a *'[s]ingle source of supply, consistency of product, reduction in future maintenance/service requirements'*.[62]

(78) The Parties' internal documents further reflect the importance that they ascribe to large customers and large projects. Some of the Parties' ordinary course of business documents indicate that Agta Record *'*[Agta Record's sales policy and strategy]*'*[63], while Assa Abloy has *'*[Assa Abloy's sales policy and strategy]*'*[64].

(79) However, for the purpose of carrying out a meaningful competitive assessment in the present case, it appears neither feasible nor warranted to define separate markets for 'large customers' and/or 'large projects' given the inherent heterogeneity of these categories. Moreover, the Parties have submitted anecdotal evidence that OEMs do also compete for 'small' customers and 'small' projects.[65] Thus, the Commission considers appropriate in this case to exclude the definition of separate markets per customer group and to take customer preferences into account, inasmuch as they can be reasonably approximated based on the outcome of the market investigation, in the competitive assessment, notably to assess competitive constraints.

(80) At the end, the above findings confirm that non-integrated suppliers do not exercise competitive constraints on OEMs to the same extent as other OEMs, especially for the sizeable share of demand accounted for by large customers and large projects. This strongly indicates that there is closer competition amongst OEMs even for sales to end-customers, as further developed in Section 7.2.2.3 below.

(81) For the purpose of the decision and in light of all information available to it, the Commission therefore considers that while a segmentation by end-customer type is

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59 Questionnaire 1 to competitors, question 40; and Questionnaire 3 to non-integrated suppliers, question 50.

60 Questionnaire 1 to competitors, question 41; and Questionnaire 3 to non-integrated suppliers, question 51.

61 Questionnaire 2 to end-customers, question 39.1.

62 Questionnaire 1 to competitors, question 42.

63 Form CO, AA13, slide 4.

64 Form CO, AA15, slide 36.

65 Form CO, paragraphs 368 to 371.

neither feasible nor warranted, the sale of automatic doors to end-customers is differentiated inasmuch OEMs appear better placed to address a significant segment of demand than non-integrated suppliers. Hence, since the Parties are both OEMs and while the differentiation is by nature not absolute, the competitive assessment will consider sales by OEMs to end-customers, as a relevant metrics. OEM sales to non-integrated suppliers, separately from sales to end-customers, constitute assuredly another relevant metric for the competitive assessment in view of the common and identifiable characteristics of that other segment of demand.

5.1.3. Segmentation by end-user segment

5.1.3.1. Notifying Party's arguments

(82) The Notifying Party submits that it would not be appropriate to further segment the market according to end-customer segments (into, e.g., the healthcare, hospitality, private sector, public sector, retail and transport segments), given that (i) operators are the same and are not better suited for some end-user segments; (ii) the same company may supply projects irrespective of the end-user segment; (iii) the Parties do not have separate sales and installation processes per end-user segment; and (iv) the Parties often do not sell directly to end-user segments, but to intermediate customers (such as building contractors or façade companies).[66]

5.1.3.2. Commission's assessment

(83) A majority of respondents expressing an opinion on this point in the market investigation submitted that it is not necessary to consider further segmentations based on the specific requirements of different user groups (e.g., residential, corporate, retail, hospitals, hotels and restaurants).[67] However, some respondents indicated that the healthcare sector may have different technical needs for some applications, such as *'e.g. doors for operating rooms'*.[68]

(84) In light of the Notifying Party's arguments and the results of the market investigation, the Commission takes the view that the Parties' automatic doors do not generally appear to address the needs of distinct end-user segments. As regards the need of automatic doors for operating rooms by the healthcare sector, the Commission notes that this distinct demand is captured by defining a separate product market for hermetic and semi-hermetic doors in Section 5.2.1 below.

(85) For the purpose of the decision and in light of all information available to it, the Commission considers that it is not necessary to further segment the product markets for automatic pedestrian doors and industrial doors according to end-customer segments.

66 Form CO, paragraphs 416 and 417.

67 Questionnaire 1 to competitors, question 9; Questionnaire 2 to end-customers, question 9; and Questionnaire 3 to non-integrated suppliers, question 9.

68 Questionnaire 3 to non-integrated suppliers, question 9.1.

5.2. Automatic pedestrian doors

5.2.1. Product market definition

5.2.1.1. Notifying Party's arguments

(86) The Notifying Party submits that there are separate relevant markets for each of swing, sliding and revolving doors.[69] This is because substitutability on the demand and supply side is limited in practice by the design of the doorway, applications, energy efficiency requirements and price levels.[70]

(87) The Notifying Party submits that each of the three automatic pedestrian door segments (i.e. swing, sliding and revolving) should not be further segmented between (i) variants of doors (e.g. differing in colour, size, type of glass, power of the motor, etc.)[71]; (ii) fire doors[72]; or (iii) hermetic doors[73].

(88) The Notifying Party proposes to leave open the exact product market definition of automatic pedestrian folding doors, given the small size of the segment and the lack of a substantial horizontal overlap between the Parties.[74]

5.2.1.2. Commission's assessment

(89) The Commission has not previously assessed the product market definition of automatic pedestrian doors. In its *Assa Abloy/Agta Record* decision, the OFT took account of indications that there would be separate markets for each of swing, sliding and revolving doors.[75] In *Assa Abloy/Cardo*, the Commission noted that the market investigation had largely confirmed a distinction between automatic pedestrian doors and industrial doors.[76]

(90) A majority of respondents having expressed an opinion on this point in the market investigation submitted that automatic pedestrian doors constitute a product market separate from industrial doors due to limited substitutability for customers in terms of, e.g., product characteristics and prices.[77]

(91) Moreover, a majority of competitors and end-customers submitted that, from a demand-side perspective, each of swing, sliding and revolving doors constitute separate product markets due to limited substitutability for customers in terms of product characteristics and prices.[78] In this regard, a competitor pointed out that the choice between these types of doors *'is basically due to the lateral space that you*

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69 Form CO, paragraph 384.

70 Form CO, paragraphs 387 to 392.

71 Form CO, paragraphs 393 to 397.

72 Form CO, paragraphs 405 to 407.

73 Form CO, paragraphs 398 to 404.

74 Form CO, paragraph 408 to 411.

75 OFT decision of 4 February 2011 in Case ME/4792/10 *Assa Abloy/Agta Record*, paragraph 24.

76 Commission decision of 9 March 2011 in Case COMP/M.6117 – *Assa Abloy/Cardo*, paragraph 11.

77 Questionnaire 1 to competitors, question 6; Questionnaire 2 to end-customers, question 7; and Questionnaire 3 to non-integrated suppliers, question 6.

78 Questionnaire 1 to competitors, question 7; and Questionnaire 2 to end-customers, question 8.

have to accom[m]odate the leaf when the automatic door opens'.[79] While a majority of non-integrated suppliers submitted that there could be some substitutability between swing, sliding and revolving doors from a demand-side perspective[80], a vast majority of them – together with a majority of competitors – submitted that the assembly of the various types of automatic pedestrian doors entail significantly different technical features and costs.[81] In this regard, some competitors and non-integrated suppliers indicated that, from a supply-side perspective, these three types of automatic pedestrian doors rely on *'*[d]*ifferent operators, different mechanism* [and] *different motors'*.[82]

(92) A majority of competitors and non-integrated suppliers submitted that it is not appropriate to further segment the swing, sliding and revolving door markets based on different product variants, such as the number of leaves, materials or size.[83] Similarly, a majority of respondents submitted that it is not appropriate to further segment the swing, sliding and revolving door markets based on whether they are equipped with low- or full-energy operators.[84]

(93) The Commission moreover notes that hermetic and semi-hermetic doors offer sealing capabilities and are typically used in operating theatres and other areas requiring an air-tight environment without bacteria and dust flow (such as in the pharmaceutical and the food industry). Hermetic doors are certified under one of the air permeability standards EN12207 and, more exceptionally, ANSI/UL 1784, whereas semi-hermetic doors offer some sealing capabilities without being certified. From a demand-side perspective, a majority of respondents to the market investigation submitted that (i) hermetic and semi-hermetic doors would constitute a market separate from other types of automatic pedestrian doors due to limited substitutability for customers in terms of, e.g., product characteristics and prices;[85] and (ii) hermetic and semi-hermetic automatic doors would not be mutually interchangeable for the same or comparable situations.[86] From a supply-side perspective, a majority of competitors and non-integrated suppliers submitted that the production or assembly of hermetic and semi-hermetic doors entail significantly different technical features and costs.[87] Similarly, a vast majority of respondents submitted that automatic fire doors constitute a separate product market due to a limited demand-side substitutability.[88]

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79 Questionnaire 1 to competitors, question 7.1.

80 Questionnaire 3 to non-integrated suppliers, question 7.

81 Questionnaire 1 to competitors, question 7.2.; and Questionnaire 3 to end-users, question 7.2.

82 Questionnaire 1 to competitors, question 7.2.1.

83 Questionnaire 1 to competitors, question 8; and Questionnaire 3 to non-integrated suppliers, question 8.

84 Questionnaire 1 to competitors, question 13; Questionnaire 2 to end-customers, question 13; and Questionnaire 3 to non-integrated suppliers, question 13.

85 Questionnaire 1 to competitors, question 10; Questionnaire 2 to end-customers, question 10; Questionnaire 3 to non-integrated suppliers, question 10.

86 Questionnaire 1 to competitors, question 10.2; Questionnaire 2 to end-customers, question 10; Questionnaire 3 to non-integrated suppliers, question 10.

87 Questionnaire 1 to competitors, question 10.2; and Questionnaire 3 to non-integrated suppliers, question 10.2

88 Questionnaire 1 to competitors, question 11; Questionnaire 2 to end-customers, question 11; Questionnaire 3 to non-integrated suppliers, question 11.

(94) For the purposes of this decision and in light of all information available to it, the Commission considers that, due to limited demand and supply-side substitutability, (i) automatic pedestrian doors and industrial doors do not belong to the same product market; (ii) each of swing, sliding and revolving automatic pedestrian doors constitute separate markets; and (iii) each of hermetic and semi-hermetic automatic doors constitute separate markets. The Commission does not consider appropriate to further segment these markets according to (i) different product variants (such as leaves, materials or size); or (ii) whether the automatic pedestrian doors are equipped with low- or full-energy operators. Since the Transaction does not give rise to any affected market for automatic fire doors, it can be left open whether the supply of automatic fire doors constitutes a separate product market from other types of automatic pedestrian doors.[89]

5.2.2. Geographic market definition

5.2.2.1. Notifying Party's arguments

(95) In relation to the geographic market definition, the Parties submit that (i) the indirect channel is EEA-wide in scope because customers across the EEA purchase the same products and OEMs do not need a local presence[90]; and (ii) the direct channel is national in scope because suppliers require a local sales force with local language proficiency and knowledge to operate in a given country, as well as technicians to provide installation and after-sales services.[91]

5.2.2.2. Commission's assessment

(96) The Commission has not previously assessed the geographic market definition of automatic pedestrian doors specifically.[92] In its *Assa Abloy/Agta Record* decision, the OFT assessed the transaction at a national level (both for the supply of operators and of complete door sets), as the Parties' shares in the market on a national level (for the United Kingdom, in this case) were materially higher than their EEA-wide shares.[93]

(97) The outcome of the market investigation supports defining national markets for automatic pedestrian doors. Respondents having expressed an opinion on this point in the market investigation submitted that the supply of each of swing, sliding and revolving (including those with hermetic or fire-resistant features) automatic pedestrian doors to both end-customers and non-integrated suppliers is national in

89 The Commission notes that automatic fire doors consist of fire-proof door leaves combined with standard operators (Questionnaire 1 to competitors, question 11.2; and Questionnaire 3 to non-integrated suppliers, question 11.2). In this regard, Assa Abloy and Agta Record do not have operators specifically developed for their automatic fire doors (Form CO, footnotes 81 and 90). Assa Abloy manufactures fire-proof door leaves, while Agta Record does not, and there is therefore no horizontally affected market at that level. The Commission moreover notes that fire-proof door leaves are generally available from local third-party suppliers (Questionnaire 1 to competitors, question 11.3; and Questionnaire 3 to non-integrated suppliers, question 11.3).

90 Form CO, paragraphs 336.

91 Form CO, paragraphs 337.

92 In relation to industrial doors, in *Assa Abloy/Cardo*, the Commission noted that the *'sourcing of industrial doors is not necessarily done on an EEA-wide level'*.[92]

93 OFT decision of 4 February 2011 in Case ME/4792/10 *Assa Abloy/Agta Record*, paragraph 41 and end note 1.

scope.[94] This is consistent with a number of industry features pointing to national markets, including different safety requirements across Member States affecting the technical features of (certain) automatic pedestrian doors,[95] varying preferences across countries between notably swing and sliding doors,[96] and significant price differences observable across countries.[97]

(98) With respect to sales in the indirect channel, in particular, a majority of non-integrated suppliers submitted that the technical specificities and the price of operators and complete door sets procured from OEMs vary to a material extent depending on the country of distribution.[98] Moreover, a vast majority of non-integrated suppliers are purely national players.[99]

(99) Moreover, the Parties monitor closely in their ordinary course of business internal documents the national competitive dynamics of the indirect channel. In this regard, the Parties' performance in the indirect channel appear to vary greatly across Member States. Assa Abloy considered the Nordics [information about Assa Abloy's business strategy] of the Entrematic brand and Ditec to be *'*[information about Assa Abloy's business strategy] *[i]n France'*.[100]

(100) Having a local presence at the level of each national market for the indirect channel also appears to be important in the industry. By way of example, an internal document from Assa Abloy considered that, while the Entrematic sales performance was [information about Assa Abloy's business strategy] in the Nordics, it was [information about Assa Abloy's business strategy] in the United Kingdom, given that *'the market demands* [information about Assa Abloy's business strategy]*'*.[101]

(101) For the purpose of the decision and in light of all information available to it, the Commission considers that the markets for each of (i) swing; (ii) sliding; and (iii) revolving automatic pedestrian doors (including for those with hermetic or fire-resistant features) are national in scope.

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94 Questionnaire 1 to competitors, questions 15 to 21; Questionnaire 2 to end-customers, questions 15-17; Questionnaire 3 to non-integrated suppliers, questions 22 to 29.

95 Form CO, paragraphs 191 to 199.

96 See, *e.g*., minutes of a call with a competing OEM on 9 August 2019.

97 In that respect, Agta Record internal pricing reflects differences of up to [20-30]% across countries (see Agta Record's reply to Request for information 11 of 20 January 2020 and the annexed Agtatec price list).

98 Questionnaire 1 to competitors, question 16; Questionnaire 2 to end-customers, question 16; Questionnaire 3 to non-integrated suppliers, question 24.

99 Questionnaire 3 to non-integrated suppliers, question 23.

100 Form CO, AA89. Similar quotes can be found in Form CO, AA92, AA89, AA87, AA84 and AA83.

101 Form CO, AA90.

5.3. Industrial doors

5.3.1. Product market definition

5.3.1.1. Notifying Party's arguments

(102) The Notifying Party submits that, in line with the decisional practice of the Commission[102] and the OFT[103], automatic pedestrian doors should be distinguished from industrial doors.[104]

(103) In this regard, the Notifying Party submits that automatic pedestrian doors and industrial doors address different customer needs and that manufacturers are not able to switch production easily across these door types for reasons of time, cost and expertise.[105]

(104) Within industrial doors, the Notifying Party submits that there is some degree of substitutability between high-speed doors, overhead sectional doors, industrial folding doors and docking doors and stations, since two or more of these types may fulfil the same or similar needs.[106] Moreover, the Notifying Party submits that, while high-speed doors and overhead sectional doors are not always substitutable, there are situations where they may be interchangeable from a demand-side perspective.[107]

(105) Within high-speed doors, the Notifying Party submits that it is not necessary to consider further segmentations according to (i) whether they are used for interior or exterior applications; (ii) the specific application for which they are used; and (iii) whether they are made of rigid or fabric materials.[108]

5.3.1.2. Commission's assessment

(106) In *Assa Abloy/Cardo*, the Commission noted that the market investigation had largely confirmed a distinction between automatic pedestrian doors and industrial doors.[109] Moreover, the Commission also noted that customers had indicated that *'different industrial doors fulfil different functionalities'*.[110] The Commission ultimately left open the exact product market definition, given the absence of competition concerns in that decision.[111]

(107) As mentioned in paragraph (90) above, the results of the market investigation have confirmed that industrial doors and automatic pedestrian doors do not belong to the same product market.

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102 Commission decision of 9 March 2011 in Case COMP/M.6117 – *Assa Abloy/Cardo*, paragraph 11.

103 OFT decision of 4 February 2011 in Case ME/4792/10 *Assa Abloy/Agta Record*, paragraphs 17 and 24.

104 Form CO, paragraph 1764.

105 Form CO, paragraphs 1766 and 1767.

106 Form CO, paragraph 1780.

107 Form CO, paragraph 1784.

108 Form CO, paragraphs 1789 and 1790.

109 Commission decision of 9 March 2011 in Case COMP/M.6117 – *Assa Abloy/Cardo*, paragraph 11.

110 Commission decision of 9 March 2011 in Case COMP/M.6117 – *Assa Abloy/Cardo*, paragraph 12.

111 Commission decision of 9 March 2011 in Case COMP/M.6117 – *Assa Abloy/Cardo*, paragraph 12.

(108) Regarding a further segmentation by types of industrial doors, a majority of end-customers and non-integrated suppliers having expressed an opinion in the market investigation submitted that customers do not use high-speed doors, overhead sectional doors, industrial folding doors and docking doors and stations for the same purposes.[112] Conversely, a majority of OEMs having expressed an opinion in the market investigation submitted that customers may use these four types of industrial doors interchangeably.[113]

(109) Regarding a possible segmentation between interior and exterior applications, a vast majority of end-customers and non-integrated suppliers having expressed an opinion in the market investigation submitted that customers cannot use high-speed doors for interior and exterior applications for the same needs.[114] While OEMs expressed mixed opinions in this regard, they unanimously submitted that the production of high-speed doors for internal and external applications is characterised by significant differences in technical characteristics and costs.[115] Some respondents submitted that wind resistance is the main distinction between doors for interior and exterior use.[116]

(110) Regarding a possible segmentation by fabric and rigid versions of high-speed doors, a significant number of OEMs and end-customers submitted that high-speed doors in fabric and rigid versions are not substitutable for the same needs.[117] Moreover, OEMs unanimously submitted that the production of high-speed doors in fabric and rigid versions is characterised by significant differences in technical characteristics and cost.[118] Conversely, a majority of non-integrated suppliers considered that these two types of high-speed doors may be substitutable from a customer demand perspective.[119]

(111) A distinction between high-speed doors used for interior and exterior applications appears consistent with a distinction between high-speed doors in fabric and rigid version. Some OEMs, end-customers and non-integrated suppliers indicated that a distinction between high-speed doors in fabric and rigid version is only applicable to doors used for exterior applications.[120]

(112) A majority of respondents having expressed an opinion in the market investigation submitted that customers do not generally use (i) machine protection; (ii) food

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112 Questionnaire 5 to customers of industrial doors, question 5.

113 Questionnaire 4 to competitors of industrial doors, question 5.

114 Questionnaire 5 to customers of industrial doors, question 6.

115 Questionnaire 4 to competitors of industrial doors, question 6 and 6.2.

116 Questionnaire 5 to customers of industrial doors, question 6: '[u]*ne porte en interface extérieure doit pouvoir résister au vent*'; '[l]*a tenue au vent va être la différentiation principale (implantation intérieure ou extérieure) pour définir la porte rapide adéquate*'.

117 Questionnaire 4 to competitors of industrial doors, question 9; and Questionnaire 5 to customers of industrial doors, question 9.

118 Questionnaire 4 to competitors of industrial doors, question 9.3.

119 Questionnaire 5 to customers of industrial doors, question 9.

120 Questionnaire 4 to competitors of industrial doors, question 9.2; and Questionnaire 5 to customers of industrial doors, question 9.2. In this regard, some expressed that *'*[l]*es po rtes rigide ne sont pas adaptées pour l'intérieur car les moteurs ne tiennent pas des cadences de passage important'*; *'en intérieur, il y a uniquement des portes souples'*; '[u]*tilisation exclusive de la version souple à l'intérieur'*; *'En implantation interne, la contrainte 'résistance à l'effraction est quasi nulle, donc la porte souple s'impose'*.

processing; (iii) clean rooms; (iv) cold storage; (v) material handling; and (vi) heavy industry high-speed doors for the same applications.[121] In this regard, an OEM stated that each type of high-speed door has very specific uses and that a high-speed door used in the pharmaceutical industry is different to cold storage.[122] Moreover, a vast majority of OEMs submitted that the production of each of these types of high-speed doors is characterised by significant differences in technical characteristics and cost.[123]

(113) For the purposes of this decision and in light of all information available to it, the Commission considers appropriate to leave the exact product market definition open within the supply of industrial doors, since the competitive assessment would not differ irrespective of the segmentation. As a result, the Commission will specifically assess the impact of the Transaction on the supply of each relevant type of industrial doors, with a focus on high-speed doors where the overlap between the Parties' activities is the most significant. Conversely, the Parties' position remains similar irrespective of any sub-segmentation within high-speed doors based on (i) whether they are used for interior or exterior applications; (ii) the specific application for which they are used; or (iii) whether they are made of rigid or fabric materials.

5.3.2. Geographic market definition

5.3.2.1. Notifying Party's arguments

(114) The Notifying Party submits that the indirect channel for the sale of industrial door components is EEA-wide in scope given that OEMs sell industrial door components to non-integrated suppliers on an EEA-wide basis.[124] In this regard, the Notifying Party submits that: (i) OEMs generally source components on a worldwide basis and supply products to non-integrated suppliers across the EEA from one or a few factories; (ii) shipping costs are low (between [1-10]%); (iii) industrial doors are certified according to European EN-standards; and (iv) it is not necessary to have local sales offices to be active on this market.[125]

(115) The Notifying Party submits that the direct channel for the sale of industrial door solutions is national in scope, while also pointing towards some indicators for the market being EEA-wide in scope.[126] In this regard, the Notifying Party notes that sales to end users require a local service representative that is able to perform site visits to take measurements and advice the customer, as well as knowledge of the local language and business culture.[127]

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121 Questionnaire 4 to competitors of industrial doors, questions 7 and 8; Questionnaire 5 to customers of industrial doors, questions 7 and 8.

122 Questionnaire 4 to competitors of industrial doors, question 7.1. Original quote in Spanish: '[c]*ada tipo de puerta rápida tiene utilizaciones muy específicas. Una puerta para industria farmacéutica es muy diferente a una puerta para cámaras de congelación*'.

123 Questionnaire 4 to competitors of industrial doors, questions 7.2 and 8.2.

124 Form CO, paragraph 1801.

125 Form CO, paragraphs 1802 to 1805.

126 Form CO, paragraph 1806.

127 Form CO, paragraph 1809.

5.3.2.2. Commission's assessment

(116) In *Assa Abloy/Cardo*, the Commission noted that the *'sourcing of industrial doors is not necessarily done on an EEA-wide level'*.[128] A Danish precedent concluded that the market for the sale of industrial doors is at least national and possibly wider.[129]

(117) The outcome of the market investigation supports defining national markets for the supply of industrial doors. In this regard, a majority of respondents having expressed an opinion on this point in the market investigation submitted that the technical specificities and the price of the industrial doors procured from OEMs vary to a material extent depending on the country of distribution.[130] Suppliers of industrial doors also have sales forces dedicated to specific countries.[131] Moreover, a majority of OEMs submitted that they do not supply industrial doors to end-customers situated in other countries where they do have local operations, while a majority of end-customers indicated that they do not source industrial doors from other countries.[132]

(118) For the purposes of this decision and in light of all information available to it, the Commission considers the markets for high-speed doors is national in scope.

5.4. After-sales services

5.4.1. Product market definition

5.4.1.1. Notifying Party's arguments

(119) The Notifying Party submits that, in line with the decision practice of the Commission[133] and of the OFT,[134] after-sales services for automatic pedestrian doors should be distinguished from after-sales services for industrial doors.[135] In this regard, the Notifying Party submits that services for the two door types have different features and are distinct in terms of service demands and requirements.

(120) The Notifying Party considers that there is insufficient demand- and supply-side substitutability between after-sales services for automatic pedestrian and industrial doors, because of two main reasons:[136]

(a) The provision of after-sales services for industrial doors requires more complex expertise from technical staff as well as specific tools due to

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128 Commission decision of 9 March 2011 in Case COMP/M.6117 – *Assa Abloy/Cardo*, paragraph 12.

129 Decision of the Danish Competition Authority in *Assa Abloy/Nassau*, paragraph 7.

130 Questionnaire 4 to competitors of industrial doors, question 13.

131 Questionnaire 4 to competitors of industrial doors, question 15; and Questionnaire 5 to customers of industrial doors, question 15.

132 Questionnaire 4 to competitors of industrial doors, question 17; and Questionnaire 5 to customers of industrial doors, question 17.

133 Commission decision of 9 March 2011 in Case COMP/M.6117 – *Assa Abloy/Cardo*, paragraphs 30 and 31, although the definition was ultimately left open.

134 OFT decision of 4 February 2011 in Case ME/4792/10 *Assa Abloy/Agta Record*, paragraph 35.

135 Form CO, paragraph 424.

136 Form CO, paragraph 335.

mechanical characteristics and functionalities of industrial doors (such as height and complexity).

(b) In practice, service providers tend to focus their services on either industrial or automatic pedestrian doors. The Notifying Party submits that, if a technician for either pedestrian or industrial doors underwent training to provide after-sales services for the other, that technician could service both door types. However, the vast majority of service technicians have not received training for both industrial and automatic pedestrian doors.

(121) The Notifying Party submits that it would not be appropriate to further segment after-sales services according to (i) door type (e.g. within automatic pedestrian doors, for swing, sliding and revolving, and within industrial doors, for high-speed, overhead sectional, etc.);[137] (ii) type of after-sales providers (e.g. OEMs, specialised service providers, non-integrated suppliers, elevator companies, facility management companies, or in-house service technicians);[138] or (iii) customer groups.[139]

5.4.1.2. Commission's assessment

(122) In *Assa Abloy/Cardo*, the Commission explained that the results of the market investigation broadly confirmed that after-sales services for industrial and automatic pedestrian doors were different. However, it ultimately left the market definition open.[140]

(123) The Commission inquired about a possible segmentation between the supply of after-sales services for automatic pedestrian doors, on the one hand, and for industrial doors, on the other hand. Further, the Commission inquired whether non-OEMs provided after-sales services on equal footing with OEMs, and whether different types of customer groups had different requirements and/or preferences regarding after-sales services for automatic pedestrian doors that may influence their choice of supplier (e.g. whether larger customers would prefer OEMs).

(124) Regarding the distinction between after-sales services for automatic pedestrian and industrial doors, the majority of respondents to the Commission's market investigation that expressed an opinion on this point indicated that these constitute separate product markets. Respondents consider that there is a lack of supply-side substitutability for servicing between these doors. A respondent indicated that industrial doors '[i]*s a product that needs more specialized technici[a]ns*'.[141] An end-customer expressed that '[m]*echanisms and build are fundamentally different. On that basis, we would expect different technicians and service requirements*'.[142]

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137 Form CO, paragraph 450.

138 Form CO, paragraphs 281 and 282.

139 Form CO, paragraph 451.

140 Commission decision of 9 March 2011 in Case COMP/M.6117 – *Assa Abloy/Cardo*, paragraphs 30 and 31. While the *Assa Abloy/Cardo* decision uses the expression 'automated pedestrian doors', the word automated should be understood as meaning 'automatic' for the purposes of this decision.

141 See replies to question 61 of Questionnaire 1 for competitors (automatic pedestrian doors, access control systems, locks and sensors).

142 Questionnaire 2 to end-customers, question 47.

(125) Regarding a potential further segmentation per door type, the outcome of the market investigation indicates that neither after-sales services for automatic pedestrian doors nor for industrial doors should be further segmented per door type (e.g. for automatic pedestrian doors, swing, sliding, revolving, and for industrial doors, high-speed, overhead sectional, folding etc.). The outcome of the market investigation shows that technicians carry out after-sales services for all types of automatic pedestrian doors.[143]

(126) Regarding a potential further segmentation per type of after-sales service provider, the outcome of the market investigation reveals that, even though third-party providers do service automatic doors, they are not technically in a position to provide the same range and level of services as the original OEM.[144] This is mostly due to higher costs of spare parts, less availability of spare parts and specific tools and documentation and less experience on the doors than the original OEM.[145] Further, several respondents explained that it was particularly problematic to source spare parts and specific tools and documentation from the Parties at a reasonable cost and lead-time.[146] A competing OEM expressed that: '[a]*ccess to third-party spare parts is not easy, both in terms of sourcing and of pricing. Certain companies are not helpful or friendly when asked to provide their spare parts. Assa Abloy is known to be the most defensive competitor, whose spare parts are most difficult to access.*'[147] This finding further confirms the inherent connection between the supply of doors and the provision of after-sales services and the differentiated nature of the latter.

(127) However, even though different types of service providers may be in a different position when it comes to offering the same after-sales services, the Commission considers that there is a continuum of after-sales services for which demand- and supply-side substitutability varies, thereby justifying the definition of a single overall market for the supply of after-sales services (for each of, respectively, automatic pedestrian doors and industrial doors), thus excluding a segmentation per type of provider. However, the respondents' views about the differentiated nature of the provision of after-sales services will be taken into account in the competitive assessment, notably to assess competitive constraints (for each of, respectively, automatic pedestrian doors and industrial doors).

(128) Regarding a potential further segmentation of after-sales services per type of customer groups, the majority of respondents who expressed an opinion on this point consider that the relevant market may be further segmented according to specific customer groups. In particular, the market investigation reveals that larger customers and larger projects tend to prefer OEMs for their after-sales services needs.[148]

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143 Questionnaire 1 to competitors, question 51; Questionnaire 2 to end-customers, question 48; Questionnaire 3 to non-integrated suppliers, question 63.

144 Questionnaire 1 to competitors, question 67.4.

145 Questionnaire 1 to competitors, question 67.4.

146 Questionnaire 1 to competitors, question 68.

147 Minutes of a call with a competitor of 14 August 2019, paragraph 19.

148 Questionnaire 1 to competitors, question 52; Questionnaire 2 to end-customers, question 50; Questionnaire 3 to non-integrated suppliers, question 64.

(129) Even though specific customer groups for after-sales services may have a preference for OEMs over independent after-sales services providers, the Commission considers that there is an inherent heterogeneity in these customer group categories, thereby justifying the definition of a single overall market for the supply of after-sales services (for each of, respectively, automatic pedestrian doors and industrial doors), excluding a segmentation per customer group. However, customer preferences will be taken into account in the competitive assessment, notably to assess effective competitive constraint, with reference to after-sales services for larger clients and projects.

(130) For the purposes of this decision and in light of all information available to it, the Commission considers that the markets for after-sales services for automatic pedestrian doors, on the one hand, and industrial doors, on the other hand, constitute separate relevant product markets. Conversely, no further segmentation by type of door, type of after-sales services providers, or customer group is warranted for the purpose of assessing the present Transaction.

5.4.2. Geographic market definition

5.4.2.1. Notifying Party's arguments

(131) Regarding after-sales services for both automatic pedestrian and industrial doors, the Notifying Party submits that, in line with the Commission's precedents and those of the Danish Competition and Consumer Authority (for after-sales for industrial doors)[149] and the OFT,[150] the relevant geographic market is national.[151] This is because suppliers of after-sales services need a local sales force and a local service network, and the conditions of competition are generally similar across the whole of individual countries.[152] The Notifying Party submits that it would not be appropriate to further segment after-sales services according to geographical spread of the customer.[153]

5.4.2.2. Commission's assessment

(132) In *Assa Abloy/Cardo,* the Commission explained that the results of the market investigation broadly confirmed that the scope of the market for after-sales services was national. However, it ultimately left the definition open.[154]

(133) The market investigation has confirmed the Commission practice in *Assa Abloy/Cardo* endorsed by the Parties that the scope for after-sales services for automatic pedestrian doors and industrial doors is national in scope. The vast

149 Commission decision of 9 March 2011 in Case COMP/M.6117 – *Assa Abloy/Cardo*, paragraph 30, and Danish Competition and Consumer Authority decision of 23 November 2016 in Case FLID-16/06846 *Assa Abloy/Nassau Door A/S*, paragraph 7.

150 OFT decision of 4 February 2011 in Case ME/4792/10 *Assa Abloy/Agta Record*, paragraph 42. The OFT considered it likely that the market for maintenance contracts was national or local, ultimately performing its competition analysis based on a national market.

151 Form CO, paragraphs 486, 1811 and 1812.

152 Form CO, paragraph 337.

153 Form CO, paragraphs 445 to 447.

154 Commission decision of 9 March 2011 in Case COMP/M.6117 – *Assa Abloy/Cardo*, paragraphs 30 and 31.

majority of respondents who expressed an opinion on this point consider that the markets for after-sales services for each of, respectively, automatic pedestrian doors and industrial doors have a national scope. [155]

(134) Several end-customers expressly stated that '*we want a company to have national coverage*' and '*national coverage is a key factor in* [the] *decision-making process*'.[156]

(135) The outcome of the market investigation indicates that there is no need to further segment after-sales services per geographical spread of the customer, as the market is national in scope.[157] This also means that, as was assessed in the product market definition for after-sales services, it is not necessary to make a distinction between large customers with national operations versus small customers with local operations.

(136) For the purposes of this decision and in light of all information available to it, the Commission considers that the relevant geographic market for after-sales services is national in scope.

5.5. Spare parts

5.5.1. Product market definition

5.5.1.1. Notifying Party's arguments

(137) The Notifying Party submits that generic spare parts should be distinguished from brand-specific spare parts. The Notifying Party submits that the manufacture and supply of brand-specific spare parts should be considered as multiple markets with a distinct market for each manufacturer of automatic pedestrian doors or industrial doors. The Notifying Party considers that, in principle, sales of brand-specific spare parts are captive sales, for which other manufacturers than the OEMs cannot compete.[158]

(138) Further, the Notifying Party submits that spare parts for automatic pedestrian doors and industrial doors should be distinguished (both for generic and brand-specific spare parts).[159]

5.5.1.2. Commission's assessment

(139) The Commission has analysed the relevant product market definition for spare parts in other industries, such as in the automotive industry, the aircraft industry and the agricultural machinery industry. Regarding the automotive industry, in *VW-Audi/VW-Audi Sales Centres* and *Volkswagen/Hahn + Lang* the Commission identified automotive spare parts as a separate relevant product market, and carried

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155 Questionnaire 1 to competitors, question 58; Questionnaire 2 to end-customers, question 54; Questionnaire 3 to non-integrated suppliers, question 70.

156 Questionnaire 2 to end-customers, question 59.1.

157 Questionnaire 1 to competitors, question 58; Questionnaire 2 to end-customers, question 54; Questionnaire 3 to non-integrated suppliers, question 70.

158 Form CO, paragraphs 454 and 455.

159 Form CO, paragraph 2093.

out its competitive assessment under this premise.[160] In the aircraft industry, the Commission has considered a relevant product market for spare parts that was separate from the provision of Maintenance Repair and Overhaul ('MRO'),[161] although in other cases it also considered that the provision of MRO services may also include the provision of spare parts.[162] Regarding the agricultural machinery industry, in *DA Agravis Machinery / Konekesko Eesti/ Konekesko Latvija / Konekesko Lietuva / Konekesko Finnish Agrimachinery Trade Business*, the parties to the case presented spare parts and after-sales services as separate product markets. The Commission did not contest this submission, and ultimately left the question open.[163]

(140) In the present case, in view of the industry structure, including the variety of independent after-sales services providers, and the concerns raised over the course the market investigation about access to spare parts in order to supply after-sales services,[164] the Commission considers appropriate to distinguish separate product markets for spare parts (including technical information and servicing tools) and after-sales services, spare parts being an input for the provision of a range of after-sales services.

(141) In its investigation, the Commission inquired into a possible segmentation between brand-specific spare parts on the one hand, and generic spare parts on the other.

(142) The vast majority of competitors and non-integrated suppliers consider that automatic pedestrian doors, in particular operators, are composed of brand-specific parts subject to a proprietary design on the one hand, and generic parts on the other.[165] All the competitors that expressed a view in this point and the vast majority of non-integrated suppliers consider that brand-specific parts are not substitutable with parts originating from a third party supplier, whereas generic parts can be sourced from third-party suppliers.[166]

(143) For the sake of clarity, in this Decision, the Commission will only address the market of brand-specific spare parts, and will name these as 'spare parts' (instead of 'brand-specific spare parts') This is because, as mentioned in footnote the

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160 Commission decision of 29 July 2003 in Case COMP/M.3198 *VW-Audi/VW-Audi Sales Centres*, paragraphs 13, 21 to 23; and Commission decision of 16 February 2004 in Case COMP/M.3352 *Volkswagen/Hahn + Lang*, paragraphs 13, 23 to 27. Note that in these cases, the Commission referred to the sale of Volkswagen's original car parts.

161 Commission decision of 26 July 2012 in COMP/M.6410 – *UTC/Goodrich*, paragraphs 182 to 191.

162 Commission decision of 4 May 2018 in COMP/M.8658 – *UTC/ Rockwell Collins*, paragraph 132.

163 Commission decision of 25 March 2019 in Case COMP/M.9163 – *DA Agravis Machinery / Konekesko Eesti/ Konekesko Latvija / Konekesko Lietuva / Konekesko Finnish Agrimachinery Trade Business*, paragraphs 45, 47 and 51. However, what the Commission assessed within these markets was whether original and non-original spare parts belonged to the same or separate markets, on the one hand, and whether after-sales services and the retail sale of agricultural machinery belonged to the same or separate markets.

164 Questionnaire 1 to competitors, question 72; Questionnaire 3 to non-integrated suppliers, question 68, as well as minutes of calls with various market participants.

165 Questionnaire 1 to competitors, question 55; Questionnaire 3 to non-integrated suppliers, question 67.

166 Questionnaire 1 to competitors, question 55.2; Questionnaire 3 to non-integrated suppliers, question 67.2.

Parties do not manufacture generic spare parts for automatic pedestrian doors and are only involved to a limited extent in the supply of generic spare parts.[26]

(144) For the purposes of this decision and in light of all information available to it, the Commission considers that spare parts (including technical information and servicing tools) constitute a relevant product market separate from after-sales services, and that brand-specific spare parts and generic spare parts constitute separate relevant product markets.

5.5.2. Geographic market definition

5.5.2.1. Notifying Party's arguments

(145) The Notifying Party considers the markets for the manufacture and supply of brand-specific and generic spare parts for automatic pedestrian doors is at least EEA-wide and possibly global. The Notifying Party argues that spare parts are interchangeable, and therefore spare parts sold in one country could be used or resold again in a different country without difficulties.[167]

(146) Regarding both brand-specific and generic spare parts for industrial doors, the Notifying Party submits that these markets should be considered as global. The Notifying Party argues that the same spare parts are manufactured and supplied on a global basis, and that EU or national approval requirements, safety regulations and certifications do not generally affect the individual components/spare parts.[168]

5.5.2.2. Commission's assessment

(147) In *Assa Abloy/Cardo*, the Commission (where, as mentioned, the Commission did not contest the Parties' submission that considered spare parts to be included within after-sales services), explained that the results of the market investigation broadly confirmed the national scope of the markets for after-sales services for industrial and automatic pedestrian doors. However, it ultimately left the definition open.[169]

(148) The Danish Competition and Consumers Authority, in its *Assa Abloy/Nassau* decision, considered that the geographic market for the wholesale supply of components and spare parts could be limited to Denmark, and possibly be broader, but ultimately left the definition open.[170]

(149) Respondents to the market investigation have explained that it is difficult to source spare parts from other countries as a workaround if having difficulties sourcing spare parts. In particular, a competing OEM expressed that: '[w]*orkarounds for spare part sourcing are difficult (e.g. sourcing spare parts from* […] *different Member States and then shipping them internally), and they are hampered by differences in part numbers: the part number of a given spare part differs from*

167 Form CO, paragraph 2093.

168 Form CO, paragraphs 1813 and 1814.

169 Commission decision of 9 March 2011 in Case COMP/M.6117 – *Assa Abloy/Cardo*, paragraphs 30 and 31.

170 Danish Competition and Consumer Authority decision of 23 November 2016 in Case FLID-16/06846 *Assa Abloy/Nassau Door A/S*, page 8.

country to country. [The competing OEM] *tried in the past to ship spare parts to the United Kingdom from Switzerland, but was unsuccessful*.'[171]

(150) Therefore, as there seem to be difficulties in sourcing spare parts from other Member States, and as the demand for spare parts is national, it would be appropriate to consider the market for spare parts for automatic doors (both pedestrian and industrial) to be national in scope.

(151) For the purposes of this decision and in light of all information available to it, the Commission considers that the geographic market definition of spare parts for the purpose of providing after-sales services for both automatic pedestrian and industrial doors is national in scope.

5.6. Access control systems and components

5.6.1. Product market definition

5.6.1.1. Notifying Party's arguments

(152) The Notifying Party refers to the decisional practice of the Commission which, in *UTC/GE Security*, assessed electronic access control systems in the broader context of electronic security systems ('ESS'), i.e. products designed for the protection of people, assets and property by electronic means.[172] It also mentions the decision B5-25/08 ASSA ABLOY/SimonsVoss AG of the German Federal Cartel Office ('FCO') in which the manufacturing and wholesale supply of access control systems was considered a separate product market.[173] A possible further sub-segmentation into an electronic access control systems segment is also mentioned.[174] Overall, the Notifying Party submits that for the assessment of the present Transaction, it is not necessary to conclude whether electronic access control systems belong to a separate relevant product market or not.[175]

5.6.1.2. Commission's assessment

(153) As put forward by the Notifying Party, in *UTC/GE Security*, the European Commission considered a market for ESS comprising access control systems.[176] It however left open the precise market definition and did not conclude on the delineation of separate markets for the supply of EES products and the installation and maintenance of ESS.

(154) The results of the market investigation conducted by the Commission in the present case reveal that the majority of competitors and direct customers consider that access control systems and other types of ESS are not used interchangeably by

171 Minutes of a call with a competitor, 9 August 2019, paragraph 14.

172 Form CO, Section D.5.4., paragraph 2149.

173 Form CO, Section D.5.4., paragraph 2150.

174 Form CO, Section D.5.4., paragraph 2152.

175 Form CO, Section D.5.4., paragraph 2153.

176 Commission decision of 22 February 2010 in Case COMP/M.5735 – UTC/GE Security, paragraphs 8 and following.

customers for the same applications.[177] However, the majority of non-integrated suppliers are of the opposite view.[178]

(155) In addition, the majority of competing OEMs of automatic pedestrian doors and end-customers state that access control systems (software) and access control components (hardware) are generally sourced by customers as a package/complete solution.[179]

(156) For the purposes of this decision and in light of all information available to it, the Commission considers appropriate to leave the exact product market definition open since the competitive assessment would not differ irrespective of the segmentation.

5.6.2. Geographic market definition

5.6.2.1. Notifying Party's arguments

(157) The Notifying Party refers to the decisional practice of the Commission which in *UTC/GE Security* found that the majority of the customers were able to source electronic security systems on an EEA-wide or even worldwide basis, yet it ultimately left open the geographic market definition.[180]

(158) The Notifying Party submits that if the definition of a distinct electronic access control systems segment is to be considered appropriate, the relevant sales are EEA-wide.[181] It further submits that the relevant components, the installation methods and the expertise are the same throughout the EEA. Moreover, major suppliers are reported to be active across the EEA, with the assistance of installation often subcontracted locally.

5.6.2.2. Commission's assessment

(159) As put forward by the Notifying Party, in *UTC/GE Security* the Commission analysed the geographic market for ESS, yet it ultimately left open the exact market definition.[182]

(160) The market investigation confirms national elements of competition, with certain respondents pointing to differences across the EEA, in particular with regard to prices.[183] However, the majority of respondents share the view that for the purpose of assessing competition between suppliers, it is appropriate to consider the supply

177 Questionnaire 1 to competitors, question 79; Questionnaire 2 to end-customers, question 68.

178 Questionnaire 3 to non-integrated suppliers, question 90.

179 Questionnaire 1 to competitors, question 80; Questionnaire 2 to end-customers, question 69.

180 Form CO, Section D.5.4., paragraph 2149.

181 Form CO, Section D.5.4., paragraph 2152.

182 Commission decision of 22 February 2010 in Case COMP/M.5735 – UTC/GE Security, paragraphs 29 and following.

183 Questionnaire 1 to competitors, questions 85.2 and 86.2; Questionnaire 2 to end-customers, questions 73 and 74; Questionnaire 3 to non-integrated suppliers, questions 96.2 and 97.2.

of both access control systems and access control components as being EEA-wide in scope.[184]

(161) For the purposes of this decision and in light of all information available to it, the Commission considers appropriate to leave the exact geographic market definition open, since the competitive assessment would not differ irrespective of the geographic scope considered.

5.7. Locking devices

5.7.1. Locks

5.7.1.1. Product market definition

(A) Notifying Party's arguments

(162) The Notifying Party submits that the market for mechanical lock systems (with all parts being mechanical) may be distinguished from the market for electromechanical lock systems (where at least one part is electronic).[185] It considers this distinction to be in line with the decisional practice of the Swedish Competition Authority ('SCA') and of the German Federal Cartel Office. The Notifying Party recalls the reasoning of the SCA, which found that in comparison to mechanical locks, electromechanical locks costs significantly more, provide a greater security and flexibility, as well as facilitate central monitoring and control of doors.

(163) The Notifying Party also recalls the decisional practice of the SCA to submit that separate markets should be distinguished for manufacturing, distribution/wholesale and installation of locks.[186] The Notifying Party further submits that the relevant product market for the assessment of the Transaction is that of the sale of locks by lock suppliers to OEMs of manual and automatic windows and doors, excluding sales to lock distributors in line again with the decisional practice of both the SCA and the FTO.

(164) On this basis, the Notifying Party submits that the relevant product markets are the markets for the supply of, respectively, electromechanical and mechanical locks to OEMs of manual and automatic doors and windows.[187]

(B) Commission's assessment

(165) In *Assa Abloy/Cardo*, the Commission did not conclude on whether electromechanical and mechanical locks constitute separate products markets.[188]

(166) In the present case, the results of the Commission's market investigation reveal that, firstly, standalone locks and intrinsic locking mechanisms (i.e. inherent

184 Questionnaire 1 for competitors, questions 85 and 86; Questionnaire 2 for customers, questions 73.2 and 74.2; Questionnaire 3 for non-integrated suppliers, questions 96 and 97.

185 Form CO, Section D.1.3.1., paragraph 2002.

186 Form CO, Section D.1.3.1., paragraph 2005.

187 Form CO, Section D.1.3.1., paragraph 2007.

188 Commission decision of 9 March 2011 in Case COMP/M.6117 – *Assa Abloy/Cardo,* Section III.D.

locking functions within automatic doors' operators) cannot be used interchangeably by customers to achieve the same level of security conditions, including meeting the applicable regulatory requirements or insurance conditions.[189]

(167) Secondly, the results are inconclusive as to whether EEA-based customers use mechanical and electromechanical locks interchangeably.[190]

(168) Thirdly, a large number of competing OEMs of automatic pedestrian doors and the majority of non-integrated suppliers consider that locks used with automatic pedestrian doors[191] are different from locks used with manual door and windows.[192] A large number of competing OEMs, however, consider that the same types of locks are used for automatic doors and manual doors.[193]

(169) Fourthly, the majority of competing OEMs of automatic pedestrian doors and half of non-integrated suppliers note that the supply of locks, on the one hand, and the installation of locks (in, e.g., automatic pedestrian doors), on the other hand, are separate activities and may belong to separate product markets.[194]

(170) For the purposes of this decision and in light of all information available to it, the Commission considers appropriate to leave open the exact product market definition, since the competitive assessment would not differ irrespective of the segmentation.

5.7.1.2. Geographic market definition

(A) Notifying Party's arguments

(171) The Notifying Party submits that the geographic markets for the supply of mechanical and electromechanical locks sold to OEMs of automatic and manual doors and windows are at least EEA-wide.[195]

(172) The Notifying Party submits that locks are both produced and procured across Europe.[196] Moreover, it further submits that these products have to meet Europe-wide EN standards, the harmonisation of which facilities cross-border competition.[197] Even locks imported from outside of Europe typically comply with

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189 Questionnaire 1 to competitors, question 105.5; Questionnaire 3 to non-integrated suppliers, question 114.5.

190 Questionnaire 1 to competitors, question 106; Questionnaire 3 to non-integrated suppliers, question 115.

191 In Form CO, Section D.1.4., paragraph 2021 and in its reply to question 5 of request for information 11, 20 January 2020, the Notifying Party submits that high-speed doors, either for internal or external applications, are rarely equipped with locks. Thus, the Commission's market investigation focused on automatic pedestrian doors.

192 Questionnaire 1 to competitors, question 107; Questionnaire 3 to non-integrated suppliers, question 116.

193 Questionnaire 1 to competitors, question 107.

194 Questionnaire 1 to competitors, question 109; Questionnaire 3 to non-integrated suppliers, question 118.

195 Form CO, Section D.1.3.2., paragraph 2008.

196 Form CO, Section D.1.3.2., paragraph 2009.

197 Form CO, Section D.1.3.2., paragraph 2010.

the relevant standards, which allows European purchasers to source from non-European suppliers, e.g. from China.[198] The Notifying Party does not consider additional national standards to restrict this competition at the OEM level.[199]

(173) Furthermore, the Notifying Party submits that there are low barriers to trade locks across the EEA, with the technology being mature and the products being simple to produce.[200] Moreover, transport of the products is considered cheap and easy. The Notifying Party also submits that switching costs are low and the lead time to secure alternative supplies is short.

(B) Commission's assessment

(174) Already in *Assa Abloy/Cardo*, the Parties argued that the geographic market for mechanical locks sold to OEMs was EEA-wide.[201] While the Commission's decision includes parties' market shares at the national level, the Commission did not conclude on the exact market definition.

(175) The market investigation confirms national elements of competition, with certain respondents pointing to differences across the EEA, in particular with regard to prices or regulatory requirements.[202] However, the majority of both competing OEMs of automatic pedestrian doors and non-integrated suppliers consider that for the purpose of assessing competitive dynamics in the present case, it is appropriate to consider the market for the supply of locks as being EEA-wide in scope.[203]

(176) For the purposes of this decision and in light of all information available to it, while there are strong grounds to consider the relevant market as EEA-wide, the Commission considers appropriate to leave the exact geographic market definition open, since the competitive assessment would not differ irrespective of the geographic scope considered.

5.7.2. Electric strikes

5.7.2.1. Product market definition

(A) Notifying Party's arguments

(177) According to the Notifying Party, an electric strike is an electromechanical locking device used mainly for manual and automatic swing doors and installed in the doorframe.[204] Thus, electric strikes are different from locks, which are installed on the door leaf, and intrinsic locking mechanisms (see paragraph (165)).

198 Form CO, Section D.1.3.2., paragraph 2012 and paragraph 2014.

199 Form CO, Section D.1.3.2., paragraph 2011.

200 Form CO, Section D.1.3.2., paragraph 2013.

201 Commission decision of 9 March 2011 in Case COMP/M.6117 – *Assa Abloy/Cardo*, paragraph 39.

202 Questionnaire 1 to competitors, question 111.2; Questionnaire 3 to non-integrated suppliers, question 120.2.

203 Questionnaire 1 to competitors, question 111; Questionnaire 3 to non-integrated suppliers, question 120.

204 Reply of the Notifying Party to question 1 of the request for information 14, 11 February 2020.

(178) The Notifying Party submits that an electric strike is '*a separate product most often provided by someone else than the automatic door provider (e.g. a locksmith, an installer or a door and screen provides).*'[205]

(179) The Notifying Party further claims that it is not appropriate to segment the market based on applications or end-user, due to the use of electric strikes in all types of end-user sectors and their multiple applications.[206]

(180) As for locks, the Notifying Party puts forwards a distinction of the value chain for electric strikes between manufacturing, wholesale and installation.[207]

(181) It further notes that the majority of sales of these products go to wholesalers and locksmiths, with OEMs of automatic doors constituting an insignificant customer segment.[208]

(B) Commission's assessment

(182) The Commission became aware of the relevance of electric strikes (also referred to as 'electric door openers'), as a component distinct from locks, over the course of its market investigation. The identification of electric strikes as a component distinct from locks appears to be consistent with the Notifying Party's arguments.

(183) For the purposes of this decision and in light of all information available to it, the Commission considers appropriate to leave the exact product market definition open, since the competitive assessment would not differ irrespective of the segmentation.

5.7.2.2. Geographic market definition

(A) Notifying Party's arguments

(184) The Notifying Party submits that the relevant geographic market for the supply of electric strikes at the upstream level is EEA-wide.[209] It further states that electric strikes are manufactured and shipped from central production facilities across Europe, benefiting from low transport costs.

(185) Additionally, according to the Notifying Party, no national standards restrict cross-border sales, with the same product models being marketed across the EEA. Procurement at the upstream level is also claimed to take place on an EEA-wide and sometimes even worldwide basis.

(186) Generally, the Notifying Party submits that '*suppliers of automatic doors (…) generally source* [electric strikes] *on an ad-hoc basis from local wholesalers and locksmiths*' and these products '*are being produced in large quantities and sold by different European and non-European suppliers*'.[210]

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205 Reply of the Notifying Party to question 1 of the request for information 15, 21 February 2020.

206 Reply of the Notifying Party to question 1 of the request for information 15, 21 February 2020.

207 Reply of the Notifying Party to question 1 of the request for information 15, 21 February 2020.

208 Reply of the Notifying Party to question 1 of the request for information 15, 21 February 2020.

209 Reply of the Notifying Party to question 1 of the request for information 15, 21 February 2020.

210 Reply of the Notifying Party to question 2 of the request for information 14, 11 February 2020.

(B) Commission's assessment

(187) As stated in paragraph (182), the Commission was informed about the relevance of electric strikes over the course of the Phase I market investigation. The source of that information did not specify or discuss the relevant geographic scope for the procurement and supply of these products.

(188) For the purposes of this decision and in light of all information available to it, the Commission considers appropriate to leave the exact geographic market definition open, since the competitive assessment would not differ irrespective of the geographic scope considered.

5.8. Sensors

5.8.1. Product market definition

5.8.1.1. Notifying Party's arguments

(189) The Notifying Party submits that the relevant product market is the market for the manufacturing and supply of sensors to OEMs of entrance automation products (automatic doors, elevators, traffic gates).[211] A further division by type of OEM and product, e.g. manufacturers of automatic pedestrian doors, is considered possible.

(190) Despite certain sensors covering a variety of applications, the Notifying Party invokes a limited demand-side substitutability for these products due to, e.g., different degrees of sensitivity required by sensors used for automatic pedestrian and industrial doors.[212] From the supply side, due to similarities in the technologies used, the Notifying Party considers sensors for, e.g., automatic pedestrian doors, industrial doors and elevators, as largely substitutable.[213] Moreover, certain suppliers produce sensors for a large variety of applications.[214] In particular, the Notifying Party further submits that many sensor models can be used not only for automatic doors, but also for other entrance automation products, e.g. elevators.[215]

5.8.1.2. Commission's assessment

(191) According to the results of the Commission's market investigation, the majority of competing OEMs consider that sensors for automatic pedestrian doors constitute a separate product market from sensors for other applications,[216] as well as from sensors for industrial doors.[217]

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211 Form CO, Section D.2.3., paragraph 2068.

212 Form CO, Section D.2.3., paragraph 2069.

213 Form CO, Section D.2.3., paragraph 2070.

214 Form CO, Section D.2.3., paragraph 2070.

215 Form CO, Section D.2.3., paragraph 2070.

216 Questionnaire 1 to competitors, question 120.

217 Questionnaire 1 to competitors, question 121.

(192) Yet, further segmentations of sensors depending on the different types of automatic pedestrian doors as well as different sub-types of each of automatic swing, sliding and revolving doors is not considered necessary by competing OEMs.[218]

(193) For the purposes of this decision and in light of all information available to it, the Commission will specifically assess the impact of the Transaction on the supply of sensors for automatic pedestrian doors. Generally, though, the Commission considers appropriate to leave the exact product market definition open, since the competitive assessment would not differ irrespective of the segmentation.

5.8.2. Geographic market definition

5.8.2.1. Notifying Party's arguments

(194) The Notifying Party submits that the relevant product market is at least EEA-wide, and possibly global.[219]

(195) According to the Notifying Party, while OEMs of entrance automation products in the EEA source sensors globally, it is possible that the relevant market is EEA-wide due to EU standard requirements.[220]

5.8.2.2. Commission's assessment

(196) According to the results of the market investigation, the majority of competing OEMs consider that for the purpose of assessing competitive dynamics in the present case, it is appropriate to consider the supply of sensors for automatic pedestrian doors as being EEA-wide in scope.[221]

(197) In particular, respondents to the market investigation consider that factors such as, e.g., technical specificities or consumer preferences are comparable across the EEA.[222]

(198) Additionally, the market investigation confirms the view of the Notifying Party that EEA-based customers generally procure sensors for automatic pedestrian doors on a worldwide basis.[223]

(199) For the purposes of this decision and in light of all information available to it, the Commission considers that the relevant geographic market is at least EEA-wide.

5.9. Conclusion on market definition

(200) On the basis of the foregoing, the Commission concludes that, for the purpose of carrying out its assessment of the Transaction:

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218 Questionnaire 1 to competitors, questions 122 and 123.

219 Form CO, Section D.2.3., paragraph 2073.

220 Form CO, Section D.2.3., paragraph 2073.

221 Questionnaire 1 to competitors, question 125.

222 Questionnaire 1 to competitors, question 125.2.

223 Questionnaire 1 to competitors, question 124.

(a) separate relevant product markets arise for the manufacturing and supply of each of swing, sliding and revolving doors, as well as for hermetic, semi-hermetic and fire doors, which are national in scope;

(b) the precise product market definition can be left open for the supply of industrial doors, though it is appropriate to focus the assessment on the supply of high-speed doors where the overlap between the Parties' activities is the most significant, but that any relevant market would in any event be national in scope;

(c) separate relevant product markets arise for the provision of after-sales services for automatic pedestrian doors (all types of doors combined), on the one hand, and the provision of after-sales services for industrial doors (all types of doors combined), on the other hand, which are national in scope;

(d) separate relevant product markets arise for the supply of spare parts (including technical information and servicing tools), distinct from after-sales services, and for each of brand-specific spare parts and generic spare parts, specifically, which are all national in scope;

(e) the precise product and geographic market definition can be left open for the supply of access control systems and components;

(f) the precise product and geographic market definition can be left open for the supply of locks;

(g) the precise product and geographic market definition can be left open for the supply of electric strikes;

(h) the precise product market definition can be left open for the supply of sensors, and that the geographic market is at least EEA-wide in scope.

6. COMPETITIVE ASSESSMENT: PRINCIPLES

(201) Under paragraphs 2 and 3 of Article 2 of the Merger Regulation, the Commission must assess whether a proposed concentration would significantly impede effective competition in the internal market or in a substantial part of it, in particular through the creation or strengthening of a dominant position. In this respect, a merger may entail horizontal and/or vertical and/or conglomerate effects.

(202) Horizontal effects are those deriving from a concentration where the undertakings concerned are actual or potential competitors of each other in one or more of the relevant markets concerned. Vertical effects are those deriving from a concentration where the undertakings concerned are active on different or multiple levels of the supply chain. Conglomerate effects are those deriving from a concentration where the undertakings concerned are active in closely related markets.

6.1. Horizontal effects

(203) In addition to the creation or strengthening of a dominant position, the Commission's Guidelines on the assessment of horizontal mergers under the

Council Regulation on the control of concentrations between undertakings (the 'Horizontal Merger Guidelines'),[224] distinguish between two main other ways in which concentrations between actual or potential competitors on the same relevant market may significantly impede effective competition:

(a) By eliminating important competitive constraints on one or more firms, which consequently would have increased market power, without resorting to coordinated behaviour (non-coordinated effects); and/or

(b) By changing the nature of competition in such a way that firms that previously were not coordinating their behaviour are now significantly more likely to coordinate and raise prices or otherwise harm effective competition. A merger may also make coordination easier, more stable or more effective for firms which were coordinating prior to the merger (coordinated effects).[225]

6.1.1. Non-coordinated effects

(204) Generally, a merger giving rise to non-coordinated effects would significantly impede effective competition by creating or strengthening the dominant position of a single firm, one which, typically, would have an appreciably larger market share than the next competitor post-merger.[226]

(205) According to well-established case law, very large market shares – 50 % or more – may in themselves be evidence of the existence of a dominant market position.[227]

(206) The overall concentration level in a market may also provide useful information about the competitive situation. In order to measure concentration levels, the Commission often applies the Herfindahl-Hirschman Index ('HHI'). The HHI is calculated by summing the squares of the individual market shares of all the firms in the market. While the absolute level of the HHI can give an initial indication of the competitive pressure in a market post-merger, the change in the HHI (known as the 'delta') is a useful proxy for the change in concentration directly brought about by a merger.[228] The Commission is unlikely to identify horizontal competition concerns in a market with a post-merger HHI below 1 000.[229] Such markets normally do not require extensive analysis. The Commission is also unlikely to identify horizontal competition concerns in a merger with a post-merger HHI between 1 000 and 2 000 and a delta below 250, or a merger with a post-merger HHI above 2 000 and a delta below 150, except where special circumstances are present.[230]

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224 Official Journal C 31, 5.2.2004, paragraphs 5-18.

225 Horizontal Merger Guidelines, paragraph 22.

226 Horizontal Merger Guidelines, paragraph 25.

227 Jugdment of 28 April 1999, *Endemol v Commission*, T-221/95, [1999] ECR II-1299, paragraph 134, and Judgment of 25 March 1999 *Gencor v Commission*, T-102/96, [1999] ECR II-753, paragraph 205. It is a distinct question whether a dominant position is created or strengthened as a result of the merger.

228 Horizontal Merger Guidelines, paragraph 16.

229 Horizontal Merger Guidelines, paragraph 19.

230 Horizontal Merger Guidelines, paragraph 20.

(207) Furthermore, non-merging firms in a given market can benefit from the reduction of competitive pressure that can result from a merger, since any price increase by merging firms may switch some demand to rival firms, which, in turn, may find it profitable to increase their prices.[231]

(208) Mergers in oligopolistic markets involving the elimination of important competitive constraints that the parties previously exerted upon each other together with a reduction of competitive pressure on the remaining competitors may, even where there is little likelihood of coordination between the members of the oligopoly, also result in a significant impediment to competition. The Merger Regulation clarifies that all mergers giving rise to such non-coordinated effects shall also be declared incompatible with the internal market.[232]

(209) The larger the market share, the more likely a firm is to possess market power. Moreover, the larger the addition of market share, the more likely it is that a merger will lead to a significant increase in market power. The larger the increase in the sales base on which to enjoy higher margins after a price increase, the more likely it is that the merging firms will find such a price increase profitable despite the accompanying reduction in output.[233]

(210) In evaluating the likelihood of non-coordinated effects potentially caused by a merger, it is important to assess to which extent the products of one merging party are close substitutes to the products of the merging firms than when they offer less close substitutes.[234]

(211) Customers may have difficulties in switching to other suppliers where only few alternative suppliers exist or where the customers would face substantial switching costs. Such customers are particularly vulnerable to price increases. In particular, this may be the case for customers that have used dual sourcing from the two merging firms as a means of obtaining competitive prices.[235]

(212) The Commission is unlikely to find that the merger will create or strengthen a dominant position or otherwise significantly impede effective competition when rival firms have available capacity and find it profitable to expand output sufficiently. In other words, the extent to which competitors to the merged entity constrain the merged entity from raising prices not only depends on the level of their spare capacity but also on whether these firms have the incentive to react aggressively to a post-merger price increase.[236]

(213) Some proposed mergers would, if allowed to proceed, significantly impede effective competition by leaving the merged firm in a position where it would have the ability and incentive to make the expansion of smaller firms and potential

231 Horizontal Merger Guidelines, paragraph 24.

232 Horizontal Merger Guidelines, paragraph 25.

233 Horizontal Merger Guidelines, paragraph 27.

234 Horizontal Merger Guidelines, paragraph 28.

235 Horizontal Merger Guidelines, paragraph 31.

236 Horizontal Merger Guidelines, paragraph 33.

competitors more difficult or otherwise restrict the ability of rival firms to compete.[237]

(214) In markets where innovation is an important competitive force, a merger may increase the firms' ability and incentive to bring new innovations to the market and, thereby, the competitive pressure on rivals to innovate in that market. Alternatively, effective competition may be significantly impeded by a merger between two important innovators, for instance between two companies with 'pipeline' products related to a specific product market.[238]

(215) Potential competition must also be taken into account in any competitive assessment. Potential competition may lead to negative competition effects where (i) the potential competitor already exerts a significant constraining influence or where there is a significant likelihood that it would grow into an effective competitive force (for example plans to enter a market in a significant way); and (ii) there is an insufficient number of other potential competitors, which could maintain sufficient competitive pressure after the merger.[239]

(216) Countervailing buyer power should be understood as the bargaining strength that the buyer has vis-à-vis the seller in commercial negotiations due to its size, its commercial significance to the seller and its ability to switch to alternative suppliers.[240] One source of countervailing buyer power would be if a customer could credibly threaten to resort, within a reasonable timeframe, to alternative sources of supply should the supplier decide to increase prices or to otherwise deteriorate quality or the conditions of delivery. This would be the case if the buyer could immediately switch to other suppliers, credibly threaten to vertically integrate into the upstream market or to sponsor upstream expansion or entry for instance by persuading a potential entrant to enter by committing to placing large orders with this company.[241]

(217) Countervailing buyer power is, however, only possessed by a customer if it is of a certain size, it is of great commercial significance to the supplier and it has the ability to switch to alternative suppliers. Moreover, even if some customers were to hold such countervailing buyer power, this is not sufficient. In addition, it is not enough that sufficient countervailing buyer power may exist pre-merger, it must continue to exist post-merger (removing a credible alternative supplier may reduce buyer power).[242]

(218) For entry to be considered a sufficient competitive constraint on the merging parties, it must be shown to be likely, timely and sufficient to deter or defeat any potential anti-competitive effects of the merger.[243]

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237 Horizontal Merger Guidelines, paragraph 36.

238 Horizontal Merger Guidelines, paragraph 38.

239 Horizontal Merger Guidelines, paragraph 60.

240 Horizontal Merger Guidelines, paragraph 64.

241 Horizontal Merger Guidelines, paragraph 65.

242 Horizontal Merger Guidelines, paragraph 67.

243 Horizontal Merger Guidelines, paragraph 68.

6.1.2. Coordinated effects

(219) In some markets the structure may be such that firms would consider it possible, economically rational, and hence preferable, to adopt on a sustainable basis a course of action on the market aimed at selling at increased prices through a coordination of their behaviour.[244] A merger may increase the likelihood that firms are able to coordinate their behaviour and raise prices, even without entering into an agreement or resorting to a concerted practice within the meaning of Article 101 TFEU. A merger may also make coordination easier, more stable or more effective for firms that were already coordinating before the merger, either by making the coordination more robust or by permitting firms to coordinate on even higher prices.[245]

(220) Coordination may take various forms, such as setting prices above the competitive level, limiting production or capacity, or dividing the market, for instance by geographic area or other customer characteristics, or allocating contracts in bidding markets.[246]

(221) Coordination is more likely to emerge in markets where it is relatively simple to reach a common understanding on the terms of coordination. In addition, three conditions are necessary for coordination to be sustainable. First, the coordinating firms must be able to monitor to a sufficient degree whether the terms of coordination are being adhered to. Second, discipline requires that there is some form of credible deterrent mechanism that can be activated if deviation is detected. Third, the reactions of outsiders, such as current and future competitors not participating in the coordination, as well as customers, should not be able to jeopardise the results expected from the coordination.[247] In applying those criteria, it is necessary to avoid a mechanical approach involving the separate verification of each of those criteria taken in isolation, while taking no account of the overall economic mechanism of a hypothetical tacit coordination.[248]

(222) For competitors to reach a common perception as to how the coordination should work, coordinating firms should have similar views regarding which actions would be considered to be in accordance with the aligned behaviour and which actions would not.[249] In particular, coordination by way of market division will be easier if customers have simple characteristics that allow the coordinating firms to readily allocate them. Such characteristics may be based on geography; on customer type or simply on the existence of customers who typically buy from one specific firm. Coordination by way of market division may be relatively straightforward if it is easy to identify each customer's supplier and the coordination device is the allocation of existing customers to their incumbent supplier.[250]

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244 Horizontal Merger Guidelines, paragraph 39.

245 Horizontal Merger Guidelines, paragraph 39.

246 Horizontal Merger Guidelines, paragraph 40.

247 Judgment of 6 June 2002, *Airtours* v *Commission*, T-342/99, EU:T:2002:146, paragraph 62; Horizontal Merger Guidelines, paragraph 41.

248 Judgment in *Bertelsmann and Sony Corporation of America* v *Impala*, C-413/06 P, EU:C:2008:392, paragraph 125.

249 Horizontal Merger Guidelines, paragraph 44.

250 Horizontal Merger Guidelines, paragraph 46.

(223) Publicly available key information, exchange of information through trade associations, or information received through cross-shareholdings or participation in joint ventures may also help firms reach terms of coordination.[251]

(224) Firms may find it easier to reach a common understanding on the terms of coordination if they are relatively symmetrical, especially in terms of cost structures, market shares, capacity levels and levels of vertical integration. Structural links such as cross-shareholdings or participation in joint ventures may also help in aligning incentives among the coordinating firms.[252]

(225) Coordinating firms are often tempted to increase their share of the market by deviating from the terms of coordination, for instance by lowering prices, offering secret discounts, increasing product quality or capacity or trying to win new customers. Only the credible threat of timely and sufficient retaliation keeps firms from deviating. Markets therefore require sufficient transparency to allow the coordinating firms to monitor to a sufficient degree whether other firms are deviating, and thus know when to retaliate. Transparency in the market is often higher when the number of active participants in the market is lower. Further, the degree of transparency often depends on how market transactions take place in a particular market.[253]

(226) In some markets where the general conditions may seem to make monitoring of deviations from coordination difficult, firms may nevertheless engage in practices which have the effect of easing the monitoring task, even when these practices are not necessarily entered into for such purposes. These practices, such as meeting-competition or most-favoured-customer clauses, voluntary publication of information, announcements, or exchange of information through trade associations, may increase transparency or help competitors interpret the choices made. Cross-directorships, participation in joint ventures and similar arrangements may also make monitoring easier.[254]

(227) The possibility of retaliation is important for the stability of coordination. Coordination is not sustainable unless the consequences of deviation are sufficiently severe to convince coordinating firms that it is in their best interest to adhere to the terms of coordination. It is thus the threat of future retaliation that can keep the coordination sustainable. However the threat is only credible if, where deviation by one of the firms is detected, there is sufficient certainty that some deterrent mechanism will be activated.[255]

(228) Retaliation need not necessarily take place in the same market as the deviation. If the coordinating firms have commercial interaction in other markets, these may offer various methods of retaliation.[256]

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251 Horizontal Merger Guidelines, paragraph 47.

252 Horizontal Merger Guidelines, paragraph 48.

253 Horizontal Merger Guidelines, paragraphs 49 and 50.

254 Horizontal Merger Guidelines, paragraph 51.

255 Horizontal Merger Guidelines, paragraph 52.

256 Horizontal Merger Guidelines, paragraph 55.

(229) As regards the specific effects of a merger, a merger may increase the likelihood that firms are able to coordinate their behaviour and raise prices, even without entering into an agreement or resorting to a concerted practice within the meaning of Article 101 TFEU. A merger may also make coordination easier, more stable or more effective for firms that were already coordinating before the merger, either by making the coordination more robust or by permitting firms to coordinate on even higher prices,[257] for example by facilitating the detection of deviation, limiting the ability and incentives of some market players to deviate and allowing more efficient retaliation.[258]

6.2. Vertical effects

(230) In general, vertical mergers involve companies operating at different levels of the same supply chain. For instance, a vertical merger occurs when a manufacturer of a certain product merges with one of its distributors.

(231) Pursuant to the Non-Horizontal Merger Guidelines,[259] vertical mergers do not entail the loss of direct competition between merging firms in the same relevant market, and provide scope for efficiencies.

(232) However, there are circumstances in which vertical mergers may significantly impede effective competition. This is in particular the case if they give rise to foreclosure.

(233) The Non-Horizontal Merger Guidelines distinguish between two forms of foreclosure: input foreclosure, where the merger is likely to raise costs of downstream rivals by restricting their access to an important input, and customer foreclosure, where the merger is likely to foreclose upstream rivals by restricting their access to a sufficient customer base.

(234) Pursuant to the Non-Horizontal Merger Guidelines, input foreclosure arises where, post-merger, the new entity would be likely to restrict access to the products or services that it would have otherwise supplied absent the merger, thereby raising its downstream rivals' costs by making it harder for them to obtain supplies of the input under similar prices and conditions as absent the merger.

(235) For input foreclosure to be a concern, the merged entity should have a significant degree of market power in the upstream market. Only when the merged entity has such a significant degree of market power, can it be expected that it will significantly influence the conditions of competition in the upstream market and thus, possibly, the prices and supply conditions in the downstream market.

(236) Pursuant to the Non-Horizontal Merger Guidelines, customer foreclosure may occur when a supplier integrates with an important customer in the downstream market and because of this downstream presence, the merged entity may foreclose access to a sufficient customer base to its actual or potential rivals in the upstream market (the input market) and reduce their ability or incentive to compete, which,

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257 Judgment in *Bertelsmann and Sony Corporation of America* v *Impala*, C-413/06 P, EU:C:2008:392, paragraph 122; Horizontal Merger Guidelines, paragraph 39.

258 Horizontal Merger Guidelines, paragraph 42.

in turn, may raise downstream rivals' costs by making it harder for them to obtain supplies of the input under similar prices and conditions as absent the merger. This may allow the merged entity to profitably establish higher prices on the downstream market.

(237) For customer foreclosure to lead to consumer harm, it is thus not necessary that the merged entity's rivals are forced to exit the market. The relevant benchmark is whether the increased input costs would lead to higher prices for consumers.

6.3. Conglomerate effects

(238) Conglomerate mergers consist of mergers between companies that are active in closely related markets, for instance suppliers of complementary products or of products which belong to a range of products that is generally purchased by the same set of customers for the same end use.

(239) Pursuant to the Non-Horizontal Merger Guidelines, in most circumstances, conglomerate mergers do not lead to any competition problems. However, foreclosure effects may arise when the combination of products in related markets may confer on the merged entity the ability and incentive to leverage a strong market position from one market to another closely related market by means of tying or bundling or other exclusionary practices.

(240) The Non-Horizontal Merger Guidelines distinguish between bundling, which usually refers to the way products are offered and priced by the merged entity and tying, usually referring to situations where customers that purchase one good (the tying good) are required to also purchase another good from the producer (the tied good).

(241) Within bundling practices, a distinction is also made between pure bundling and mixed bundling. In the case of pure bundling the products are only sold jointly in fixed proportions. With mixed bundling the products are also available separately, but the sum of the stand-alone prices is higher than the bundled price.

(242) Tying can take place on a technical or contractual basis. For instance, technical tying occurs when the tying product is designed in such a way that it only works with the tied product (and not with the alternatives offered by competitors).

(243) While tying and bundling have often no anticompetitive consequences, in certain circumstances such practices may lead to a reduction in actual or potential competitors' ability or incentive to compete. This may reduce the competitive pressure on the merged entity allowing it to increase prices or deteriorate supply conditions in other ways.

(244) In assessing the likelihood of such a scenario, the Commission examines, first, whether the merged firm would have the ability to foreclose its rivals, second, whether it would have the economic incentive to do so and, third, whether a foreclosure strategy would have a significant detrimental effect on competition, thus causing harm to consumers. In practice, these factors are often examined together as they are closely intertwined

7. COMPETITIVE ASSESSMENT: NON-COORDINATED EFFECTS

(245) The Transaction gives rise to horizontally affected markets in various types of automatic pedestrian doors (i.e. swing, sliding and revolving), industrial doors (high-speed) and after-sales services (for automatic pedestrian and industrial doors), as well as to non-horizontal links between the upstream supply of spare parts and downstream supply of after-sales services, and the upstream supply of locks and access control systems and the downstream markets for automatic pedestrian doors and industrial doors.

7.1. Introduction to the market shares methodology

(246) As a preliminary introduction to the assessment of both the horizontal overlaps and the non-horizontal links created by the Transaction, the Commission notes that it is relevant to consider various measures of market shares in this case.

(247) For the purpose of this decision, the Commission considers that a volume-based measure based on the number of operators sold by each supplier in the market is a more reliable measure of the importance of a particular supplier compared to a value-based measure. In this regard, the Commission notes that operators may be sold either as part of a complete door set or as a standalone basis and that the inclusion of a door leaf and frame may entail a significantly different value. In relation to complete door sets, moreover, the value may depend upon different features, such as the size or type of material.

(248) As explained in paragraph (71) above, the Commission will conduct its competitive assessment based on an OEM-level approach, which includes sales by OEMs-only to both end-customers and non-integrated suppliers. In turn, the Commission will factor in its assessment the existence of different sale channels, and will thus also consider OEM sales to non-integrated suppliers and OEM sales to end-customers, as relevant metrics.

7.2. Automatic pedestrian doors

(249) The Transaction gives rise to horizontally affected markets in swing, sliding, revolving and hermetic doors.[260].

(250) As explained in paragraph (71) above, the Commission considers appropriate to conduct its competitive assessment for automatic pedestrian doors based on an OEM-level approach, which includes market shares reflecting sales by OEMs-only to both end-customers and non-integrated suppliers. Based on this approach, the Commission carried out a market reconstruction based on actual sales volumes of OEMs in order to determine the actual position of the combined entity in the automatic pedestrian doors markets. Table 1 below provides an overview of all affected markets in swing, sliding and revolving doors according to the Commission's market reconstruction.

[260] The Transaction does not give rise to horizontal overlaps in semi-hermetic doors.

Table 1 – Overview of affected markets in swing, sliding and revolving doors

Swing doors		Sliding doors		Revolving doors	
Country	Combined market share	Country	Combined market share	Country	Combined market share
Belgium	[30-40]%	Austria	[30-40]%	Austria	[40-50]%
Cyprus	[20-30]%	Czechia	[30-40]%	Denmark	[20-30]%
Czechia	[30-40]%	Denmark	[20-30]%	France	[40-50]%
Finland	[30-40]%	Finland	[30-40]%	Greece	[30-40]%
France	[20-30]%	France	[30-40]%	Latvia	[70-80]%
Greece	[30-40]%	Germany	[30-40]%	Netherlands	[20-30]%
Hungary	[50-60]%	Hungary	[60-70]%		
Iceland	[50-60]%	Iceland	[20-30]%		
Italy	[30-40]%	Italy	[20-30]%		
Netherlands	[40-50]%	Lithuania	[20-30]%		
Portugal	[30-40]%	Luxemburg	[20-30]%		
Spain	[20-30]%	Malta	[30-40]%		
Sweden	[30-40]%	Netherlands	[30-40]%		
United Kingdom	[40-50]%	Poland	[20-30]%		
		Portugal	[20-30]%		
		Romania	[20-30]%		
		Slovenia	[30-40]%		
		Sweden	[30-40]%		
		United Kingdom	[40-50]%		

Source: Commission's market reconstruction.

7.2.1. Notifying Party's arguments

(251) The Notifying Party submits for each affected market that the Transaction will not significantly impede effective competition in the indirect[261] and the direct[262] channels for the supply of automatic pedestrian doors due to horizontal non-coordinated effects or coordinated effects.

(252) The Notifying Party submits in this regard that (i) the Parties' combined market shares will not lead to significant market power[263]; (ii) there will be strong remaining competition in the affected markets post-Transaction[264]; (iii) the Parties are not particularly close competitors[265]; (iv) customers face no switching costs[266]; (v) competitors are likely to increase supply if the Parties attempted to raise prices post-Transaction[267]; (vi) entry is sufficiently easy[268]; and (vii) customers can easily

261 Form CO, paragraph 559.

262 Form CO, paragraph 915.

263 Form CO, paragraph 916.

264 Form CO, paragraphs 922 to 925.

265 Form CO, paragraphs 926 to 931.

266 Form CO, paragraph 932.

267 Form CO, paragraphs 933 to 936.

resort to alternative sources of supply[269]. The Notifying Party reiterates these same arguments for all affected markets in automatic pedestrian doors.

7.2.2. Commission's assessment: overview of the market dynamics across different national markets in the EEA

(253) While the markets for automatic pedestrian doors are national in scope, certain market features are similar, if not identical, in all the automatic pedestrian door product markets within the EEA. These features include: (i) the Parties' position of leadership; (ii) the fact that the markets are already concentrated pre-Transaction; (iii) the closeness of competition between the Parties; (iv) the strong scale-effects and the high barriers to entry and to expansion; (v) the importance of having a broad portfolio; and (vi) the limited buyer power.

(254) Given that the conditions of competition are similar in each Member State, the Commission will first describe the common market features to all the automatic pedestrian door product markets across the EEA in Sections 7.2.2.1 to 7.2.2.6 below. The Commission will then assess the impact on competition of the Transaction in each affected market in Section 7.2.3 below.

7.2.2.1. Leadership position of the Parties in automatic pedestrian doors across the EEA

(255) The Parties consider themselves as leading players in automatic pedestrian doors across the EEA. This is supported by the market investigation, as well as the Parties' public declarations and internal documents.

(256) At the EEA-level, a vast majority of competitors and non-integrated suppliers submitted that there is an established market leader in the supply of automatic pedestrian doors.[270] The vast majority of respondents that expressed an opinion on this point submitted that Assa Abloy is the current EEA market leader.[271] Agta Record is also considered as an EEA market leader by several non-integrated suppliers.[272] This leadership position is likely to increase following the Transaction. In this regard, a non-integrated supplier submitted that '*Assa Abloy will then control most brands on the market. The products will be outsourced and some will disappear from the market. With the acquisition of Agta Record by Assa Abloy, they will get the market leader position in most products*'.[273]

(257) At national level, a vast majority of competitors submitted that there are national market leaders for the supply of automatic pedestrian doors. Several respondents considered Agta Record to be a leader in France and in Switzerland and Assa Abloy to be a leader in the Netherlands and in the Nordics.[274]

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268 Form CO, paragraphs 937 to 940.

269 Form CO, paragraphs 941 to 942.

270 Questionnaire 1 to competitors, question 23; and Questionnaire 3 to non-integrated suppliers, question 51.

271 Questionnaire 1 to competitors, question 23.1; Questionnaire 2 to end-customers, question 19; and Questionnaire 3 to non-integrated suppliers, question 31.

272 Questionnaire 3 to non-integrated suppliers, question 31.

273 Questionnaire 3 to non-integrated suppliers, question 58.

274 Questionnaire 1 to competitors, question 23.5; and Questionnaire 3 to non-integrated suppliers, question 31.5.

(258) This leadership position is extensively documented in the Parties' internal documents. In this regard, Assa Abloy openly considers itself as having a *'market leader position in th*[e] *market* [for automatic pedestrian doors]'[275] and one of the vastest product offerings in the market.[276] Assa Abloy's earning calls with its investors reflect that, as *'the market leader, often,* [they] *are the first one coming with price increase, and* [they] *see that the market follows.* […] *When we increase prices today, they follow*'.[277] Moreover, Assa Abloy recognises in its internal documents its ambition to *'be the world-leader, most successful and innovative provider of total door opening solutions'*.[278]

(259) In an internal document prepared in September 2018 for the purpose of the Transaction and presented by Agta Record's CEO, CFO and CMO, Agta Record considered that the Parties, together with [third party OEM of automatic pedestrian doors], belong to the *'tier 1'* of automatic pedestrian doors players (*See* Figure 5 below).[279]

Figure 5 – The Parties belong to tier 1 of automatic pedestrian doors

[figure from internal document showing twelve OEMs of automatic pedestrian doors and eight suppliers of access security products divided into three tiers, where Assa Abloy and Agta Record are listed as "tier 1" for automatic pedestrian doors together with one other OEM, and where Assa Abloy is the only supplier listed as "tier 1" for access security market]

Source: [AA's internal documents].

(260) In the same vein, an internal document from Assa Abloy submitted to its CEO discussing the potential acquisition of Agta Record and appears to regard Agta Record as belonging to the tier 1 category.[280]

(261) In an internal documents from Assa Abloy submitted to its CEO discussing the potential acquisition of Agta Record, Assa Abloy considered that *'Agta Record has always* [Assa Abloy states that Agta Record is an attractive target]*'*.[281] In an internal document submitted to Assa Abloy's board of directors, it was considered that Agta Record's attractiveness would lie upon its *'*[s]*trong market position in Europe'*, as well as its *'*[s]*trong brand and service business'*.[282] Yet another

275 ASSA ABLOY AB (publ) – Analyst_Investor Day (14 November 2018), slide 4.

276 ASSA ABLOY AB (publ) – Analyst_Investor Day (14 November 2018), slide 4. During this same investor earning call, reference was also made to *'our market leader position in that market*'; '*we are the leader in most markets*'; '*we, being the market leader, often, we are the first one*[s] *coming with price increases'.*

277 ASSA ABLOY AB (publ) – Analyst_Investor Day, slide 11.

278 Form CO, AA10, slide 10.

279 Form CO, 201809_Petrus_MP_AA (002), slide 44.

280 Form CO, AA09, 13 August 2018, slide 4. Original quote: *'*[i]*f we do not buy Agta Record we shall look at tier 2 PDS companies in Europe like* [name of three third party OEMs of automatic pedestrian doors] *and others'.*

281 Form CO, AA15, 7 December 2018, slide 2.

282 Form CO, AA04, 3 October 2018, slide 1.

internal document considered Agta Record to possess a *'very strong brand with high value'*.[283]

(262) Due to Agta Record's perceived value, Assa Abloy regarded the Transaction in internal documents submitted to its board of directors as an opportunity to *'reinforce*[] *its leadership in automated doors'*[284] and as *'a one off chance to become a strong number one in pedestrian doors'*.[285] In an internal document submitted to its CEO, Assa Abloy considered that the Transaction would strengthen its '*AAES market position within Pedestrian doors*'[286] and *'give AAES access to a company with a strong market position and an attractive product portfolio'*.[287]

7.2.2.2. The automatic pedestrian door industry is already concentrated pre-Transaction

(263) As explained in paragraph (54) above, entrance automation systems OEMs active in the EEA have different geographical footprints. Some OEMs are present EEA-wide, whereas others have activities only in certain Member States. The Parties offer automatic pedestrian doors across the EEA, while their competitors may only offer a range of products or be active only in parts of the EEA. Non-integrated suppliers are for the most part active only at national or local level.

(264) While the automatic door industry is already very concentrated, the Transaction would further reduce the number of EEA-level players from four to three for swing, sliding doors and revolving doors.

(265) In swing doors, the combined entity and the two largest remaining competitors would together account for more than 75% of the total market's sales volume (Assa Abloy: 10-20%; Agta Record: 10-20%; Dormakaba: 30-40%; and Geze: 10-20%).[288] No other supplier would account for more than 5% of the market. These figures are consistent with the Parties' estimates.

(266) In sliding doors, the combined entity and the two largest remaining competitors would together account for 52% of the total market's sales volume (Assa Abloy: 10-20%; Agta Record: 10-20%; Geze: 10-20%; and Dormakaba: 10-20%).[289] No other supplier would account for more than 5-7% of the market. These figures are consistent with the Parties' estimates.[290]

(267) In revolving doors, the combined entity and the two largest remaining competitors would together account for 59% of the total market's sales volume (Assa Abloy: 10-20%; Agta Record: 5-10%; Boon Edam: 20-30%; and Dormakaba: 10-20%.[291] No other supplier would account for more than 5-6% of the market. These figures are consistent with the Parties' estimates.

283 Form CO, AA10, 21 September 2018, slide 25. Internal document submitted to the CEO of AAES.

284 Form CO, AA05, 26 September 2018, slide 23.

285 Form CO, AA09, 13 August 2018, slide 4.

286 Form CO, AA11, 2 September 2018, slide 3.

287 Form CO, AA11, 2 September 2018, slide 3.

288 Commission's market reconstruction.

289 Commission's market reconstruction.

290 Form Co, Annex 7.2.

291 Commission's market reconstruction.

(268) The Parties' internal documents also reflect the concentrated degree of the automatic pedestrian door industry. In this regard, an internal document from Assa Abloy shows that Assa Abloy, Agta Record, Dormakaba and Geze would together hold 72% of the swing door and sliding door market in Europe (*See* Figure ***6*** below).[292]

Figure 6 – The four main industry players hold 72% of the swing and sliding door markets

[figure from internal document showing that the four main industry players hold 72% of the swing and sliding door markets]

Source: Form CO, 5(4) documents, AA11 slide 17

(269) Over the course of the market investigation, various competing OEMs, a majority of non-integrated suppliers and a core group of end-customers have raised significant concerns regarding the increased concentration brought about by the Transaction. These concerns relate to the risk that the Transaction would lead to likely increases in the price of automatic pedestrian doors.[293]

7.2.2.3. The Parties are close competitors

(270) The Commission notes at the outset that the Parties have comparable business models, which is extensively reflected in the Parties' internal documents prepared for the Transaction. In this regard, an internal document from Assa Abloy considers Agta Record's *'*[Agta Record's business plans]*'* as a *'key rationale'* for its acquisition.[294] The Transaction is seen to this effect as being *'highly synergetic given overlapping sales, services, product, and infrastructure'*.[295]

(271) The Commission moreover notes that rivalry between Assa Abloy and Agta Record appears to have been an important source of competition on the markets for automatic pedestrian doors prior to the Transaction. As indicated in paragraph (259) above, in their internal documents prepared for the Transaction the Parties regard each other, together with Dormakaba, as belonging to the reduced group of *'tier 1'* players in the overall market for automatic pedestrian doors.[296] Assa Abloy considers in its internal documents that [names of three third party OEMs of automatic pedestrian doors] belong to a *'tier 2'* category of players[297], while Agta Record places [names of four third party OEMs of automatic pedestrian doors] within this group[298].

(272) As explained in paragraph 77 above, the Commission considers that OEMs may have a competitive advantage over non-integrated suppliers and, therefore, exercise

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292 Form CO, AA11, slide 17.

293 Questionnaire 1 to competitors, questions 44 to 47; Questionnaire 2 to end-customers, questions 42 to 46.

294 Form CO, AA05, slide 23. 'Amanda' is the term used to describe Agta Record and 'Athena' describes Assa Abloy.

295 Form CO, AA05, slide 23.

296 Form CO, 201809_Petrus_MP_AA (002), slide 44.

297 Form CO, AA09, slide 4.

298 Form CO, AA11, slide 17.

a more distant competitive constraint on the Parties' activities. In particular, non-integrated suppliers are dependent on the OEMs' input and the market investigation revealed that OEMs are considered as having competitive advantages over non-integrated suppliers for larger customers and larger projects. Hence, competition appears to be closer between the reduced pool of OEMs in the market.

(273) Moreover, both Assa Abloy and Agta Record belong to a restricted group of OEMs having a broad portfolio of products across all the automatic pedestrian door product markets. In this regard, Assa Abloy considers itself as having one of the vastest product offerings in the market[299] and Agta Record as having an *'attractive product portfolio'*.[300]

(274) The perceived closeness of competition between the Parties further explains why their ordinary course of business documents closely monitor each other's behaviour in the market. By way of example, internal documents from Assa Abloy describing the 'negative indicators of the general business climate' in automatic pedestrian doors listed *'Record* [as being] [Agta Record's sales strategy]*'*[301] or *'Record* [as being] [Agta Record's sales strategy]*'*[302].

(275) The results of the market investigation have consistently considered the Parties as close competitors in all the automatic pedestrian door product markets. In this regard, a majority of respondents submitted that Assa Abloy would be the closest competitor to Agta Record in both swing and sliding doors.[303] The feedback in relation to revolving doors has nevertheless been more mixed: while a majority of competitors considered that Boon Edam would be the closest competitor to the Parties in revolving doors[304], a majority of end-customers and non-integrated suppliers submitted that Assa Abloy would be the closest competitor to Agta Record.[305]

(276) Moreover, a vast majority of competitors and non-integrated suppliers, as well as a majority of end-customers indicated that the Parties offer rather comparable products from a technical point of view.[306] In this regard, a competing OEM submitted that *'*[t]*he product ranges of the various Assa Abloy brands and Recod ones are similar concerning weight capacity, dimensions of the operators, functionality, etc.'*.[307]

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299 Form CO, ASSA ABLOY AB (publ) – Analyst_Investor Day (14 November 2018), slide 4. During this same investor earning call, reference was also made to *'our market leader position in that market*'; '*we are the leader in most markets*'; '*we, being the market leader, often, we are the first one*[s] *coming with price increases'.*

300 Form CO, AA11, slide 3.

301 Form CO, AA107, slide 5.

302 Form CO, AA102, 73.

303 Questionnaire 1 to competitors, question 26; Questionnaire 2 to end-customers, question 22; and Questionnaire 3 to non-integrated suppliers, question 34.

304 Questionnaire 1 to competitors, questions 25 and 26.

305 Questionnaire 2 to end-customers, question 22; and Questionnaire 3 to non-integrated suppliers, question 34.

306 Questionnaire 1 to competitors, question 27.3; Questionnaire 2 to end-customers, question 23.3; and Questionnaire 3 to non-integrated suppliers, question 23.3.

307 Questionnaire 1 to competitors, question 27.3.1.

(277) The Parties also appear to be close innovative competitors. Contrary to the Notifying Party's argument that innovation *'plays a minor role'*[308], a majority of respondents considered innovation to be 'important' or 'very important' in the market for automatic pedestrian doors.[309] A majority of respondents further submitted that both Assa Abloy and Agta Record are particularly innovative suppliers of automatic pedestrian doors.[310] In this regard, a competing OEM submitted that *'*[b]*oth suppliers launch regularly new products with new product features and new services'*, while another one indicated that the Parties *'are known in the market as being innovative companies'*.[311]

(278) The Parties are also perceived as having particularly strong brands in the market for automatic pedestrian doors. Contrary to the Notifying Party's argument that *'brand recognition is low among end users'*[312], a majority of competitors and non-integrated suppliers, as well as an important number of end-customers respondents considered brand awareness to be 'important' or 'very important' in the market for automatic pedestrian doors.[313] In this regard, an end-user submitted that known brands are believed to have more operational reliability and reliable service.[314] A competing OEM explained that *'*[b]*randing activity is very important because this is a niche industry where companies cannot spend the huge amount of money the multinational groups spend for mass market products'*.[315] Other respondents stated that *'*[b]*rand awareness is important as products are specified during the design process'* and, given automatic pedestrian doors are *'only a small part of a building, the designer is more likely to select an easy pick - that's top of mind'*.[316] In this sense, *'*[a]*rchitects and Planer rely very much on brands'*.[317] Furthermore, a vast majority of respondents submitted that Assa Abloy has particularly strong brands as a supplier of automatic pedestrian doors and a majority of respondents submitted that this is also the case for Agta Record.[318] Consistently with the notion that the Parties and Dormakaba are *'tier 1'* players, a competing OEM indicated that *'*[m]*ost of the end customers we supply with our access control solutions refer to either Assa Abloy or Agta Record or DormaKaba as their reference supplier with regards to automatic pedestrian doors'*.[319]

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308 Form CO, paragraph 575.

309 Questionnaire 1 to competitors, question 28; Questionnaire 2 to end-customers, question 24; and Questionnaire 3 to non-integrated suppliers, question 24.

310 Questionnaire 1 to competitors, question 28.4; Questionnaire 2 to end-customers, question 24.4; and Questionnaire 3 to non-integrated suppliers, question 24.4.

311 Questionnaire 1 to competitors, question 28.4.1.

312 Form CO, paragraph 575.

313 Questionnaire 1 to competitors, question 29; Questionnaire 2 to end-customers, question 25; and Questionnaire 3 to non-integrated suppliers, question 37.

314 Questionnaire 2 to end-customers, question 25.1. Original quote in German: *'*[b]*ei bekannten Marken vermutet man mehr Betriebssicherheit und einen zuverlässigen Service'.*

315 Questionnaire 1 to competitors, question 29.

316 Questionnaire 1 to competitors, question 29.

317 Questionnaire 1 to competitors, question 29.

318 Questionnaire 1 to competitors, question 28.4; Questionnaire 2 to end-customers, question 25.3; and Questionnaire 3 to non-integrated suppliers, question 37.3.

319 Questionnaire 1 to competitors, question 28.4.1.

7.2.2.4. Strong scale effects and barriers to entry

(279) A vast majority of OEMs and a majority of non-integrated suppliers having expressed an opinion in the market investigation on that point submitted that the overall size of an OEM's installed base of automatic pedestrian doors (including all the automatic pedestrian door product markets) is a significant competitive advantage.[320] In this regard, a non-integrated supplier submitted that *'*[a] *large OEM has immense buying power and the ability to move manufacturing to more economic areas keeping their own costs lower whilst keeping the sales cost to competitors at a premium'*[321], while a competitor explained that *'*[a] *higher installed base allows an over proportional growth in cost efficiency'*.[322]

(280) Given that scale represents a significant competitive advantage, market shares may not fully capture the potential for expansion and growth in the industry of automatic pedestrian doors. A competing OEM expressed in this regard that *'*[t]*he market share of an automatic door manufacturer is measured by the market share of the annual sales but more importantly by the number of the installed doors that gives a sort of brand reputation'*.[323]

(281) However, since no exact information exists regarding the size of the installed base of manufacturers, the Commission will use the OEM's market shares of sales as a proxy for this measure. The Commission believes it is reasonable to approximate installed base with market shares of sales because both Parties are consistently considered to be 'Tier 1' suppliers (and Assa Abloy is considered to be the leader) and their market presence has remained consistent over the past years. Therefore, going forward, when referring to size of the Parties' installed base the Commission will rely on the approximation provided by their shares of sales.

(282) A large scale also enables the Parties to compete for larger customers and projects. In this regard, customers indicated that *'a large installed base has probably a better and faster service team per country, and hence can answer service calls faster and more professional'*, or that *'*[b]*ecause the bigger* [OEMs] *are, the more chances of having better services and in more areas they can give us'*.[324] A customer indicated that they preferred a *'company to have national coverage to have low cost of servicing'*.[325] Given these preferences among customers, a competing OEM pointed out that *'*[c]*ustomers are more and more looking for complete solutions and overall projects have increasingly large dimensions, which makes competing with OEMs like ASSA ABLOY increasingly difficult*'.[326]

(283) Overall, the Parties' combined installed base has raised concerns from a number of market participants. A competitor explained to the Commission that it *'*[was] *particularly concerned by* […] *the increase of the Parties' base of installed doors,*

320 Questionnaire 1 to competitors, question 36; Questionnaire 3 to non-integrated suppliers, question 47.

321 Questionnaire 3 to non-integrated suppliers, question 47.1.

322 Questionnaire 1 to competitors, question 36.1.

323 Questionnaire 1 to competitors, question 36.1.

324 Questionnaire 2 to end-customers, question 33.1.

325 Questionnaire 2 to end-customers, question 33.1.

326 Minutes of a call with a competitor of 30 October 2019, paragraph 8.

which translated into a bigger profitable growth'.[327] Following the Transaction, market participants expect the combined entity to leverage its larger installed based into a stronger market position. In this regard, a competing OEM expressed that *'*[they] *expect a combined business of Agta Record and Assa Abloy to gain a more significantt market position, based on larger combined market shares and going forward better means to gain further market share'*.[328] A trade organisation further expressed that *'*[t]*he bigger you are the best price you will be able to have from the suppliers, in this way your costs will be lower than your competitor and you can lead the market with lower prices'*.[329]

(284) Scale and brand awareness are two of the factors that strongly contribute to high barriers to entry in the automatic pedestrian door industry. In this regard, a majority of respondents to the market investigation submitted that barriers to entry into the supply of automatic pedestrian doors is either 'significant' or 'very significant'.[330] A broad number of respondents considered in this sense that scale, together with brand awareness (*see* paragraph (278) above), constitute major barriers to entry in automatic pedestrian doors. Among other respondents, an end-customer indicated that *'the main barrier to entry is the lack of existing installations. Thus it is nearly impossible, to show the reliability of a new supplier'* and that *'*[i]*t is very difficult to enter into the field of automatic doors. The ability and costs required to submit tenders, conform to regulations, gain industry and safety accreditation is likely to inhibit smaller companies'*.[331] A competing OEM further submitted that *'*[b]*arr*[i]*ers are very significant in terms of brand, in te*[r]*ms of customer base* [and in the] *number of servicing contracts'*.[332] A non-integrated supplier in turn submitted that *'*[s]*ome producers are already so big it is very difficult to compete them'*.[333]

(285) Given the high barriers to entry due to scale and brand awareness, a vast majority of respondents having expressed an opinion in the market investigation submitted that they do not expect new entrants to start supplying automatic pedestrian doors (including swing, sliding, revolving or specialty doors) in the EEA in the next two to three years.[334]

(286) A number of competitors confirmed the Notifying Party's argument that there would be no significant capacity constraints in the automatic pedestrian door industry. A majority of OEMs expressing an opinion in the market investigation submitted that they would be able to increase their production without having to incur into major investments if demand for their products were to increase.[335] In this regard, competitors submitted that *'capacity is never a restriction'*[336] for the

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327 Minutes of a call with a competitor of 14 August 2019, paragraph 29.

328 Questionnaire 1 to competitors, question 73.

329 Questionnaire 1 to competitors, question 30.1.

330 Questionnaire 1 to competitors, question 43.2; Questionnaire 2 to end-customers, question 41.2; and Questionnaire 3 to non-integrated suppliers, question 54.2.

331 Questionnaire 2 to end-customers, question 41.2.1.

332 Questionnaire 1 to competitors, question 43.2.1.

333 Questionnaire 3 to non-integrated suppliers, question 54.2.1.

334 Questionnaire 1 to competitors, question 43; Questionnaire 2 to end-customers, question 41; and Questionnaire 3 to non-integrated suppliers, question 54.

335 Questionnaire 1 to competitors, question 31.

336 Minutes of a call with a competitor of 9 August 2019, paragraph 12.

production of automatic pedestrian doors, given that *'only a fairly simple set of equipment and manpower is required to manufacture new automatic doors'*.[337] A competing OEM submitted that, while *'challenging'*, it would be able to double production if the demand for its products were to increase.[338]

(287) Overall, while there appear to be limited restrictions for OEMs to increase their production, the Commission notes that the automatic pedestrian door industry is characterised for having very high barriers to entry.

7.2.2.5. The importance of having a broad portfolio

(288) The Transaction would combine the Parties' already broad product portfolios. As explained in paragraph (273) above, this is at the outset an element pointing towards closeness of competition between the Parties in the supply of automatic pedestrian doors. A competitor expressed in this regard that *'*[i]*n the future,* [it] *foresees that it will not be able to match the broad offer that the combined entity will be able to offer. While ASSA ABLOY already has a very broad product offering, adding Agta gives it for example a strong market position in one-way security corridors which ASSA ABLOY currently does not have'.*[339]

(289) A majority of OEMs and non-integrated suppliers having expressed an opinion in the market investigation submitted that the size of a supplier's product portfolio is either 'important' or 'very important' to be competitive in the business of supplying automatic pedestrian doors.[340]

(290) In particular, offering a broad portfolio allows OEMS to *'act as a one-stop-shop for all types of automatic pedestrian doors'*.[341] As a competing OEM explained: *'*[i]*n an individual construction project, there are often several types of products that are included, so to have a wider scope of products means a better competitive positioning as the customers tend to prefer having less suppliers'*. This complete range of products *'is very important to present a global proposal to the market. The same importance is related to the various product certifications'*.[342]

(291) OEMs may also make use of a broad portfolio to block its competitors. As a competing OEM puts it *'*[t]*he broader the portafolio is, the fullness of the customer needs you may supply, and largest customers you can attend, blocking other brands to achieves same customers'.*[343]

(292) A majority of OEMs and non-integrated suppliers submitted that the practice of bundling (i.e, selling together at a discount) the supply of different types of automatic pedestrian doors (for instance, swing doors with sliding doors) from the

337 Minutes of a call with a competitor of 9 August 2019, paragraph 20.

338 Minutes of a call with a competitor of 14 August 2019, paragraph 14.

339 Minutes of a call with a competitor of 30 October 2019, paragraph 21.

340 Questionnaire 1 to competitors, question 30; and Questionnaire 3 to non-integrated suppliers, question 38.

341 Questionnaire 1 to competitors, question 30.1.

342 Questionnaire 1 to competitors, question 30.1.

343 Questionnaire 1 to competitors, question 30.1.

same supplier is 'frequent' or 'common'.[344] End-customers also indicated that they 'frequently' procure different types of automatic pedestrian doors together from the same supplier as a bundle.[345]

7.2.2.6. Limited buyer power

(293) The Commission notes at the outset that the demand base for automatic pedestrian doors is very fragmented. In this regard, most sales consist in one-off sales to smaller customers or contractor for a specific project, with only some customers resorting to framework agreements.[346]

(294) Moreover, customers do not appear to be especially sophisticated in the industry of automatic pedestrian doors. A majority of respondents having expressed an opinion in the market investigation submitted that end-customers generally rely on suppliers to advise them on the best solutions for their automatic pedestrian door requirements.[347] This statement was supported, in particular, by a number of large customers belonging to the supermarket, large distribution, healthcare, pharmaceutical or transport segments. In this regard, a competing OEM indicated that *'*[c]*ustomers are not so knowledgeable about technical properties of automatic pedestrian doors and tend to rely on suppliers with strong reputation brand as trusted advisors'*.[348] Furthermore, a majority of competitors and non-integrated suppliers, as well as a significant number of end-customers, indicated that when procuring automatic pedestrian doors (including swing, sliding or revolving doors), customers usually do not factor the overall costs over the life cycle of the doors in question.[349]

(295) A number of respondents also pointed towards the influence of architects and planners in deciding the automatic pedestrian door to use in a particular building[350], which – as explained in paragraph (36) above – are targeted by OEMs to include in the specifications of a building technical requirements or references to a particular supplier's product, or to mention a particular brand or simply dimension door openings in a way that suits them better than other potential OEMs.

(296) Overall, the Commission notes that customers do not appear to have a significant bargaining strength vis-à-vis suppliers of automatic pedestrian doors due to their size or commercial significance, given (i) the highly fragmented demand base for automatic pedestrian doors; and (ii) the fact that customers are generally not sophisticated buyers.

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344 Questionnaire 1 to competitors, question 30.2; and Questionnaire 3 to non-integrated suppliers, question 38.2.

345 Questionnaire 2 to end-customers, question 27.2.

346 Form CO, paragraph 244.

347 Questionnaire 1 to competitors, question 33; Questionnaire 2 to end-customers, question 30; and Questionnaire 3 to non-integrated suppliers, question 44.

348 Questionnaire 1 to competitors, question 33.

349 Questionnaire 1 to competitors, question 35; Questionnaire 2 to end-customers, question 32; and Questionnaire 3 to non-integrated suppliers, question 46.

350 Questionnaire 1 to competitors, question 38; Questionnaire 2 to end-customers, question 35; and Questionnaire 3 to non-integrated suppliers, question 49.

7.2.3. Assessment of potential horizontal non-coordinated effects on the national markets for the manufacture and supply of automatic pedestrian doors

(297) As indicated in Table 1 above and according to the Commission's market reconstruction, the Transaction gives rise to 14 horizontally affected national markets in swing doors, 19 horizontally affected national markets in sliding doors, 6 horizontally affected national markets in revolving doors and 3 horizontally affected national markets in hermetic doors.

(298) As explained in paragraph (71) above, the Commission considers appropriate to conduct its competitive assessment for automatic pedestrian doors based on an OEM-level approach, which includes market shares reflecting sales by OEMs-only to both end-customers and non-integrated suppliers. Moreover, and as explained in paragraph (81) above, the Commission deems appropriate to reflect the closeness of competition between OEMs by considering an additional relevant metric consisting in the share of supply by OEMs-only to end-customers.

(299) The Commission moreover notes that market shares in swing, sliding and revolving doors have been overall stable across the EEA during the period 2016-2018.[351]

7.2.3.1. Markets not giving rising to serious doubts

(300) The Commission notes at the outset that serious doubts can be excluded in some of the affected markets provided they fall within one of the following categories: (i) the Parties' combined market share is below 25%[352]; (ii) the HHI post-Transaction is below 1 000[353]; (iii) the HHI post-Transaction is below 1 000 and 2 000, with a delta below 250[354]; (iv) the HHI post-Transaction is above 2 000, with a delta below 150[355]; or (v) the Parties' combined market share is below 50%, with a HHI delta below 150[356].

(301) In light of this, as well as all evidence available to it, the Commission concludes that the Transaction does not raise serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement due to horizontal non-coordinated effects in (i) the Belgian, Cypriot, French, Greek, Italian and Spanish markets for swing doors; (ii) the Icelandic, Italian, Lithuanian, Luxemburgish, Maltese, Polish, Portuguese, Romanian and Swedish markets for sliding doors; (iii) the Danish, Dutch and Greek markets for revolving doors; and (iv) the French and Romanian markets for hermetic doors.

(302) The remainder of this Section will provide a competitive assessment for those affected markets not falling under any of the categories set out in paragraph (300)

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351 Notifying Party's estimates, Form CO, Annex 7. By way of illustration, the Parties' combined estimates in the EEA were: (i) for swing doors: [30-40]% in 2016, [30-40]% in 2017 and [30-40]% in 2018; (ii) for sliding doors: [30-40]% in 2016, [30-40]% in 2017 and [30-40]% in 2018; (iii) for revolving doors: [10-20]% in 2016, [10-20]% in 2017 and [10-20]% in 2018; and (iv) for hermetic doors: [10-20]% in 2016, [20-30]% in 2017 and [20-30]% in 2018.

352 Horizontal Merger Guidelines, paragraph 18.

353 Horizontal Merger Guidelines, paragraph 20.

354 Horizontal Merger Guidelines, paragraph 20.

355 Horizontal Merger Guidelines, paragraph 20.

356 Commission Notice of 5 December 2013 on a simplified procedure for treatment of certain concentrations under Council Regulation (EC) No 139/2004, paragraph 6.

above, which are presented in Table 2 below. This Section will have regard to the common features of these markets described in Section 7.2.2 above, as well as parameters such as the overall combined market shares of the parties, the level of the increment brought about by the Transaction, the difference between the respective market position of the Parties and their competitors, the level of concentration post-Transaction (HHI) and the difference with the pre-Transaction level (HHI delta).

Table 2 – Overview of affected markets analysed in Section 7.2.3

Swing doors	Sliding doors	Revolving doors	Hermetic doors
Country	Country	Country	Country
Czechia	Austria	Austria	Germany
Finland	Czechia	France	
Hungary	Denmark	Latvia	
Iceland	Finland		
Netherlands	France		
Portugal	Germany		
Sweden	Hungary		
United Kingdom	Netherlands		
	Slovenia		
	United Kingdom		

Source: Commission's market reconstruction.

7.2.3.2. Austria

(303) For the reasons set out below, the Transaction raises serious doubts as to its compatibility with the internal market with respect to the manufacture and supply of automatic sliding and revolving doors.

(A) Sliding doors

(A.i) Commission's assessment

(304) For the reasons set out below, the Transaction raises serious doubts as to its compatibility with the internal market with respect to automatic sliding doors in Austria.

Table 3 – Market shares for sliding doors in Austria, 2018

Company	Volume shares
Assa Abloy	10-20%
Agta record	20-30%
Combined	***30-40%***
Dormakaba	40-50%
Geze	10-20%
GU	0-5%
Gilgen	0-5%
Other	0-5%

Source: Commission's market reconstruction.

(305) First, post-Transaction, the combined entity would be the second player in the Austrian market for sliding doors with a combined market share of 30-40% (Assa Abloy: 10-20%; Agta Record: 20-30%). Dormakaba would remain the market leader with a market share of 40-50%. The only remaining sizable competitor in the Austrian market would be Geze, with a market share of 10-20%.

(306) Second, the market for the manufacture and supply of automatic sliding doors in Austria is highly concentrated with an HHI level post-Transaction of [above 2 000] and a delta of [above 150]. The Transaction involves a reduction in the number of effective competitors from four to three.

(307) Third, the general market dynamics discussed in Section 7.2.2 above are equally applicable to the Austrian market for sliding doors. In particular, as explained in Section 7.2.2.3, competition is closer among OEMs, given that non-integrated suppliers exercise a more distant competitive constraint on the Parties' activities. When considering a segment comprising sales from OEMs-only to end-customers (i.e. excluding sales from non-integrated suppliers), the Parties would hold a combined share of supply of 40-50% (with an increment of 10-20%), significantly above Dormakaba with 20-30%.

(A.ii) Conclusion

(308) In light of the considerations in paragraphs (305) to (307) above, as well as all evidence available to it, the Commission concludes that in the Austrian market for sliding doors, the Transaction raises serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement due to horizontal non-coordinated effects given (i) the Parties' position of leadership; (ii) the fact that the markets are already concentrated pre-Transaction; (iii) the strong scale effects and the high barriers to entry; (iv) the close competition between the Parties; and (v) the insufficient countervailing buyer power.

(B) Revolving doors

(B.i) Commission's assessment

(309) For the reasons set out below, the Transaction raises serious doubts as to its compatibility with the internal market with respect to automatic revolving doors in Austria.

Table 4 – Market shares for revolving doors in Austria, 2018

Company	**Volume shares**
Assa Abloy	30-40%
Agta record	5-10%
Combined	***40-50%***
Geze	20-30%
Dormakaba	10-20%
Boon Edam	5-10%
GU	0-5%

Source: Commission's market reconstruction.

(310) First, post-Transaction, the combined entity would be the market leader in the Austrian market for revolving doors with a combined share of 40-50% (Assa Abloy: 30-40%; Agta Record: 5-10%). Geze would remain as the immediate competitor to the combined entity, with a market share of 20-30%, followed by Dormakaba (10-20%). There would be two remaining competitors with a limited presence in the Austrian market for revolving doors: Boon Edam (5-10%) and GU (0-5%).

(311) Second, the market for the manufacture and supply of automatic revolving doors in Austria is highly concentrated with an HHI level post-Transaction of [above 2 000] and a delta of [above 150].

(312) Third, the general market dynamics discussed in Section 7.2.2 above are equally applicable to the Austrian market for revolving doors. In particular, as explained in Section 7.2.2.3, competition is closer among OEMs, given that non-integrated suppliers exercise a more distant competitive constraint on the Parties' activities. When considering a segment comprising sales from OEMs-only to end-customers (i.e. excluding sales from non-integrated suppliers), the Parties would hold a combined share of supply of 50-60% (with an increment of 5-10%), significantly above Geze with 30-40%.

(B.ii) Conclusion

(313) In light of the considerations in paragraphs (310) to (312) above, as well as all evidence available to it, the Commission concludes that in the Austrian market for revolving doors, the Transaction raises to serious doubts as to its compatibility with

the internal market or the functioning of the EEA Agreement due to horizontal non-coordinated effects given (i) the Parties' position of leadership; (ii) the fact that the markets are already concentrated pre-Transaction; (iii) the strong scale effects and the high barriers to entry; (iv) the close competition between the Parties; and (v) the insufficient countervailing buyer power.

7.2.3.3. Czechia

(314) For the reasons set out below, the Transaction raises serious doubts as to its compatibility with the internal market with respect to the manufacture and supply of automatic sliding doors.

(A) Swing doors

(A.i) Commission's assessment

(315) The Transaction does not raise serious doubts as to its compatibility with the internal market with respect to automatic swing doors in Czechia.

Table 5 – Market shares for swing doors in Czechia, 2018

Company	**Volume shares**
Assa Abloy	20-30%
Agta record	0-5%
Combined	***30-40%***
Geze	10-20%
FAAC	5-10%
Tormax	5-10%
Dormakaba	0-5%
Emos	0-5%
Label	0-5%
Kone	0-5%
Other	30-40%

Source: Commission's market reconstruction.

(316) First, post-Transaction, the combined entity would remain the market leader in the Czech market for swing doors with a combined share of 30-40% (Assa Abloy: 20-30%; Agta Record: 0-5%). Geze would remain as the immediate competitor to the combined entity, with a market share of 10-20%. There would be a number of remaining competitors in the Czech market for swing doors: FAAC (5-10%), Tormax (5-10%), Dormakaba (0-5%), Emos (0-5%), Label (0-5%) and Kone (0-5%).

(317) Second, the Transaction only involves a limited increment by Agta Record of 0-5%, which is currently the seventh player in the market. Accordingly, while the market for the manufacture and supply of swing doors in Czechia is concentrated with an HHI level post-Transaction of [above 2 000], the Transaction would only entail a HHI delta of [above 150]. The Commission therefore notes that the Transaction will not materially change the pre-existing competitive conditions in the Czech market for swing doors.

(318) Third, Agta Record is only active to a limited in the indirect channel and would not increase Assa Abloy's share of supply in a segment comprising sales from OEMs-only to end-customers (i.e. excluding sales from non-integrated suppliers). When considering a segment comprising sales from OEMs to non-integrated suppliers, the Parties would hold a combined share of supply of 20-30%, with an increment of 5-10% by Agta Record, followed by Geze (10-20%), Boon Edam (10-20%), Tormax (5-10%) and Manusa (5-10%).[357]

(A.ii) Conclusion

(319) In light of the considerations in paragraphs (316) to (318) above, as well as all evidence available to it, the Commission concludes that in the Czech market for swing doors, the Transaction does not raise serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement due to horizontal non-coordinated effects given (i) the limited increment brought by Agta Record of 0-5%, the current seventh player in the market, which will not materially change the pre-existing competitive conditions; and (ii) the presence of a large number of additional smaller competitors which will continue exerting competing pressure on the combined entity.

(B) Sliding doors

(B.i) Commission's assessment

(320) For the reasons set out below, the Transaction raises serious doubts as to its compatibility with the internal market with respect to automatic sliding doors in Czechia.

[357] Commission's market reconstruction, 2018.

Table 6 – Market shares for sliding doors in Czechia, 2018

Company	Volume shares
Assa Abloy	10-20%
Agta record	10-20%
Combined	***30-40%***
Geze	20-30%
Portalp	10-20%
Label	5-10%
Emos	5-10%
Tormax	5-10%
FAAC	0-5%
Kone	0-5%
Manusa	0-5%

Source: Commission's market reconstruction.

(321) First, the Transaction would combine the current second and third players in the Czech market for sliding doors. Post-Transaction, the combined entity would become the market leader in the Czech market for sliding doors with a combined share of 30-40% (Assa Abloy: 10-20%; Agta Record: 10-20%). Geze and Portalp would be the immediate competitors of the combined entity, with market shares of 20-30% and 10-20% respectively. There would be a number of smaller fringe players in the market, including Label (5-10%), Emos (5-10%) and Tormax (5-10%).

(322) Second, the market for the manufacture and supply of automatic sliding doors in Czechia is highly concentrated with an HHI level post-Transaction of [above 2 000] and a delta of [above 150]. The Transaction involves a reduction in the number of effective competitors from four to three.

(323) Third, the general market dynamics discussed in Section 7.2.2 above are equally applicable to the Czech market for sliding doors.

(324) Fourth, the Transaction would involve the combination of (i) Assa Abloy, the current leader in Czechia in a segment comprising sales from OEMs-only to end-customers (i.e. excluding sales from non-integrated suppliers), with a share of supply of 60-70% and at great distance from its immediate competitor Geze (with a share of supply of 20-30%); and (ii) and Agta Record, the current leader in Czechia in a segment comprising sales from OEMs to non-integrated suppliers, with a share of supply of 20-30%, above Portalp (20-30%), Geze (10-20%) and Label (10-

20%). In this regard, Assa Abloy's business plan in Czechia regards Record as being '[Assa Abloy's business plan]'.[358]

(B.ii) Conclusion

(325) In light of the considerations in paragraphs (321) to (324) above, as well as all evidence available to it, the Commission concludes that in the Czech market for sliding doors, the Transaction raises serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement due to horizontal non-coordinated effects given (i) the Parties' position of leadership; (ii) the fact that the markets are already concentrated pre-Transaction; (iii) the strong scale effects and the high barriers to entry; (iv) the close competition between the Parties; and (v) the insufficient countervailing buyer power. The Commission moreover notes that the Transaction would involve a reduction in the number of effective competitors from four to three and the combination of the respective current leaders in the segments for sales from OEMs-only to end-customers and sales from OEMs to non-integrated suppliers.

7.2.3.4. Denmark

(A) Sliding doors

(A.i) Commission's assessment

(326) For the reasons set out below, the Transaction does not raise serious doubts as to its compatibility with the internal market with respect to automatic sliding doors in Denmark.

Table 7 – Market shares for sliding doors in Denmark, 2018

Company	**Volume shares**
Assa Abloy	10-20%
Agta record	10-20%
Combined	***20-30%***
Tormax	40-50%
Geze	10-20%
Label	5-10%
Dormakaba	5-10%
Kone	0-5%

Source: Commission's market reconstruction.

(327) First, post-Transaction, the combined entity would be the second market player in the Danish market for sliding doors with a combined share of 20-30% (Assa Abloy:

358 Request for information 11 of 20 January 2020, AA.1.2.7, slide 7.

10-20%; Agta Record: 10-20%). Although the market for the manufacture and supply of sliding doors in Denmark is highly concentrated with an HHI level post-Transaction of [above 2 000] and a HHI delta of [above 150], Tormax would remain as a strong market leader, with a market share of 40-50%. There would be a number of remaining competitors in the Danish market for sliding doors: Geze (10-20%), Label (5-10%), Dormakaba (5-10%) and Kone (0-5%).

(328) Second, when considering a segment comprising sales from OEMs-only to end-customers (i.e. excluding sales from non-integrated suppliers), the Parties would hold a combined share of supply of 30-40% (with an increment of 10-20%), behind Tormax with 50-60%.

(A.ii) Conclusion

(329) In light of the considerations in paragraphs (327) to (328) above, as well as all evidence available to it, the Commission concludes that in the Danish market for sliding doors, the Transaction does not raise serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement due to horizontal non-coordinated effects given (i) the presence of Tormax as a strong market leader; and (ii) the presence of a large number of additional smaller competitors.

7.2.3.5. Finland

(330) For the reasons set out below, the Transaction raises serious doubts as to its compatibility with the internal market with respect to the manufacture and supply of automatic swing and sliding doors.

(A) Swing doors

(A.i) Commission's assessment

(331) As mentioned above, the Transaction raises serious doubts as to its compatibility with the internal market with respect to automatic swing doors in Finland.

Table 8 – Market shares for swing doors in Finland, 2018

Company	Volume shares
Assa Abloy	30-40%
Agta record	5-10%
Combined	***30-40%***
Dormakaba	40-50%
Geze	10-20%
Tormax	0-5%
FAAC	0-5%
Kone	0-5%
Label	0-5%
Gilgen	0-5%

Source: Commission's market reconstruction.

(332) First, post-Transaction, the combined entity would be the second market player in the Finnish market for swing doors with a combined share of 30-40% (Assa Abloy: 30-40%; Agta Record: 5-10%). Dormakaba and Geze would be their immediate competitors, with market shares of 40-50% and 10-20% respectively. There would be a number of smaller fringe players in the market, including Tormax (0-5%), FAAC (0-5%) or Kone (0-5%).

(333) Second, the market for the manufacture and supply of automatic swing doors in Finland is highly concentrated with an HHI level post-Transaction of [above 2 000] and a delta of [above 150]. The Transaction involves a reduction in the number of effective competitors from four to three.

(334) Third, the general market dynamics discussed in Section 7.2.2 above are equally applicable to the Finnish market for swing doors. In particular, as explained in Section 7.2.2.3, competition is closer among OEMs, given that non-integrated suppliers exercise a more distant competitive constraint on the Parties' activities.

(335) Agta Record is only present in the indirect channel in Finland. When considering a segment comprising sales from OEMs to non-integrated suppliers, the Parties would hold a combined share of supply of 40-50% (Assa Abloy: 30-40%; Agta Record: 10-20%). Dormakaba would remain the second player in this segment, with a share of supply of 30-40%, followed by Geze (10-20%).

(A.ii) Conclusion

(336) In light of the considerations in paragraphs (332) to (335) above, as well as all evidence available to it, the Commission concludes that in the Finnish market for

swing doors, the Transaction raises serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement due to horizontal non-coordinated effects given (i) the Parties' position of leadership; (ii) the fact that the markets are already concentrated pre-Transaction; (iii) the strong scale effects and the high barriers to entry; (iv) the close competition between the Parties; and (v) the insufficient countervailing buyer power.

(B) Sliding doors

(B.i) Commission's assessment

(337) For the reasons set out below, the Transaction raises serious doubts as to its compatibility with the internal market with respect to automatic sliding doors in Finland.

Table 9 – Market shares for sliding doors in Finland, 2018

Company	**Volume shares**
Assa Abloy	30-40%
Agta record	0-5%
Combined	***30-40%***
Dormakaba	10-20%
Tormax	10-20%
Kone	10-20%
Geze	5-10
Gilgen	0-5%
Other	10-20%

Source: Commission's market reconstruction.

(338) First, post-Transaction, the combined entity would be the market leader for sliding doors in Finland with a combined share of 30-40% (Assa Abloy: 30-40%; Agta Record: 0-5%). Dormakaba, Tormax and Kone would remain as competitors at more than 20 points of difference from the combined entity, with individual market shares of 10-20%. There would be a number of smaller fringe players in the market, including Geze (5-10%) or Gilgen (0-5%).

(339) Second, the market for the manufacture and supply of automatic sliding doors in Finland is highly concentrated with an HHI level post-Transaction of [above 2 000] and a delta of [above 150].

(340) Third, the general market dynamics discussed in Section 7.2.2 above are equally applicable to the Finnish market for sliding doors. In particular, as explained in Section 7.2.2.3, competition is closer among OEMs, given that non-integrated suppliers exercise a more distant competitive constraint on the Parties' activities.

(341) Agta Record is only present in the indirect channel in Finland. When considering a segment comprising sales from OEMs to non-integrated suppliers, the Parties would hold a combined share of supply of 20-30% (Assa Abloy: 10-20%; Agta Record: 0-5%). Dormakaba would remain the main player in this segment, with a share of supply of 30-40%, followed by Tormax (10-20%) and Geze (5-10%).

(B.ii) Conclusion

(342) In light of the considerations in paragraphs (338) to (341) above, as well as all evidence available to it, the Commission concludes that in the Finnish market for sliding doors, the Transaction raises serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement due to horizontal non-coordinated effects given (i) the Parties' position of leadership in the market, at more than 20 points of difference from its immediate competitors; (ii) the fact that the markets are already concentrated pre-Transaction; (iii) the strong scale effects and the high barriers to entry; (iv) the close competition between the Parties; and (v) the insufficient countervailing buyer power.

7.2.3.6. France

(343) For the reasons set out below, the Transaction raises serious doubts as to its compatibility with the internal market with respect to the manufacture and supply of automatic sliding and revolving doors.

(A) Sliding doors

(A.i) Commission's assessment

(344) As mentioned above, the Transaction raises serious doubts as to its compatibility with the internal market with respect to sliding doors in France.

(345) Agta Record is an overall market leader of automatic pedestrian doors in France. The Parties' internal documents indicate that Agta Record has a *'strong footprint'* in France[359]. This was perceived as a 'key rationale' to acquire Agta Record and *'strengthen* [Assa Abloy's] *footprint in France'*.[360]

[359] Form CO, AA10, slide 27.

[360] Form CO, AA05, slide 23.

Table 10 – Market shares for sliding doors in France, 2018

Company	Volume shares
Assa Abloy	5-10%
Agta record	20-30%
Combined	***30-40%***
Portalp	10-20%
Manusa	10-20%
Softica	5-10%
Tormax	5-10%
Dormakaba	5-10%
Gilgen	5-10%
FAAC	0-5%
Geze	0-5%
Label	0-5%
Kone	0-5%
Face	0-5%

Source: Commission's market reconstruction.

(346) First, the Transaction would reinforce Agta Record's current position as market leader for sliding doors in France. The combined entity would hold a combined share of 30-40% (Assa Abloy: 5-10%; Agta Record: 20-30%). Portalp and Manusa would be their immediate competitors, with individual market shares of 10-20%. There would be a number of smaller fringe players in the market, including Softica (5-10%), Tormax (5-10%), Dormakaba (5-10%) or Gilgen (5-10%).

(347) Second, the market for the manufacture and supply of automatic sliding doors in France is somewhat concentrated with an HHI level post-Transaction of [below 2 000] and a delta of [above 250], denoting a significant increment.

(348) Third, the general market dynamics discussed in Section 7.2.2 above are equally applicable to the French market for sliding doors. In particular, as explained in Section 7.2.2.3, competition is closer among OEMs, given that non-integrated suppliers exercise a more distant competitive constraint on the Parties' activities. When considering a segment comprising sales from OEMs-only to end-customers (i.e. excluding sales from non-integrated suppliers), the Parties would hold a combined share of supply of 40-50% (with an increment of 5-10%), significantly above Portalp with 20-30%.

(349) Moreover, the Commission notes that rivalry between the Parties has been an important source of competition. In this regard, a French market report considers Agta Record as a market leader for sliding doors in France and Assa Abloy as one of the main 'challengers' to its position.[361]

(A.ii) Conclusion

(350) In light of the considerations in paragraphs (346) to (349) above, as well as all evidence available to it, the Commission concludes that in the French market for sliding doors, the Transaction raises serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement due to horizontal non-coordinated effects given (i) the significant combined market shares of the Parties; (ii) the high concentration level in the market; (iii) the strong scale effects; (iv) the close competition between the Parties; and (iv) the existence of high barriers to entry.

(B) Revolving doors

(B.i) Commission's assessment

(351) For the reasons set out below, the Transaction raises serious doubts as to its compatibility with the internal market with respect to automatic revolving doors in France.

Table 11 – Market shares for revolving doors in France, 2018

Company	**Volume shares**
Assa Abloy	10-20%
Agta record	20-30%
Combined	***40-50%***
Boon Edam	40-50%
Dormakaba	10-20%
Tormax	0-5%
Geze	0-5%
GU	0-5%

Source: Commission's market reconstruction.

(352) First, post-Transaction, the combined entity would be the market leader for revolving doors in France with a combined share of 40-50% (Assa Abloy: 10-20%; Agta Record: 20-30%), together with Boon Edam (40-50%). Dormakaba would remain as the only other sizable competitor, with a market share of 10-20%.

361 'Marché des portes industrielles, commerciales et piétonnes en France', February 2017, page 100.

(353) Second, the market for the manufacture and supply of automatic revolving doors in France is highly concentrated with an HHI level post-Transaction of [above 2 000] and a delta of [above 150]. The Transaction involves a reduction in the number of effective competitors from four to three.

(354) Third, the general market dynamics discussed in Section 7.2.2 above are equally applicable to the French market for revolving doors. In particular, as explained in Section 7.2.2.3, competition is closer among OEMs, given that non-integrated suppliers exercise a more distant competitive constraint on the Parties' activities. When considering a segment comprising sales from OEMs-only to end-customers (i.e. excluding sales from non-integrated suppliers), the Parties would hold a combined share of supply of 30-40% (with an increment of 5-10%), behind Boon Edam with 40-50% and significantly above Dormakaba with 10-20%.

(B.ii) Conclusion

(355) In light of the considerations in paragraphs (352) to (354) above, as well as all evidence available to it, the Commission concludes that in the French market for revolving doors, the Transaction raises serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement due to horizontal non-coordinated effects given (i) the Parties' position of leadership; (ii) the fact that the markets are already concentrated pre-Transaction; (iii) the strong scale effects and the high barriers to entry; (iv) the close competition between the Parties; and (v) the insufficient countervailing buyer power.

7.2.3.7. Germany

(A) Sliding doors

(A.i) Commission's assessment

(356) The Transaction does not raise serious doubts as to its compatibility with the internal market with respect to sliding doors in Germany.

Table 12 – Market shares for sliding doors in Germany, 2018

Company	Volume shares
Assa Abloy	10-20%
Agta record	10-20%
Combined	***30-40%***
Geze	20-30%
Dormakaba	10-20%
GU	10-20%
Tormax	5-10%
Gilgen	5-10%
Kone	0-5%
Other	0-5%

Source: Commission's market reconstruction.

(357) First, post-Transaction, the combined entity would become the market leader in Germany for sliding doors with a combined share of 30-40% (Assa Abloy: 10-20%; Agta Record: 10-20%). Although the market for the manufacture and supply of sliding doors in Germany is concentrated with an HHI level post-Transaction of [above 2 000] and a HHI delta of [above 150], there will remain a number of sizeable competitors in the market, including Geze (20-30%), Dormakaba (10-20%) or GU (10-20%).

(358) When considering a segment comprising sales from OEMs-only to end-customers (i.e. excluding sales from non-integrated suppliers), the Parties would hold a combined share of supply of 30-40% (with an increment of 10-20%), above Dormakaba (20-30%), Geze (10-20%) and GU (10-20%).

(A.ii) Conclusion

(359) In light of the considerations in paragraphs (357) to (358) above, as well as all evidence available to it, the Commission concludes that in the German market for sliding doors, the Transaction does not raise serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement due to horizontal non-coordinated effects given the presence of a large number of additional sizeable competitors that would exert competitive constraints on the combined entity.

(B) Hermetic doors

(B.i) Commission's assessment

(360) The Transaction does not raise serious doubts as to its compatibility with the internal market with respect to hermetic doors in Germany.

Table 13 – Market shares for hermetic doors in Germany, 2018

Company	**Sales (units)**	**Volume shares**
Agta Record	[units sold]	[60-70]%
Assa Abloy	[units sold]	[0-5]%
Combined	***[units sold]***	***[60-70]%***
Other	[units sold]	[30-40]%
Total	[units sold]	100.0%

Source: Parties' estimates, Annex 7 to Form CO.

(361) The Transaction only involves a limited increment of [0-5]% to Agta Record's current leading position for hermetic doors in Germany. The Commission notes in particular that Agta Record only sold a total of [<50] hermetic doors in Germany between 2016 and 2018.

(362) There is a number of OEMs (such as Geze, Tormax, HT, Metaflex and Kone) and non-integrated suppliers (such as Caspar Labora, EMV, Heideck and STS Negrazus) active in the German market for hermetic doors. The Commission notes that hermetic doors are very often sold in Germany in tenders, which would ensure that Agta Record continues confronting effective competition despite its market share.[362]

(363) The Commission therefore notes that the Transaction will not materially change the pre-existing competitive conditions in the German market for hermetic doors.

(B.i) Conclusion

(364) In light of the considerations in paragraphs (361) to (363) above, as well as all evidence available to it, the Commission concludes that in the German market for hermetic doors, the Transaction does not raise serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement due to horizontal non-coordinated effects given the small increment brought by Agta Record.

7.2.3.8. Hungary

(365) For the reasons set out below, the Transaction raises serious doubts as to its compatibility with the internal market with respect to the manufacture and supply of swing and sliding doors.

362 Notifying Party's Note to the European Commission on the German automatic pedestrian door markets, 4 February 2020, page 12.

(A) Swing doors

(A.i) Commission's assessment

(366) For the reasons set out below, the Transaction raises serious doubts as to its compatibility with the internal market with respect to automatic swing doors in Hungary.

Table 14 – Market shares for swing doors in Hungary, 2018

Company	Volume shares
Assa Abloy	10-20%
Agta record	30-40%
Combined	***50-60%***
Dormakaba	10-20%
Geze	10-20%
Label	5-10%
Other	10-20%

Source: Commission's market reconstruction.

(367) First, the Transaction would reinforce Agta Record's current position as market leader for swing doors in Hungary. The combined entity would hold a combined share of 50-60% (Assa Abloy 10-20%, Agta Record 30-40%). Post-Transaction, other players will have a more limited presence in the market, including Dormakaba (10-20%), Geze (10-20%) and Label (5-10%).

(368) Second, the market for the manufacture and supply of automatic swing doors in Hungary is highly concentrated with an HHI level post-Transaction of [above 2 000] and a delta of [above 150]. The Transaction involves a reduction in the number of effective competitors from four to three.

(369) Third, the general market dynamics discussed in Section 7.2.2 above are equally applicable to the Hungarian market for swing doors. In particular, as explained in Section 7.2.2.3, competition is closer among OEMs, given that non-integrated suppliers exercise a more distant competitive constraint on the Parties' activities. When considering a segment comprising sales from OEMs-only to end-customers (i.e. excluding sales from non-integrated suppliers), the Parties would hold a combined share of supply of 70-80% (with an increment of 5-10%), at great distance of its only other competitor, Geze with 5-10%.

(A.ii) Conclusion

(370) In light of the considerations in paragraphs (367) to (369) above, as well as all evidence available to it, the Commission concludes that in the Hungarian market for swing doors, the Transaction raises serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement due to horizontal non-coordinated effects given (i) the Parties' position of leadership; (ii) the fact that the

markets are already concentrated pre-Transaction; (iii) the strong scale effects and the high barriers to entry; (iv) the close competition between the Parties; and (v) the insufficient countervailing buyer power.

(B) Sliding doors

(B.i) Commission's assessment

(371) For the reasons set out below, the Transaction raises serious doubts as to its compatibility with the internal market with respect to automatic sliding doors in Hungary.

Table 15 – Market shares for sliding doors in Hungary, 2018

Company	Volume shares
Assa Abloy	20-30%
Agta record	40-50%
Combined	***60-70%***
Tormax	10-20%
Geze	10-20%
Label	0-5%
Manusa	0-5%
Portalp	0-5%
Dormakaba	0-5%
FAAC	0-5%

Source: Commission's market reconstruction.

(372) First, the Transaction would reinforce Agta Record's current position as market leader for sliding doors in Hungary. The combined entity would hold a combined market share of 60-70% (Assa Abloy 20-30%, Agta Record 40-50%), at great distance of its only two sizeable competitors, Tormax and Geze, with individual market shares of 10-20%. Post-Transaction, there would be a number of players with a limited presence in the market, including Label (0-5%), Manusa (0-5%), Portalp (0-5%), Dormakaba (0-5%) and FAAC (0-5%).

(373) Second, the market for the manufacture and supply of automatic sliding doors in Hungary is highly concentrated with an HHI level post-Transaction of [above 2 000] and a delta of [above 150]. The Transaction involves a reduction in the number of effective competitors from four to three.

(374) Third, the general market dynamics discussed in Section 7.2.2 above are equally applicable to the Hungarian market for sliding doors. In particular, as explained in Section 7.2.2.3, competition is closer among OEMs, given that non-integrated suppliers exercise a more distant competitive constraint on the Parties' activities.

When considering a segment comprising sales from OEMs-only to end-customers (i.e. excluding sales from non-integrated suppliers), the Parties would hold a combined share of supply of 90-100% (with an increment of 10-20%), at great distance of its only other competitor, Geze with 5-10%.

(B.ii) Conclusion

(375) In light of the considerations in paragraphs (372) to (374) above, as well as all evidence available to it, the Commission concludes that in the Hungarian market for sliding doors, the Transaction raises serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement due to horizontal non-coordinated effects given (i) the Parties' position of leadership; (ii) the fact that the markets are already concentrated pre-Transaction; (iii) the strong scale effects and the high barriers to entry; (iv) the close competition between the Parties; and (v) the insufficient countervailing buyer power.

7.2.3.9. Iceland

(376) For the reasons set out below, the Transaction raises serious doubts as to its compatibility with the internal market with respect to the manufacture and supply of swing doors.

(A) Swing doors

(A.i) Commission's assessment

(377) For the reasons set out below, the Transaction raises serious doubts as to its compatibility with the internal market with respect to automatic swing doors in Iceland.

Table 16 – Market shares for swing doors in Iceland, 2018

Company	**Volume shares**
Assa Abloy	40-50%
Agta record	5-10%
Combined	***50-60%***
Gilgen	30-40%
Other	10-20%

Source: Commission's market reconstruction.

(378) First, the Transaction would reinforce Assa Abloy's current position as market leader for swing doors in Iceland. The combined entity would hold a combined share of 50-60% (Assa Abloy 40-50%, Agta Record 5-10%). The only other sizable competitor would be Gilgen, with a market share of 30-40%.

(379) Second, the market for the manufacture and supply of automatic swing doors in Iceland is highly concentrated with an HHI level post-Transaction of [above 2 000] and a delta of [above 150]. The Transaction involves a reduction in the number of effective competitors from three to two.

(380) Third, the general market dynamics discussed in Section 7.2.2 above are equally applicable to the Icelandic market for swing doors. In particular, as explained in Section 7.2.2.3, competition is closer among OEMs, given that non-integrated suppliers do not exercise a substantive competitive constraint on the Parties' activities.

(A.ii) Conclusion

(381) In light of the considerations in paragraphs (378) to (380) above, as well as all evidence available to it, the Commission concludes that in the Icelandic market for swing doors, the Transaction raises serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement due to horizontal non-coordinated effects given (i) the Parties' position of leadership; (ii) the fact that the markets are already concentrated pre-Transaction; (iii) the strong scale effects and the high barriers to entry; (iv) the close competition between the Parties; and (v) the insufficient countervailing buyer power.

7.2.3.10. Latvia

(A) Revolving doors

(A.i) Commission's assessment

(382) For the reasons set out below, the Transaction does not raise serious doubts as to its compatibility with the internal market with respect to revolving doors in Latvia.

Table 17 – Market shares for revolving doors in Latvia, 2018

Company	**Volume shares**
Assa Abloy	10-20%
Agta record	50-60%
Combined	***70-80%***
Geze	5-10%
Other	20-30%

Source: Commission's market reconstruction.

(383) The results of the market investigation suggests that the combined entity would become the market leader in Latvia for revolving doors, with a combined market share of 70-80% (Agta Record: 50-60%; Assa Abloy: 10-20%), above Geze (5-10%).

(384) However, the Commission notes that the overall size of the Latvian market for revolving doors is very limited. In 2018, less than 20 revolving doors were sold in total in Latvia, of which only [agta record's sales] were sold by Agta Record. The Commission notes that the Parties' market shares may not accurately represent the actual competitive situation in such a reduced market.

(A.ii) Conclusion

(385) In light of the considerations in paragraphs (383) to (384) above, as well as all evidence available to it, the Commission concludes that in the Latvian market for revolving doors, the Transaction does not raise serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement due to horizontal non-coordinated effects given the very reduced size of the market.

7.2.3.11. Netherlands

(386) For the reasons set out below, the Transaction raises serious doubts as to its compatibility with the internal market with respect to the manufacture and supply of sliding and swing doors.

(A) Swing doors

(A.i) Commission's assessment

(387) For the reasons set out below, the Transaction raises serious doubts as to its compatibility with the internal market with respect to swing doors in the Netherlands.

Table 18 – Market shares for swing doors in Netherlands, 2018

Company	**Volume shares**
Assa Abloy	20-30%
Agta record	10-20%
Combined	***40-50%***
Dormakaba	10-20%
Kone	5-10%
Geze	5-10%
Gilgen	0-5%
FAAC	0-5%
Manusa	0-5%
Tormax	0-5%
Label	0-5%
Other	20-30%

Source: Commission's market reconstruction.

(388) First, post-Transaction, the Parties would be the market leader for swing doors in Netherlands with a combined share of 40-50% (Assa Abloy: 20-30%; Agta Record: 10-20%). Dormakaba would be the only remaining sizable competitor, with a

market share of 10-20%. There would be a number of smaller fringe players in the market, including Kone (5-10%) and Geze (5-10%).

(389) Second, the market for the manufacture and supply of automatic swing doors in Netherlands is highly concentrated with an HHI level post-Transaction of [above 2 000] and a delta of [above 150]. The Transaction involves a reduction in the number of effective competitors from three to two.

(390) Third, the general market dynamics discussed in Section 7.2.2 above are equally applicable to the Dutch market for swing doors. In particular, as explained in Section 7.2.2.3, competition is closer among OEMs, given that non-integrated suppliers exercise a more distant competitive constraint on the Parties' activities. When considering a segment comprising sales from OEMs-only to end-customers (i.e. excluding sales from non-integrated suppliers), the Parties would hold a combined share of supply of 50-60% (with an increment of 20-30%), at great distance of its only other competitor, Kone with 10-20%.

(A.ii) Conclusion

(391) In light of the considerations in paragraphs (388) to (390) above, as well as all evidence available to it, the Commission concludes that in the Dutch market for swing doors, the Transaction raises serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement due to horizontal non-coordinated effects given (i) the significant combined market shares of the Parties; (ii) the high concentration level in the market; (iii) the strong scale effects; (iv) the close competition between the Parties; and (iv) the existence of high barriers to entry.

(B) Sliding doors

(B.i) Commission's assessment

(392) For the reasons set out below, the Transaction raises serious doubts as to its compatibility with the internal market with respect to sliding doors in the Netherlands.

Table 19 – Market shares for sliding doors in Netherlands, 2018

Company	Volume shares
Assa Abloy	20-30%
Agta record	10-20%
Combined	***30-40%***
FAAC	10-20%
Gilgen	5-10%
Kone	5-10%
Dormakaba	5-10%
Tormax	0-5%
Geze	0-5%
Boon Edam	0-5%
Label	0-5%
GU	0-5%
Other	10-20%

Source: Commission's market reconstruction.

(393) First, post-Transaction, the Parties would be the market leader for sliding doors with a combined share of 30-40% (Assa Abloy 20-30%, Agta Record 10-20%). FAAC would be the only sizable competitor, with a market share of 10-20%. There would be a number of smaller fringe players in the market, including Gilgen (5-10%), Kone (5-10%) and Dormakaba (5-10%).

(394) Second, the market for the manufacture and supply of automatic sliding doors in Netherlands is highly concentrated with an HHI level post-Transaction of [above 2 000] and a delta of [above 150].

(395) Third, the general market dynamics discussed in Section 7.2.2 above are equally applicable to the Dutch market for sliding doors. In particular, as explained in Section 7.2.2.3, competition is closer among OEMs, given that non-integrated suppliers exercise a more distant competitive constraint on the Parties' activities. When considering a segment comprising sales from OEMs-only to end-customers (i.e. excluding sales from non-integrated suppliers), the Parties would hold a combined share of supply of 60-70% (with an increment of 30-40%), at great distance of its following competitor, Kone with 10-20%.

(B.ii) Conclusion

(396) In light of the considerations in paragraphs (393) to (395) well as all evidence available to it, the Commission concludes that in the Dutch market for swing doors, the Transaction raises serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement due to horizontal non-coordinated effects given (i) the Parties' position of leadership; (ii) the fact that the markets are already concentrated pre-Transaction; (iii) the strong scale effects and the high barriers to entry; (iv) the close competition between the Parties; and (v) the insufficient countervailing buyer power.

7.2.3.12. Portugal

(A) Automatic swing doors

(A.i) Commission's assessment

(397) For the reasons set out below, the Transaction does not raise serious doubts as to its compatibility with the internal market with respect to swing doors in Portugal.

Table 20 – Market shares for swing doors in Portugal, 2018

Company	**Volume shares**
Assa Abloy	30-40%
Agta record	5-10%
Combined	***30-40%***
Geze	10-20%
Grupsa	10-20%
Manusa	10-20%
Dormakaba	5-10%
Sesamo	0-5%
FAAC	0-5%
GU	0-5%
Gilgen	0-5%

Source: Commission's market reconstruction.

(398) Although, the combined entity would remain post-Transaction the market leader in Portugal for swing doors with a combined share of 30-40% (Assa Abloy: 30-40%; Agta Record: 5-10%) in a concentrated market with an HHI level post-Transaction of [above 2 000] and a HHI delta of [above 150], there would be a number of sizeable competitors in the market, including Geze (10-20%), Grupsa (10-20%), Manusa (10-20%) or Dormakaba (5-10%).

(399) The Commission notes at the outset that the size of the Portuguese market for swing doors is very limited. Out of the total 192 swing doors sold in Portugal in 2018, [quantities sold] were sold by the Parties (Assa Abloy: [quantities sold]; Agta Record: [quantities sold]).[363] This leads to very sharp variations in market shares across the time. From 2016 to 2017, Assa Abloy increased its sales of swing doors by [90-100]% ([quantities sold] doors to [quantities sold]) and Agta Record by [1500-1600]% ([quantities sold] doors to [quantities sold]). From 2017 to 2018, Assa Abloy reduced its sales by [40-50]% ([quantities sold] doors to [quantities sold]) and Agta Record by [60-70]% ([quantities sold] doors to [quantities sold]).[364]

(400) Agta Record is only active in the indirect channel in Portugal and does not have a distribution subsidiary in the country. Its activities are carried out by its Spanish subsidiary.[365] In 2018, its sales of swing doors in Portugal came from sales to [number of Agta Record's customers].[366]

(401) When considering a segment comprising sales from OEMs-only to end-customers (i.e. excluding sales from non-integrated suppliers), Assa Abloy's share of supply (20-30%) would be behind Grupsa (20-30%) and Manusa (20-30%).

(402) When considering a segment comprising sales from OEMs to non-integrated suppliers, the Parties would hold a combined share of supply of 40-50% (Assa Abloy: 20-30%; Agta Record: 10-20%). Geze would remain the second player in this segment, with a share of supply of 10-20%, followed by Dormakaba (10-20%) and Manusa (10-20%). The Commission considers that the combined entity would face competition in this segment from a number of players and that there is no risk of foreclosing non-integrated suppliers.

(403) Contrary to Agta Record's limited presence at the OEM-level overall market, the competitive constraint exerted by the remaining competitors is reflected in Assa Abloy's internal documents for Portugal. In its 2020 business plan, Assa Abloy considered Geze as *'*[Assa Abloy's business plan]*'*, Manusa as being *'*[Assa Abloy's business plan]*'*, Dormakaba as having *'*[Assa Abloy's business plan] and GU as being *'*[Assa Abloy's business plan]*'*.[367]

(A.ii) Conclusion

(404) In light of the considerations in paragraphs (398) to (403) above, as well as all evidence available to it, the Commission concludes that in the Portuguese market for sliding doors, the Transaction does not raise serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement due to horizontal non-coordinated effects given (i) the limited increment brought by Agta Record of 5-10%; (ii) the presence of a large number of additional sizeable competitors; and (iii) the limited size of the overall market and the sharp variations in market shares across the time.

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363 Form CO, Annex 7.

364 Form CO, Annex 7.

365 Form CO, paragraph 837.

366 Form CO, paragraph 840.

367 Request for information 11 of 20 January 2020, AA.1.2.39, slide 4. In the 2019 business plan, Assa Abloy considered that *'Geze* [had been] [Assa Abloy's business plan] *'* (Request for information 11 of 20 January 2020, AA.1.2.20, slide 11).

7.2.3.13. Slovenia

(405) For the reasons set out below, the Transaction raises serious doubts as to its compatibility with the internal market with respect to the manufacture and supply of automatic sliding doors.

(A) Sliding doors

(A.i) Commission's assessment

(406) For the reasons set out below, the Transaction raises serious doubts as to its compatibility with the internal market with respect to automatic sliding doors in Slovenia.

Table 21 – Market shares for sliding doors in Slovenia, 2018

Company	**Volume shares**
Assa Abloy	20-30%
Agta record	10-20%
Combined	***30-40%***
Doorson	30-40%
Geze	20-30%
FAAC	5-10%
Other	0-5%

Source: Commission's market reconstruction.

(407) First, post-Transaction, the combined entity would be the market leader for sliding doors in Slovenia with a combined share of 30-40% (Assa Abloy 20-30%, Agta Record 10-20%), together with Doorson (30-40%). Geze would be the only sizable remaining competitor, with a market share of 20-30%, followed by a marginal presence by FAAC (5-10%).

(408) Second, the market for the manufacture and supply of automatic sliding doors in Slovenia is concentrated with an HHI level post-Transaction of [above 2 000] and a delta of [above 150]. The Transaction involves a reduction in the number of effective competitors from four to three.

(409) Third, the general market dynamics discussed in Section 7.2.2 above are equally applicable to the Slovenian market for sliding doors. In particular, as explained in Section 7.2.2.3, competition is closer among OEMs, given that non-integrated suppliers exercise a more distant competitive constraint on the Parties' activities. When considering a segment comprising sales from OEMs-only to end-customers (i.e. excluding sales from non-integrated suppliers), the Parties would hold a combined share of supply of 40-50% (with an increment of 10-20%), marginally above Doorson, with 40-50%.

(410) The Parties' internal documents reflect their overall strong position in the Slovenian market for sliding doors. Assa Abloy considers itself as being *'number 1'* for *'new sales'* of sliding doors in Slovenia.[368] In turn, Agta Record reflects in its ordinary course of business documents the *'*[data from internal document regarding competitors' market expansion strategies]*'*.[369]

(A.ii) Conclusion

(411) In light of the considerations in paragraphs (407) to (410) above, as well as all evidence available to it, the Commission concludes that in the Slovenian market for sliding doors, the Transaction raises serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement due to horizontal non-coordinated effects given (i) the Parties' position of leadership; (ii) the fact that the markets are already concentrated pre-Transaction; (iii) the strong scale effects and the high barriers to entry; (iv) the close competition between the Parties; and (v) the insufficient countervailing buyer power. The Commission moreover notes that the Transaction would involve a reduction in the number of effective competitors from four to three.

7.2.3.14. Sweden

(A) Swing doors

(A.i) Commission's assessment

(412) For the reasons set out below, the Transaction does not raise serious doubts as to its compatibility with the internal market with respect to swing doors in Sweden.

368 Request for information 11 of 20 January 2020, AA.1.2.10, slide 7.

369 RAVE FC19 & BU20 final.

Table 22 – Market shares for swing doors in Sweden, 2018

Company	Volume shares
Assa Abloy	30-40%
Agta record	0-5%
Combined	***30-40%***
Dormakaba	30-40%
Geze	5-10%
FAAC	5-10%
Tormax	5-10%
Label	0-5%
Kone	0-5%
Other	5-10%

Source: Commission's market reconstruction.

(413) First, although, post-Transaction, the combined entity would be the market leader in Sweden for swing doors with a combined share of 30-40% (Assa Abloy: 30-40%; Agta Record: 0-5%), Dormakaba would remain as the immediate competitor to the combined entity, with a market share of 30-40%. There would be a number of remaining competitors in the Swedish market for swing doors: Geze (5-10%), FAAC (5-10%), Tormax (5-10%), Label (0-5%) and Kone (0-5%).

(414) Second, the Transaction only involves a limited increment by Agta Record of 0-5%, which is the current sixth player in the market. The Commission therefore notes that the Transaction will not materially change the pre-existing competitive conditions in the Swedish market for swing doors. In particular, the combined entity will continue facing the competitive constraints from Dormakaba, which has a strong position in the Swedish market for swing doors.

(A.ii) Conclusion

(415) In light of the considerations in paragraphs (413) to (414) above, as well as all evidence available to it, the Commission concludes that in the Swedish market for swing doors, the Transaction does not raise serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement due to horizontal non-coordinated effects given (i) the limited increment brought by Agta Record of 0-5%; and (ii) the presence of a large number of additional smaller competitors.

7.2.3.15. United Kingdom

(416) For the reasons set out below, the Transaction raises serious doubts as to its compatibility with the internal market with respect to the manufacture and supply of automatic sliding and swing doors.

(A) Swing doors

(A.i) Commission's assessment

(417) For the reasons set out below, the Transaction raises serious doubts as to its compatibility with the internal market with respect to automatic swing doors in the United Kingdom.

Table 23 – Market shares for swing doors in United Kingdom, 2018

Company	Volume shares
Assa Abloy	5-10%
Agta record	30-40%
Combined	***40-50%***
Dormakaba	10-20%
Geze	10-20%
Label	10-20%
Gilgen	5-10%
Horton	0-5%
FAAC	0-5%
Tormax	0-5%
Erreka	0-5%
Kone	0-5%
Other	0-5%

Source: Commission's market reconstruction.

(418) First, post-Transaction, the Parties would be the market leader for swing doors with a combined share of 40-50% (Assa Abloy: 5-10%; Agta Record: 30-40%). Dormakaba, Geze and Label would be their immediate competitors, with individual market shares of 10-20%. There would be a number of smaller fringe players in the market, including Gilgen (5-10%) or Horton (0-5%).

(419) Second, the market for the manufacture and supply of automatic swing doors in the United Kingdom is highly concentrated with an HHI level post-Transaction of [above 2 000] and a delta of [above 150]. The Transaction involves a reduction in the number of effective competitors from five to four.

(420) Third, the general market dynamics discussed in Section 7.2.2 above are equally applicable to the United Kingdom market for swing doors. In particular, as explained in Section 7.2.2.3, competition is closer among OEMs, given that non-integrated suppliers a more distant competitive constraint on the Parties' activities.

When considering a segment comprising sales from OEMs-only to end-customers (i.e. excluding sales from non-integrated suppliers), the Parties would hold a combined share of supply of 20-30% (with an increment of 5-10%), behind Dormakaba with 30-40%.

(A.ii) Conclusion

(421) In light of the considerations in paragraphs (418) to (420) above, as well as all evidence available to it, the Commission concludes that in the United Kingdom market for swing doors, the Transaction raises serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement due to horizontal non-coordinated effects given (i) the Parties' position of leadership, at more than 20 points of difference from its immediate competitors; (ii) the fact that the markets are already concentrated pre-Transaction; (iii) the strong scale effects and the high barriers to entry; (iv) the close competition between the Parties; and (v) the insufficient countervailing buyer power.

(B) Sliding doors

(B.i) Commission's assessment

(422) For the reasons set out below, the Transaction raises serious doubts as to its compatibility with the internal market with respect to automatic sliding doors in the United Kingdom.

Table 24 – Market shares for sliding doors in United Kingdom, 2018

Company	Volume shares
Assa Abloy	5-10%
Agta record	30-40%
Combined	***40-50%***
Label	10-20%
Geze	10-20%
FAAC	5-10%
Gilgen	5-10%
Horton	0-5%
Portalp	0-5%
Dormakaba	0-5%
Tormax	0-5%
Daihatsu	0-5%
Kone	0-5%
Other	10-20%

Source: Commission's market reconstruction.

(423) First, post-Transaction, the combined would be the market leader for sliding doors in the United Kingdom with a combined share of 40-50% (Assa Abloy 5-10%, Agta Record 30-40%). Label and Geze would be their immediate competitors, with individual market shares of 10-20%. There would be a number of smaller fringe players in the market, including FAAC (5-10%) and Gilgen (5-10%).

(424) Second, the market for the manufacture and supply of automatic sliding doors in the United Kingdom is highly concentrated with an HHI level post-Transaction of [above 2 000] and a delta of [above 150]. The Transaction involves a reduction in the number of effective competitors from four to three.

(425) Third, the general market dynamics discussed in Section 7.2.2 above are equally applicable to the United Kingdom market for sliding doors. In particular, as explained in Section 7.2.2.3, competition is closer among OEMs, given that non-integrated suppliers exercise a more distant competitive constraint on the Parties' activities. When considering a segment comprising sales from OEMs-only to end-customers (i.e. excluding sales from non-integrated suppliers), the Parties would hold a combined share of supply of 40-50% (with an increment of 5-10%), well ahead of the next OEM, Gilgen, with 5-10%.

(B.ii) Conclusion

(426) In light of the considerations in paragraphs (423) to (425) above, as well as all evidence available to it, the Commission concludes that in the United Kingdom market for sliding doors, the Transaction raises serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement due to horizontal non-coordinated effects given (i) the Parties' position of leadership, at more than 20 points of difference from its immediate competitors; (ii) the fact that the markets are already concentrated pre-Transaction; (iii) the strong scale effects and the high barriers to entry; (iv) the close competition between the Parties; and (v) the insufficient countervailing buyer power.

7.2.3.16. Conclusion on the assessment of potential horizontal non-coordinated effects on the national markets for the manufacture and supply of automatic pedestrian doors.

(427) On the basis of Sections 7.2.3.1 to 7.2.3.15 above, the Commission concludes that the Transaction raises serious doubts as regards its compatibility with the internal market due to horizontal non-coordinated effects in the markets for automatic pedestrian doors in Austria (for automatic sliding and revolving doors), Czechia (for sliding doors), Finland (for automatic swing and sliding doors), France (for automatic sliding and revolving doors), Hungary(for automatic swing and sliding doors), Iceland (for automatic swing doors), the Netherlands (for automatic swing and sliding doors), Slovenia (for automatic sliding doors) and the United Kingdom (for automatic swing and sliding doors).

7.3. After-sales for automatic pedestrian doors

7.3.1. Interplay between horizontal and vertical effects for after-sales services

(428) There is a direct connection between horizontal and vertical effects for after-sales services, as well as between after-sales and the manufacturing and supply of automatic pedestrian doors. Similarly to the markets for the manufacture and supply of automatic pedestrian doors (see Section 7.2.2.4), there appears to be significant scale effects in the markets for after-sales services, as will be discussed in Section 7.3.2.1(B.i) below.

(429) As has been discussed in Section 7.2 (paragraph (281)), the market shares in automatic pedestrian doors are used as a proxy for the installed base of automatic pedestrian doors in each country. An important installed base of automatic pedestrian doors and a widespread servicing network for automatic pedestrian doors constitute a competitive advantage in providing after-sales services. Hence, where the Parties will have a large installed base and servicing network (as will be assessed in Section 7.3.3.2(B) below) their incentive to supply spare parts to third party after-sales service suppliers may decrease as a result of the Transaction. This is also because, as will be further explained, margins for after-sales services are higher than for sales of automatic doors, and hence the Parties have the incentive to expand in the after-sales services market.

(430) Therefore, in order to effectively assess the effects of the Transaction vertically it is important to take into consideration the size of the installed base of automatic pedestrian doors of the Parties.

(431) Given that spare parts constitute a critical input for after-sales services and given the interplay between horizontal and vertical effects in relation to spare parts and

after-sales services, the competitive analysis of both horizontal and vertical effects for the supply of after-sales services for automatic pedestrian doors will also take into account spare parts, irrespective of the fact that spare parts and after-sales services have been defined as distinct product markets.

7.3.2. Assessment of potential horizontal non-coordinated effects on the national markets for the supply of after-sales services for automatic pedestrian doors

7.3.2.1. Supply of after-sales services for automatic pedestrian doors – overview of market dynamics across different national markets in the EEA

(432) Competition in the provision of after-sales services has a strong national element. However, certain features affecting the competitive assessment in each relevant market in after sales services for automatic pedestrian doors are similar across all relevant markets within the EEA. These features include: (i) strong scale effects; (ii) lock-in effects; and (iii) limited buyer power.

(433) Given the similarity in the way competition takes place in each Member State, the Commission will first describe the common features that currently affect competitive conditions across the EEA for after-sales services for automatic pedestrian doors (Section 7.3.2.1).

(434) The Commission will then assess the impact on competition of the Transaction in the affected markets in Section (466) below.

(A) Notifying Party's arguments

(435) The Notifying Party submits that there is a multitude of active suppliers of after-sales services for automatic pedestrian doors, and considers that market shares have low relevance as a measure of competition and market power given the very competitive nature of the market.[370]

(436) The Notifying Party argues that expansion is easy, as switching costs are low and there are no material capacity constraints. It also argues that there are many potential entrants, as well as greenfield entries.[371]

(437) The Notifying Party considers that smaller after-sales service providers can compete effectively with larger providers, by focusing on a limited geographic area (e.g. one particular city).[372]

(438) Further, the Notifying Party submits that customers face no relevant switching costs, and that technicians can and commonly do provide service for all brands.[373]

(439) Lastly, the Notifying Party submits that key account customers (such as retail chains, gas stations, airports facility management companies) have strong

370 Form CO, paragraphs 919, 945-949.

371 Form CO, paragraph 957.

372 Form CO, paragraph 280.

373 Form CO, paragraph 932.

bargaining power and can split their purchases of after-sales services into multiple parts based on geography or other criteria.[374]

(B) Commission's assessment

(B.i) Strong scale effects

(440) The results of the market investigation indicate that the market shares may not give a full account as a measure of competition and market power, but for different reasons than the ones argued by the Notifying Party. In particular, there appears to be significant scale effects in the supply of after-sales services due to the importance of the size of the installed base of automatic pedestrian doors and the importance of the size of the servicing network. These scale effects also create discrepancies in the competitive strength of after-sales service providers, while generally the original OEM appears better placed to service its own installed basis. In turn, scale effects constitute barriers to entry and expansion. Because of these scale effects, market shares may also not fully capture the potential for expansion and growth of the Parties. Conversely, the Transaction may raise concerns despite relatively modest levels of market shares, as there is an exponential potential for growth and expansion.

(441) Regarding the importance of the size of the installed base of automatic pedestrian doors, the vast majority of competitors and non-integrated suppliers who expressed an opinion on this point consider it an advantage to capture new after-sales business opportunities.[375] A competing OEM expressed that: '[t]*he number of installations of a specific OEM in a territory is the best market where* [to] *pick up after-sales opportunities*'.[376] A non-integrated supplier expressed that: '*The bigger the installed base, the bigger is usually also the sales force, technicians, etc. Also, brand awareness will be higher. All of this may lead customers to choose an OEM for* [the] *supply of after-sales service*[s]'.[377]

(442) Assa Abloy's earning calls with its investors also reflect the importance of having a large installed base in the market, hinting at a high retention rate which translates into good aftermarket revenues: '*We have also, by far, the largest installed base in the market* […] *an installed base that is also rather sticky, so giving you a good aftermarket revenue*'.[378]

(443) Regarding the importance of the size of the servicing network, all the competing OEMs and the vast majority of non-integrated suppliers who expressed an opinion on this point consider that the overall size of an OEM's servicing network is an advantage to capture new after-sales business opportunities[379] Further, OEMs tend to charge higher prices for spare parts to third party after-sales services suppliers than internally, which puts the original OEMs at an advantage versus third party

374 Form CO, paragraph 961.

375 Questionnaire 1 to competitors, question 65; Questionnaire 3 to non-integrated suppliers, question 76.

376 Questionnaire 1 to competitors, question 65.1.

377 Questionnaire 3 to non-integrated suppliers, question 76.1.

378 ASSA ABLOY AB (publ) – Analyst_Investor Day, slide 6.

379 Questionnaire 1 to competitors, question 66; Questionnaire 3 to non-integrated suppliers, question 77.

after-sales services providers.[380] Further, most smaller independent after-sales services suppliers do not have a large network. Several competing OEM expressed that: '[i]*f the after-sales service network is very capillar*[y], *the opportunities are more because service in specific environments like airports, large retail shops, hospitals, etc. is most of* [the time] *time based and so distance matters*', '[i]*t gives geographic coverage and credibility*', '[g]*eographical coverage and response times are important*'. [381] Non-integrated suppliers expressed that: '[d]*ensity is key for good service and consumer satisfaction*', '[l]*arger companies with a high level of field staff and access to low cost replacement parts and operators is a huge advantage for any OEM*'.[382]

(444) The majority of end-customers consider the size of the servicing network is a relevant consideration when deciding on the provider of after-sales services.[383] Several end-customers expressed that: '[c]*apability and capacity* [are] *a key consideration when procuring a service contract*', [384] '[t]*he size of the service network is often responsible for the response time, and therefore also for the speed of the problem solving*'. [385]

(445) Regarding competition of third-party after-sales service providers on equal footing, contrary to what the Notifying Party argues, the market investigation results indicate that third-party after-sales services suppliers cannot compete on equal footing with the original OEMs. For instance, and as has been mentioned in Section 5.4.2, many end-customers consider it important that after-sales service providers have national coverage, which may be harder to achieve for smaller independent after-sales services providers that have less vans or technicians available. Smaller independent after-sales services providers will have more difficulties to cover the same national territory with the same response time (and less means) than larger OEMs. This is especially important as the results of the market investigation indicate that response time is key for customers.[386]

(446) Moreover, to be able to provide after-sales services to the original OEMs' automatic pedestrian doors, after-sales service providers need input from OEMs, notably spare parts (including branded spare parts), servicing tools and technical information. A vast majority of competing OEMs who have expressed an opinion on this point consider that, very frequently, third-party suppliers experience difficulties servicing other OEMs automatic pedestrian doors. Most of these difficulties relate to sourcing of spare parts (in a timely and affordable manner).[387] Several competing OEMs expressed that some difficulties include: '*lack of*

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380 A competing OEM expressed that: '[a]*ccess to third-party spare parts is not easy, both in terms of sourcing and of pricing. Certain companies are not helpful or friendly when asked to provide their spare parts. Assa Abloy is known to be the most defensive competitor, whose spare parts are most difficult to access.*' Minutes of a call with a competitor of 14 August 2019, paragraph 19.

381 Questionnaire 1 to competitors, question 66.1.

382 Questionnaire 3 to non-integrated suppliers, question 75.1

383 Questionnaire 2 to end-customers, question 59.

384 Questionnaire 2 to end-customers, question 59.1.

385 Questionnaire 2 to end-customers, question 59.1. Translation from the German original: '*Der Umfang des Servicenetzes ist oftmals für die Reaktionszeit verantwortlich, somit auch für die Schnelligkeit der Problemlösung*'.

386 Questionnaire 2 to customers, questions 50 to 58.

387 Questionnaire 1 to competitors, question 67.

technical knowledge; bad response times to spare parts deliveries; missing setting devices (service tools) for the door drives', '*Spare parts procurement is not easy and you need some manufacturers, including Record and Assa Abloy's own programming devices*'.[388] Further, several respondents list the Parties as being particularly problematic in this respect.[389]

(447) Another competing OEM expressed that: '*both* [Assa Abloy] *and Record supply their products to many independent installer*[s], *unless they move away from this market they must continue to support it. They may however choose to control who they support'*.[390]

(448) Regarding barriers to entry and expansion, these come primarily from the significant scale effects from which the original OEMs benefit. These scale effects include the importance of the size of both the installed base and the servicing network. Barriers to entry or expansion also result from difficulties in sourcing spare parts and accessing technical information and servicing tools and, generally, in servicing third-party automatic pedestrian doors.

(449) Barriers to entry and expansion are also a consequence of the difficulties to access the inputs necessary to perform the after-sales services. A non-integrated supplier expressed that: '*there are brands that do not give their handbooks or enough information to be able to service the doors. Each brand uses different methods to program or reset its machines and it is in its handbooks where this is explained. If the brands do not give the handbooks or if they price spare parts expensively, it makes it difficult for independent installers to repair the breakdowns*'.[391]

(450) Further, according to the majority of the competitors and non-integrated suppliers who expressed an opinion in this point, these concerns are likely to worsen post-Transaction, due to price increases and limitations in the availability of spare parts.[392]

(B.ii) Lock-in effects

(451) The results of the market investigation indicate that the market for after-sales services for automatic pedestrian doors also displays lock-in effects, notably for the following reasons: (i) customers tend to be 'sticky' and not particularly sophisticated; (ii) projects can involve the 'packaging' of the supply of doors and

388 Questionnaire 1 to competitors, question 67.1. The second quote is a translation from the German original: '*Ersatzteilbeschaffung ist nicht einfach und man benötigt bei einigen Herstellern, darunter auch Record und Assa Abloy eigene Programiergeräte*'.

389 Questionnaire 1 to competitors, question 68.

390 Questionnaire 1 to competitors, question 72.2.

391 Questionnaire 3 to non-integrated suppliers, question 63.1. Original quote in Spanish: '*Hay marcas que no proporcionan los manuales ni suficiente información para poder reparar las puertas. Cada Marca utiliza diferentes métodos para programar o resetear sus máquinas y en sus manuales es donde se explica. Si las marcas no facilitan los manuales o ponen muy caros los recambios, hacen difícil que instaladores autónomo[s] puedan reparar dichas averías*.'

392 Questionnaire 1 to competitors, question 72; Questionnaire 3 to non-integrated suppliers, question 83.

after-sales services; (iii) margins are higher in after-sales services than for the sale of automatic pedestrian doors.[393]

(452) The results of the market investigation indicate that end-customers of after-sales services for automatic pedestrian doors are, to a certain degree, 'sticky'. This means that they will have a certain inertia to turn towards the OEM of their automatic pedestrian doors if they are in need of after-sales services. The majority of competitors and a significant number of end-customers and non-integrated suppliers consider it either very common or frequent for final end-customers to contact the OEM of their automatic pedestrian doors when requiring after-sales services.[394] As a competing OEM indicated: '[end customers] *will probably contact the brand name, if there is no other information provided or available*.[395]

(453) The Parties' perform most of their after-sales services on their own doors, as opposed to on competitors' doors. In 2018, the proportion of the Parties' after sales service contracts that cover their own doors in the markets where the Parties' activities overlap was, on average, [percentage of contracts covering own doors]% for both Assa Abloy (going up to [percentage of contracts covering own doors]%) and Agta Record (going up to [percentage of contracts covering own doors]%).[396]

(454) Retention rate is also high in terms of the proportion of the Parties' automatic pedestrian door sales that result in an after-sales service contract. For both Parties, their proportion of door sales that result in an after-sales contract grows from the first to the third year after the sale in the vast majority of countries. For Assa Abloy, it goes over [60-70]% for several countries in the third year.[397]

(455) As has just been explained, while a majority of competitors and non-integrated suppliers seek after-sales business opportunities irrespective of the OEM or installer of the door in question, a significant number of competitors estimate the percentage of doors serviced by them that are their own brand to be 80%, and those of third party OEMs to be 20%.[398] This points again at the existence of lock-in effects of customers regarding after-sales services.

(456) The majority of end-customers and non-integrated suppliers consider it either common or frequent to offer after-sales services contracts together with automatic pedestrian doors as a package.[399] As an example of the duration of these contracts, a non-integrated supplier indicated that OEMs (notably, the Parties) sometimes '*sell their doors with a tied 3-4 year maintenance contract (the door can be less*

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393 For the sake of completeness, any possible non-horizontal effects (also including conglomerate) that might arise as a result from the Transaction would be addressed by the commitments offered.

394 Questionnaire 1 to competitors, question 61; Questionnaire 2 to end-customers, question 57; Questionnaire 3 to non-integrated suppliers, question 73.

395 Questionnaire 1 to competitors, question 61.1.

396 Form CO, Table B.2.2.2.2.1.

397 Form CO, Table D.6.4(1) and (2). It must be noted that the remaining door sales that do not come with an after-sales contract with the Parties, do not necessarily engage in after-sales contracts with third party after-sales services suppliers. Some customers decide to not have a maintenance contract and rely on 'one-off' transactions or service calls if their doors break or need maintenance.

398 Questionnaire 1 to competitors, questions 62 and; Questionnaire 3 to non-integrated suppliers, question 74.

399 Questionnaire 2 to end-customers, question 52; Questionnaire 3 to non-integrated suppliers, question 66.

expensive but then maintenance is more expensive)'.[400] A customer indicated that they '*concluded a contract with each of the Parties in 2016/2017, and both contracts are still in place*'.[401] A majority of competitors consider that they also provide after-sales services (after expiration of any guarantee) to more than 40% of the automatic pedestrian doors of which they are the original OEMs.[402]

(457) A non-integrated supplier expressed that: '*Large manufacturers such as Manusa, AssaAbloy, Geze, Dorma etc… condition the sale of the product to a maintenance contract, making installation cheaper in favour of after-sales. But this does not happen with smaller installers, it is something that is decided afterwards and in many occasions does not happen*.'[403] Another non-integrated supplier expressed that: '*Once the door is installed, OEM's tend to rise margins. The customer is tied to them as long as there are a lot of doors from the OEM than no one can repair cheaper that the OEM. I've seen 1200€ bills from OEM's that, for example, changing a belt that the cost of the belt is less than 100€*.'[404]

(458) A competing OEM expressed that: '*the bundling power will reduce access to customers such as facility managers or large housing companies who will probably be locked in by long running service contracts. The high market shares in the OEM will provide for perfect opportunities to leverage this market power to the after sales business*'.[405]

(459) However, the results of the market investigation are inconclusive as regards whether the decision to purchase doors and after-sales services is taken at the same time or at different times.

(460) Assa Abloy's earning calls with its investors reflect the importance of after-sales services, their profitability, and implies a high retention rate of clients:

(a) '*You also see around the 2 circles a nice, thick skin. That is service. It's a nice, thick skin because, one, it protects your hardware business. It makes it much more sticky. But it's also nice because it's very good, profitable business as we know*.'[406]

(b) '*2/3 of our sales come from aftermarket and 1/3 from new construction. And I would say when times are tougher, it's probably even ¾ that come from aftermarket and ¼ from new construction. So really, it's about the aftermarket and the stickiness of the installed base*'.[407]

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400 Minutes of a call with a non-integrated supplier, 5 September 2019, paragraph 21.

401 Minutes of a call with a customer, 3 September 2019, paragraph 4.

402 Questionnaire 1 to competitors, question 61.5.

403 Questionnaire 3 to non-integrated suppliers, question 65.1. Original quote in Spanish: '*Los grandes fabricantes como Manusa, AssaAbloy, Geze, Dorma etc... condicionan la venta del producto a un contrato de Mantenimiento, abaratando la instalación a favor de la Post-venta. Pero en el pequeño instalador no sucede así es algo que se decide despues y en muchas ocasiones no lo hacen.*'

404 Questionnaire 3 to non-integrated suppliers, question 82.1.

405 Questionnaire 1 to competitors, question 73.

406 ASSA ABLOY AB (publ) – Analyst_Investor Day, slide 5.

407 ASSA ABLOY AB (publ) – Analyst_Investor Day, slide 7.

(c) '*Positive thing here in Entrance Systems […] is definitely the accelerated growth for service, and that also helped us on maintaining our operating margin and even improving […] We have a stable volume leverage*'.[408]

(461) Further, when referring to the general business climate of automatic pedestrian doors, Assa Abloy's internal documents evidence the close competition between the Parties in after-sales services with express reference to Agta Record being '*aggressive on Service'*.[409]

Figure 7: Assa Abloy's internal documents mentioning aggressive pricing for larger projects and closely following Agta Record's strategy for after-sales services

[Assa Abloy's internal market report for PDS mentioning "*Aggressive pricing for larger projects*" and "*Record remains aggressive on Service*".]

Source: Form CO, Annex AA98 PDS BR2 Jan 2019, slide 9.

(B.iii) Limited buyer power

(462) The very high margins in after-sales services evidence that end-customers do not have much countervailing buyer power. The margins are high as OEMs leverage their installed base to charge customers for maintenance, repairs and overhaul of their installations.

(463) Assa Abloy had contribution margins for after-sales services in 2018 of between [Assa Abloy's profit margin] depending on the country, with an average of [Assa Abloy's profit margin]. Agta Record had margins of between [agta record's profit margin], depending on the country, with an average of [agta record's profit margin].[410]

408 ASSA ABLOY AB (publ) – Q2 2019 Earnings Call, Jul 17, 2019, slide 6.

409 Form CO, AA98, slide 9. Despite the reference to the US in this slide, this document refers to the general course of business worldwide, and addresses issues related to European countries, for example, in slides 4-6, it explains the different technicians' injuries in Portugal, France, Austria, and the Netherlands.

410 Form CO, Annex 8.1.1 (1) – Margins for Automatic Pedestrian Doors.

Table 25: Margins on after-sales services for Assa Abloy, 2018

Assa Abloy	
PDS organisation country	**Contribution margin for after-sales service - 2018 (%)**
Austria	[…]%
Belgium	[…]%
Czechia	[…]%
Denmark	[…]%
Finland	[…]%
France	[…]%
Germany	[…]%
Hungary	[…]%
Ireland	[…]%
Italy	[…]%
Netherlands	[…]%
Norway	[…]%
Poland	[…]%
Portugal	[…]%
Slovakia	[…]%
Spain	[…]%
Sweden	[…]%
United Kingdom	[…]%

Source: Form CO, Annex 8.1.1.

Table 26: Margins on after-sales services for Agta Record, 2018

Agta Record	
Country	**Margins after-sales service (%)**
Austria	[…]%
Denmark	[…]%
France	[…]%
Germany	[…]%
Hungary	[…]%
Netherlands	[…]%
Poland	[…]%
Slovenia	[…]%
Spain	[…]%
Sweden	[…]%
United Kingdom	[…]%

Source: Form CO, Annex 8.1.1.

(464) The results of the market investigation echo this finding. A non-integrated supplier expressed that: '*normal*[l]*y customer*[s] *do not discuss the price but wants* (sic) *to solve the problem*'.[411]

(465) A non-integrated supplier links the lock-in effects with the high-margins of the industry: '*Once the door is installed, OEM's tend to rise margins. The customer is tied to them as long as there are a lot of doors from the OEM than no one can repair cheaper that the OEM. I've seen 1200€ bills from OEM's that, for example, changing a belt that the cost of the belt is less than 100€.*'[412]

(466) Further, the results of the market investigation indicate that customers are generally not particularly sophisticated in their procurement strategy. In particular, the majority of competitors and non-integrated suppliers that expressed an opinion on this point consider that customers of automatic pedestrian doors do not factor the overall life-cycle costs of the automatic pedestrian doors they purchase.[413] This means that they do not (or not fully or accurately) factor in the costs of after-sales services, whereas these may be significant. In fact, as a respondent indicated, while they may offer cheap prices for the sale of automatic pedestrian doors, suppliers can charge '*whatever they want*' for after-sales services.[414]

7.3.2.2. Assessment of potential horizontal non-coordinated effects on the national markets for the supply of after-sales services for automatic pedestrian doors.

(467) The Parties' activities in the national markets for the supply of after-sales services for automatic pedestrian doors overlap in 17 EEA countries, as indicated in the table below.

411 Questionnaire 1 to competitors, question 71.

412 Questionnaire 3 to non-integrated suppliers, question 82.1.

413 Questionnaire 1 to competitors, question 35; Questionnaire 3 to non-integrated suppliers, question 46.

414 Questionnaire 1 to competitors, question 35.1. Original in Dutch: '*bij aanschaf de laagste prijs, bij onderhoud doet het er niet meer toe, en kan de leverancier rekenen wat hij wil. In deze branche is service de moneymaker:-)*'

Table 27: Parties' estimates in the markets for the provision of after-sales services for automatic pedestrian doors where the Parties have overlaps, 2018

Country	Assa Abloy	Agta Record	Combined
AT	**[20-30]%**	**[10-20]%**	**[30-40]%**
BE	**[30-40]%**	**[0-5]%**	**[30-40]%**
CZ	**[20-30]%**	**[0-5]%**	**[20-30]%**
DE	[5-10]%	[5-10]%	[10-20]%
DK	**[10-20]%**	**[5-10]%**	**[20-30]%**
ES	[10-20]%	[0-5]%	[10-20]%
FR	**[0-5%**	**[20-30]%**	**[20-30]%**
GB	[5-10]%	[5-10]%	[10-20]%
HU	**[10-20]%**	**[10-20]%**	**[20-30]%**
IE	[0-5]%	[0-5]%	[0-5]%
IT	[5-10]%	[0-5]%	[5-10]%
NL	**[20-30]%**	**[10-20]%**	**[30-40]%**
PL	[10-20]%	[5-10]%	[10-20]%
PT	**[30-40]%**	**[0-5]%**	**[30-40]%**
SE	**[20-30]%**	**[0-5]%**	**[20-30]%**
SI	**[10-20]%**	**[10-20]%**	**[30-40]%**
SK	[0-5]%	[0-5]%	[0-5]%

Source: Form CO, Annex 7(2).

(468) Following the Commission's market reconstruction, there are 9 affected countries, that will be analysed below in Sections 7.3.2.2.A to 7.3.2.2.I. These countries are: Austria, Belgium, Czechia, Denmark, France, Hungary, the Netherlands, Slovenia and Sweden.

Table 28: Market shares in the markets for the provision of after-sales services for automatic pedestrian doors where the Parties have overlaps, 2018[415]

Country	Assa Abloy	Agta Record	Combined
AT	[20-30]%	[10-20]%	**[40-50]%**
BE	[30-40]%	[0-5]%	**[30-40]%**
CZ	[30-40]%	[0-5]%	**[30-40]%**
DE	[5-10]%	[5-10]%	[10-20]%
DK	[10-20]%	[5-10]%	**[20-30]%**
ES	[10-20]%	[0-5]%	[10-20]%
FR	[0-5]%	[10-20]%	**[20-30]%**
GB	[5-10]%	[5-10]%	[10-20]%
HU	[10-20]%	[10-20]%	**[30-40]%**
IE	[0-5]%	[0-5]%	[0-5]%
IT	[5-10]%	[0-5]%	[5-10]%
NL	[20-30]%	[10-20]%	**[40-50]%**
PL	[10-20]%	[5-10]%	[10-20]%
PT	[10-20]%	[0-5]%	[10-20]%
SE	[20-30]%	[0-5]%	**[20-30]%**
SI	[20-30]%	[10-20]%	**[30-40]%**
SK	[0-5]%	[0-5]%	[0-5]%

Source: Commission's market reconstruction.

(A) Austria

(A.i) Notifying Party's arguments

(469) The Notifying Party submits that several strong pan-European suppliers remain active in Austria (such as GU, Geze and Dormakaba) including non-integrated suppliers such as KONE and Lammer Tec. The Notifying Party argues that Dormakaba will have a similar position to that of the merged entity. The Notifying Party considers that all these suppliers offer a comparable product and service portfolio to that of the Parties. Further, the Notifying Party sustains that there are no relevant capacity constraints or switching costs.[416]

(A.ii) Commission's assessment

415 Rounding errors may occur.

416 Form CO, paragraphs 969, 970 and 972.

Table 29: Market shares for after-sales services for automatic pedestrian doors in Austria, 2018

Company	Market shares
Assa Abloy	[20-30]%
Agta Record	[10-20]%
Combined	***[40-50]%***
Dormakaba	[20-30]%
Geze	[5-10]%
Kone	[0-5]%
Fiegl&Spielberger	[0-5]%
Facility management companies	[10-20]%
Others	[0-5]%

Source: Commission's market reconstruction.

(470) With regards to the supply of after-sales services for automatic pedestrian doors in Austria, the Commission notes the following: (i) the Parties have large combined market shares on this market ([40-50]%); (ii) the Transaction would create the largest supplier by a clear margin, thereby also reducing the number of suppliers. Currently, the Parties are the first and third largest players. Post-Transaction, there would only remain two larger players (the merged entity and Dormakaba); (iii) contrary to what the Notifying Party submits, Dormakaba's market share is far from being similar to that of the merged entity, and the competitive constraint that other players exercise is limited, given the difference in market share; (iv) the market dynamics identified by the Commission at paragraphs (440) to (465) apply equally to the market for the supply of after-sales services for automatic pedestrian doors in Austria.

(471) On the other hand, the Commission also notes that ultimately, the question of whether serious doubts arise in Austria can be left open as the commitments discussed in Section 8 include Agta Record's entire automatic pedestrian door business in Austria and therefore addresses any potential concern in this market.

(B) Belgium

(B.i) Notifying Party's arguments

(472) The Notifying Party argues that the increment in the combined market share as a result of the Transaction is *de minimis*.[417]

417 Form CO, paragraph 1045.

(B.ii) Commission's assessment

Table 30: Market shares for after-sales for automatic pedestrian doors in Belgium, 2018

Company	Market shares
Assa Abloy	[30-40]
Agta Record	[0-5]%
Combined	***[30-40]%***
Kone	[20-30]%
Tormax	[5-10]%
Dormakaba	[5-10]%
Boon Edam	[0-5]%
Geze	[0-5]%
Facility management companies	[10-20]%
Others	[0-5]%

Source: Commission's market reconstruction.

(473) With regards to the supply of after-sales services for automatic pedestrian doors in Belgium, the Commission notes the following: (i) the Parties have a sizeable combined market share on this market ([30-40]%); (ii) the Transaction would strengthen their position as the largest supplier, thereby also reducing the number of suppliers. Post-Transaction, there would only remain two larger players (the merged entity and Kone); (iii) the market dynamics identified by the Commission at paragraphs (440) to (465) apply equally to the market for the supply of after-sales services for automatic pedestrian doors in Belgium.

(474) On the other hand, the Commission also notes the following: (i) as the Notifying Party submits, the increment brought about by the Transaction is very limited ([0-5]%). However, that increment should be viewed in combination with the large market presence of Agta Record in neighbouring Netherlands, from where Agta Record also supplies customers located in Belgium; and (ii) ultimately, the question of whether serious doubts arise in Belgium can be left open.

(475) The commitments discussed in Section 8 include the commitment by Assa Abloy to supply brand-specific spare parts for automatic pedestrian doors and technical information, as well as to supply or license after-sales and installation configuration tools and software of the Parties' automatic pedestrian doors both on fair and reasonable terms, for a period of 10 years as from closing of the Transaction (with a possibility of an extension); (iii) the scope of the divestment of Agta Record's automatic pedestrian door business in the Netherlands includes Belgium. Therefore, these commitments address any potential concern in this market.

(C) Czechia

(C.i) Notifying Party's arguments

(476) The Notifying Party argues that the increment in the combined market share as a result of the Transaction is *de minimis*, and therefore cannot lead to a significant impediment to effective competition.[418]

(C.ii) Commission's assessment

Table 31: Market shares for after-sales for automatic pedestrian doors in Czechia, 2018

Company	Market shares
Assa Abloy	[30-40]%
Agta Record	[0-5]%
Combined	***[30-40]%***
Tormax	[10-20]%
Kone	[10-20]%
Geze	[0-5]%
Boon Edam	[0-5]%
Dormakaba	[0-5]%
Others	[30-40]%

Source: Commission's market reconstruction.

(477) With regards to the supply of after-sales services for automatic pedestrian doors in Czechia, the Commission notes the following: (i) the Parties have a sizeable combined market shares on this market ([30-40]%); (ii) the Transaction would strengthen their position as the largest supplier by a clear margin, thereby also reducing the number of suppliers. Post-Transaction, there would only remain three larger players in the market (the merged entity, Tormax and Kone); and (iii) the market dynamics identified by the Commission at paragraphs (440) to (465) apply equally to the market for the supply of after-sales services for automatic pedestrian doors in Czechia.

(478) On the other hand, the Commission also notes the following: (i) as the Notifying Party submits, the increment brought about by the Transaction is very limited ([0-5]%). However, that increment should be viewed in combination with the large market presence of Agta Record in neighbouring Austria and the Parties' combined market share in relation to the supply of relevant types of automatic pedestrian doors; and (ii) ultimately, the question of whether serious doubts arise in Czechia can be left open.

(479) The commitments discussed in Section 8 include the commitment by Assa Abloy to grant a licence to market and sell automatic pedestrian doors (with the right to use brands and trademarks) for a period of five years after closing of the Transaction. They also include a commitment to supply at variable cost and without quantity limitations the products (including components, spare parts and kits) and related services offered by Agta Record at the time of closing of the Transaction for the same period of time. Further, these commitments include

418 Form CO, paragraph 1584.

granting a licence of (a) all technical information necessary for the provision of after-sales services of Agta Record's automatic pedestrian doors and (b) to access, at variable cost, Agta Record's after-sales and installation configuration tools and software necessary for providing after-sales services; both for the life span of Agta Record's automatic pedestrian door products in operation and of all products sold under the first five years after closing of the Transaction. Therefore, the commitments address any potential concern in this market.

(D) Denmark

(D.i) Notifying Party's arguments

(480) The Notifying Party submits that several strong pan-European suppliers remain active in Denmark (such as Tormax, Geze, Gilgen and Kone). The Notifying Party argues that competitors will likely expand their activities in the event of a price increase.[419]

(D.ii) Commission's assessment

Table 32 – Market shares for after-sales services for automatic pedestrian doors in Denmark, 2018

Company	Market shares
Assa Abloy	[10-20]%
Agta Record	[5-10]%
combined	**[20-30]%**
Tormax	[10-20]%
Kone	[5-10]%
Geze	[0-5]%
Boon Edam	[0-5]%
Others	[40-50]%
Facility management companies	[5-10]%

Source: Commission's market reconstruction.

(481) With regards to the supply of after-sales services for automatic pedestrian doors in Denmark, the Commission notes the following: (i) the Transaction would create the largest supplier, thereby also reducing the number of suppliers. Currently, the Parties are the second and fourth largest players. Post-Transaction, there would only remain three larger players in the market (the merged entity, Tormax and Kone); (ii) contrary to what the Notifying Party submits, some of their competitor's market shares (for example Geze's or Gilgen's) evidences that they are not strong players in this market, and therefore do not exercise a strong competitive constraint on the Parties; and (iii) the market dynamics identified by the Commission at paragraphs (440) to (465) apply equally to the market for the supply of after-sales services for automatic pedestrian doors in Denmark.

(482) Ultimately, the question of whether serious doubts arise in Denmark can be left open. The commitments discussed in Section 8 include the commitment by Assa Abloy to supply brand-specific spare parts for automatic pedestrian doors and

419 Form CO, paragraphs 1067 and 1070.

technical information as well as to supply or licence after-sales installation configuration tools and software of the Parties' automatic pedestrian doors, both on fair and reasonable terms, for a period of 10 years as from closing of the Transaction. Therefore, these commitments address any potential concern in this market.

(E) France

(E.i) Notifying Party's arguments

(483) The Notifying Party submits that several service providers with strong nationwide presence will remain active in France (such as Portalp and Kone) including non-integrated suppliers such as Portis, as well as other smaller players such as Thyssenkrupp, Dormakaba, Tormax, Softica, Manusa and Boon Edam. The Notifying Party argues that competitors have similar service portfolios.[420]

(E.ii) Commission's assessment

Table 33 – Market shares for after-sales services for automatic pedestrian doors in France, 2018

Company	Market shares
Assa Abloy	[0-5]%
Agta record	[10-20]%
Combined	***[20-30]%***
Kone	[30-40]%
Portalp	[10-20]%
Portis	[5-10]%
Thyssenkrupp	[0-5]%
Dormakaba	[0-5]%
Copas	[0-5]%
Tormax	[0-5]%
Citec	[0-5]%
Softica	[0-5]%
Boon Edam	[0-5]%
Manusa	[0-5]%
Geze	[0-5]%
Gilgen	[0-5]%

Source: Commission's market reconstruction.

(484) With regards to the supply of after-sales services for automatic pedestrian doors in France, the Commission notes the following: (i) the Transaction would create the second largest supplier, thereby also reducing the number of suppliers.[421] An Assa Abloy's internal document considered France to be Agta Record's '[Assa Abloy's

420 Form CO, paragraphs 1126, 1127.

421 Please note that the market shares for after-sales services appear lower than the market shares for the manufacture and supply of automatic pedestrian doors as several non-integrated suppliers (such as, for example, Portis, Copas and Citec) have been included as after-sales service providers, and therefore these dilute the market shares. The argument of the importance of the installed base remains relevant.

business plan]', where it has '[Assa Abloy's business plan]', which is '[Assa Abloy's business plan]'.[422] (ii) contrary to what the Notifying Party submits, some of their competitor's market shares (for example Thyssenkrupp, Dormakaba, Tormax, Softica, Manusa and Boon Edam's) evidences that they are not strong players in this market, and therefore do not exercise a strong competitive constraint on the Parties; and (iii) the market dynamics identified by the Commission at paragraphs (440) to (465) apply equally to the market for the supply of after-sales services for automatic pedestrian doors in France.

(485) On the other hand, the Commission also notes that ultimately, the question of whether serious doubts arise in France can be left open as the commitments discussed in Section 8 include Assa Abloy's entire automatic pedestrian door business in France and therefore addresses any potential concern in this market.

(F) Hungary

(F.i) Notifying Party's arguments

(486) The Notifying Party submits that the merged entity will face competition from both competitors with nationwide service networks (such as Geze and Dormakaba), as well as from no-integrated suppliers and smaller independent service providers.[423]

(F.ii) Commission's assessment

Table 34 – Market shares for after-sales services for automatic pedestrian doors in Hungary, 2018

Company	Market shares
Assa Abloy	[10-20]%
Agta Record	[10-20]%
Combined	***[30-40]%***
Dormakaba	[10-20]%
Geze	[5-10]%
Others	[40-50]%

Source: Commission's market reconstruction.

(487) With regards to the supply of after-sales services for automatic pedestrian doors in Hungary, the Commission notes the following: (i) the Parties have a sizeable combined market shares on this market ([30-40]%); (ii) the Transaction would create the largest supplier by a clear margin, thereby also reducing the number of suppliers to three larger suppliers (but with both Dormakaba and Geze having a much smaller market share than the merged entity); (iii) contrary to what the Notifying Party submits, some of their competitor's market shares (for example Geze's and the longer tail of independent service providers) evidences that they are not strong players in this market, and therefore do not exercise a strong competitive constraint on the Parties; and (iv) the market dynamics identified by the

422 Form CO, AA24, slide 15.

423 Form CO, paragraph 1232.

Commission at paragraphs (440) to (465) apply equally to the market for the supply of after-sales services for automatic pedestrian doors in Hungary.

(488) On the other hand, the Commission also notes that ultimately, the question of whether serious doubts arise in Hungary can be left open as the commitments discussed in Section 8 include Agta Record's entire automatic pedestrian door business in Hungary and therefore addresses any potential concern in this market.

(G) The Netherlands

(G.i) Notifying Party's arguments

(489) The Notifying Party submits that the remaining competition, its likely expansion and likely new entries will prevent the Parties from profitably increasing prices.[424]

(G.ii) Commission's assessment

Table 35 – Market shares for after-sales services for automatic pedestrian doors in the Netherlands, 2018

Company	Market shares
Assa Abloy	[20-30]%
Agta Record	[10-20]%
Combined	***[40-50]%***
Kone	[10-20]%
Boon Edam	[5-10]%
Tormax	[5-10]%
Voskamp	[5-10]%
Dormakaba	[0-5]%
FAAC	[0-5]%
Geze	[0-5]%
Others	[10-20]%

Source: Commission's market reconstruction.

(490) With regards to the supply of after-sales services for automatic pedestrian doors in the Netherlands, the Commission notes the following: (i) the Parties have large combined market shares on this market ([40-50]%); (ii) the Transaction would strengthen the Parties' position as leaders by a clear margin, thereby also reducing the number of suppliers; (iii) contrary to what the Notifying Party submits, the next closest suppliers to the merged entity would have noticeably lower market shares, and therefore cannot exercise a strong competitive constraint on the Parties; and (iv) the market dynamics identified by the Commission at paragraphs (440) to (465) apply equally to the market for the supply of after-sales services for automatic pedestrian doors in the Netherlands.

(491) On the other hand, the Commission also notes that ultimately, the question of whether serious doubts arise in the Netherlands can be left open as the commitments discussed in Section 8 include Agta Record's entire automatic

424 Form CO, paragraph 1361.

pedestrian door business in the Netherlands and therefore addresses any potential concern in this market.

(H) Slovenia

(H.i) Notifying Party's arguments

(492) The Notifying Party submits that there are other well established competitors in the market, such as Geze, Label, GU and Alumatik that can exert competitive pressure on the Parties post-Transaction. Further, the Notifying Party submits that expansion and new entries are likely.[425]

(H.ii) Commission's assessment

Table 36 – Market shares for after-sales services for automatic pedestrian doors in Slovenia, 2018

Company	Market shares
Assa Abloy	[20-30]%
Agta Record	[10-20]%
Combined	***[30-40]%***
Doorson	[40-50]%
Alumatik	[5-10]%
Geze	[0-5]%
Others	[5-10]%

Source: Commission's market reconstruction.

(493) With regards to the supply of after-sales services for automatic pedestrian doors in Slovenia, the Commission notes the following: (i) the Parties have large combined market shares on this market ([30-40]%); (ii) the Transaction would create the second largest player, thereby also reducing the number of suppliers to only two larger ones (Doorson and the merged entity); (iii) contrary to what the Notifying Party submits, apart from Doorson, the next closest suppliers to the merged entity would have noticeably lower market shares, and therefore cannot exercise a strong competitive constraint on the Parties; and (iv) the market dynamics identified by the Commission at paragraphs (440) to (465) apply equally to the market for the supply of after-sales services for automatic pedestrian doors in Slovenia.

(494) On the other hand, the Commission also notes that ultimately, the question of whether serious doubts arise in Slovenia can be left open as the commitments discussed in Section 8 include Agta Record's entire automatic pedestrian door business in Slovenia and therefore addresses any potential concern in this market.

425 Form CO, paragraphs 1427, 1465.

(I) Sweden

(I.i) Notifying Party's arguments

(495) The Notifying Party argues that the increment in the combined market share as a result of the Transaction is *de minimis*.[426]

(I.ii) Commission's assessment

Table 37 – Market shares for after-sales services for automatic pedestrian doors in Sweden, 2018

Company	**Market shares**
Assa Abloy	[20-30]%
Agta record	[0-5]%
Combined	***[20-30]%***
Kone	[20-30]%
Boon Edam	[0-5]%
Tormax	[0-5]%
Geze	[0-5]%
FAAC	[0-5]%
Facility management companies	[10-20]%
Others	[30-40]%

Source: Commission's market reconstruction.

(496) With regards to the supply of after-sales services for automatic pedestrian doors in Sweden, the Commission notes the following: (i) the Transaction would strengthen the merged entity's position as the market leader, thereby also reducing the number of suppliers. Post-Transaction, only two larger players would remain in the market (KONE and the merged entity);[427] and (ii) the market dynamics identified by the Commission at paragraphs (440) to (465) apply equally to the market for the supply of after-sales services for automatic pedestrian doors in Sweden.

(497) Ultimately, the question of whether serious doubts arise in Sweden can be left open. The commitments discussed in Section 8 include the commitment by Assa Abloy to supply brand-specific spare parts for automatic pedestrian doors and technical information as well as to supply or licence after-sales installation configuration tools and software of the Parties' automatic pedestrian doors, both on fair and reasonable terms for a period of 10 years as from closing of the Transaction. Therefore, these commitments address any potential concern in this market.

426 Form CO, paragraph 1510.

427 The retention margins are very high for maintenance contracts. Further, the market shares for after-sales services for automatic pedestrian doors in Sweden are lower than those for the manufacture and supply of automatic pedestrian doors as several players, such as facility management companies, are also taken into account for the total market. Therefore, the market shares appear more diluted than in automatic pedestrian doors, where the Commission looks at OEMs-only. Consequently, both the lock-in and the importance of the installed base argument remain valid.

(J) Conclusion

(498) Ultimately, the question of whether serious doubts arise in the supply of after-sales services for automatic pedestrian doors in Austria, Belgium, Czechia, Denmark, France, Hungary, the Netherlands, Slovenia and Sweden can be left open as the commitments offered by the Notifying Party include either (i) structural commitments in the EEA countries for which the Commission has raised serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement for the manufacture and supply of automatic pedestrian doors; or (ii) behavioural commitments for all other horizontally affected markets.

7.3.3. Assessment of potential vertical non-coordinated effects on the upstream supply of branded spare parts for automatic doors and the downstream supply of after-sales services

7.3.3.1. Notifying Party's arguments

(499) Concerning after-sales services, the Notifying Party submits that the Transaction will not lead to anti-competitive effects since the Parties would not be able to leverage their combined position on the markets. The Notifying Party submits four reasons for this:

(a) Customers are often not the same, as those of automatic pedestrian doors are often contractors or integrators and customers of after-sales services are often end-users or facility management companies;

(b) Automatic pedestrian doors and after-sales services contracts are very rarely sold at the same time;

(c) Even if the customer for both the door and after-sales services, the decision to purchase both are made at different levels, departments or time;

(d) Competing suppliers of both automatic pedestrian doors and after-sales services would be able to defeat a leveraging by offering price reductions or similar bundles.[428]

(e) Further, the Notifying Party argues that third party service providers are always able to replace the operator's drive system with a replacement kit from another OEM, which will lessen the dependency on brand-specific parts.[429]

(500) With regards to spare parts, the Notifying Party considers that the Transaction would not lead to foreclosure concerns as:

(a) Regarding input foreclosure, there are alternative sources of supply of spare parts, and if the Parties refuse to supply its brand-specific spare parts or increase prices post-Transaction they would, as a result, likely lose customers; and

428 Form CO, paragraph 2163.

429 Form CO, paragraph 2102.

(b) Regarding customer foreclosure, the Parties only represent a limited part of the customer base for spare parts.[430]

7.3.3.2. Commission's assessment

(501) The Commission disagrees with a number of arguments put forward by the Notifying Party. Notably, for the ability of third party after-sales service providers to offer price reductions on their services is inherently limited if they are dependent on highly priced brand-specific spare parts and on technical knowledge and servicing tools that can only be sourced from the original OEMs (or upon license). The results of the market investigation have indicated that third-party after-sales service suppliers have experienced difficulties accessing third party OEMs service tools necessary for undertaking after-sales services on that OEM's door, as well as spare parts at reasonable cost.[431] Moreover, a competing OEM expressed that: '*Access to third-party spare parts is not easy, both in terms of sourcing and of pricing. Certain companies are not helpful or friendly when asked to provide their spare parts. Assa Abloy is known to be the most defensive competitor, whose spare parts are most difficult to access.*'[432] Another competing OEM explained that: '*Assa Abloy offers spare parts for high prices, meaning that it is sometimes cheaper to replace the entire operator*'.[433] A third competing OEM considers that: '*an OEM can harm its competitors by stopping, delaying or increasing prices for the supply of spare parts*.'[434]

(502) Further, and even though the largest OEMs have developed replacement kits, not all third party after-sales service providers have developed them (especially independent service providers). In any case, the reliance on these replacement kits has a cost, which is passed on to the end-customers.

(503) The Commission will now analyse the ability, incentive and effects of a potential strategy of input foreclosure carried out by the merged entity post-Transaction.

(504) The Commission considers that input foreclosure is more likely to occur in those countries where the Parties have a sufficiently important installed base. These countries were identified as the ones where market shares in the supply of any of the types of automatic pedestrian doors (i.e. swing, sliding and/or revolving) lead to an affected market (i.e. over 20%). They are the following: Austria, Belgium, Cyprus, Czechia, Denmark, Finland, France, Greece, Germany, Hungary, Iceland, Italy, Latvia, Lithuania, Luxemburg, Malta, the Netherlands, Poland, Portugal, Romania, Slovenia, Spain, Sweden and the United Kingdom.

(A) Ability

(505) Following its market investigation, the Commission considers that post-Transaction, the merged entity would have the ability to engage in input foreclosure of the Parties' spare parts, technical information and servicing tools necessary to perform after-sales services. This input foreclosure would entail either

430 Form CO, paragraph 2088.

431 Questionnaire 1 to competitors, questions 67.2 and 68.

432 Minutes of a call with a competitor of 14 August 2019, paragraph 19.

433 Minutes of a call with a competitor of 30 October 2019, paragraph 18.

434 Minutes of a call with a competitor of 13 September 2019, paragraph 20.

not providing spare parts, technical information and/or servicing tools, or providing them at high prices and/or with long lead-times. The Commission considers that this conduct could in principle be implemented readily.

(506) These risks are supported by the results of the market investigation. As an end-customer indicated: '*OEMs will usually control the availability of spare parts*'.[435] A competing OEM mentioned that: '*In* [the competing OEM]*'s experience, Agta and Assa Abloy are most restrictive in giving access to the software required to provide after-sales service*[s]'.[436] Another competing OEM mentioned that: '*Whenever* [the competing OEM] *has not been able to source the spare parts required, it discusses with the customer with a view of excluding the maintenance or repairing of the competitors' products. While it is rare, it has happened in the past that* [the competing OEM] *has needed to request a customer to exclude doors from a maintenance contract due to the inability of* [the competing OEM] *to acquire the required spare parts at reasonable terms*'.[437]

(507) Therefore, the Commission considers that the Parties already have the ability to engage in input foreclosure of their spare parts, technical information and servicing tools necessary to perform after-sales services.

(508) Moreover, brand-specific spare parts are by nature 'captive' (and therefore the Parties have a significant degree of market power in this market),[438] whereas both spare parts, technical information and servicing tools are crucial for performing after-sales services on the Parties' doors. Further, at least one of the primary markets for the manufacture and supply of automatic swing, sliding and/or revolving doors are affected in the countries for which these vertical effects are being assessed. These markets are closely related to the after-sales markets, and have been used as a proxy to determine the Parties' installed base, as an advantage to capture new after-sales business opportunities.

(509) Further, site visits have revealed that accessing the control unit of operators for servicing purposes requires specific pieces of software and hardware only available to the original OEM or upon license.

(510) While third-party after-sales service suppliers could try to develop solutions (such as replacement kits) to circumvent this, these come at a cost that is passed-on to the end-customer. A competing OEM expressed that: '[the competing OEM] *is not always able to service its competitors' doors for technical reasons. In order to service a door, access to the software of an operator is required, which not all OEMs give. This means that, sometimes,* [the competing OEM] *needs to replace the operator of an automatic pedestrian door instead of repairing it. In* [the competing OEM]*'s experience, Agta limits access to its devices in order to service them*.'[439]

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435 Questionnaire 2 to end-customers, question 57.

436 Minutes of a call with a competitor of 30 October 2019, paragraph 16.

437 Minutes of a call with a competitor of 14 August 2019, paragraph 20.

438 This is irrespective of the fact that, according to the Parties, some parts might in theory be copyable, such as carriages, casings, frames and profiles, or batteries. (Form CO, paragraph 315).

439 Minutes of a call with a competitor, 30 October 2019, paragraph 15.

Figure 8: Tablet that grants access to the Parties' operator for servicing purposes



Source: Site visit to Assa Abloy's showroom in Houthalen, 10 October 2019.

(511) For the reasons set out above in paragraphs (505) to (510), the Commission believes that the Parties have the ability to effectively engage in input foreclosure of their spare parts, technical information and servicing tools necessary to perform after-sales services.

(B) Incentive

(512) The Commission has assessed the potential incentives of the Parties to engage in input foreclosure post-Transaction. The Commission considers likely that the Parties may engage in such foreclosure because of the following reasons: (i) the margins on after-sales services are significantly higher than on new sales of automatic pedestrian doors; (ii) there are significant cross-sales effects, that would be strengthened post-Transaction; (iii) the trade-off incentive of selling spare parts to competing OEMs in exchange for them selling their spare parts to the Parties may decrease post-Transaction.

(513) Firstly, it must be noted that the Parties have market power in the upstream market for spare parts, as these markets are captive, but also in the downstream markets where the Parties have a large installed base, defined as those markets affected for the manufacture and supply of automatic pedestrian doors, either swing, sliding or revolving.

(514) Regarding margins, as discussed in Section 7.3.2.1(B.iii), the Parties' margins for after-sales services are significantly higher than those for the sale of automatic pedestrian doors. This finding is further evidenced in Assa Abloy's earning calls with its investors, as shown in paragraph (460) above. These documents argue the importance of after-sales services, its high margins, and ties this with a certain stickiness and captive base of clients.

(515) Regarding cross-sales effects, these are significant in the automatic door industry: OEMs will try to sell additional products or services (including their own spare parts and after-sales services) to existing customers, and it is likely that these

effects may strengthen for the Parties post-Transaction. According to a vast majority of competitors, cross selling of new equipment to after-sales services customers is either significant or very significant.[440] Moreover, post-Transaction, the Parties may thus be less willing to provide their spare parts to third-party suppliers, so as to enhance their ability to cross-sell after-sales services with new doors, and vice-versa. As a competing OEM expressed: '*In* [the competing OEM]*'s experience, Agta limits access to its devices in order to service them*.'[441]

(516) As mentioned in Section 7.3.2.1(B.i), the results from the market investigation also indicate that the overall size of both an OEM's installed base of automatic pedestrian doors and its servicing network are advantages to capture new after-sales business opportunities. Post-Transaction, the merged entity will have a larger installed base and servicing network, and therefore, their incentive to cross-sell will be higher. This may translate into an incentive to not supply with the necessary tools, spare parts and information to third-party after-sales service providers, so the merged entity can service its installed base of automatic pedestrian doors. Further, and as margins for after-sales services are higher than for sales of new doors, with a larger installed base the Parties may be incentivised to capture all the after-sales services for that base. Again, this may translate into an incentive to not supply spare parts to third party after-sales service providers, to try to prevent them from capturing after-sales service opportunities on the Parties' doors.

(517) Currently, OEMs (including the Parties) have the incentive of selling spare parts to competing OEMs, with the trade-off of the competing OEMs selling spare parts back, so doors from other OEMs can be serviced. In this line, a competing OEM expressed that: '*When* [the competing OEM] *tries to source competitors' spare parts, and their price is too high, it takes a series of steps to mitigate this. First, the Company tries to negotiate with the competitor in question (for example, negotiating with the access to the Company's own spare parts for when the competitor needs them).*'[442]

(518) However, two competing OEMs hinted at a direct link between market share level and incentive to supply technical information to third party after-sales service suppliers.[443] One of them expressed that: '*Problems with accessing spare parts at reasonable conditions are typically the more severe the higher the market share of the door OEM from whom spare parts would need to be sourced in a particular territory*'.[444] With increased market shares, the incentives of the merged entity of selling its spare parts decline, as they will have a large installed base and a possibility to service all those doors.

(519) The majority of competitors and non-integrated suppliers who expressed an opinion on this point consider that post-Transaction, the availability of spare parts will decrease.[445] Consequently, the majority of competitors and non-integrated

440 Questionnaire 1 to competitors, question 37.2.

441 Minutes of a call with a competitor, 30 October 2019, paragraph 15.

442 Minutes of a call with a competitor of 14 August 2019, paragraph 20.

443 Minutes of a call with a competitor of 30 October 2019, paragraph 16, minutes of a call with a competitor of 13 September 2019, paragraph 20.

444 Minutes of a call with a competitor of 13 September 2019, paragraph 20.

445 Questionnaire 1 to competitors, question 72; Questionnaire 3 to non-integrated suppliers, question 83.

suppliers who expressed an opinion on this point consider that the ability of third-party after-sales service providers to service the Parties' doors will decrease.[446] As a result, the majority of competitors and non-integrated suppliers who expressed an opinion on this point consider that the prices for after-sales services post-Transaction will increase.[447]

(520) A competing OEM expressed that: '*With the merger, Assa Abloy and Agta Record would have the opportunity to increase the price in the market due to the size of the market share. We assume that the merged companies will initiate a strategy to limit third-party after sales activities by cutting the supply of spare parts to the service Providers and using its overall market share to bundle the OEM deliveries with service contracts for the full product portfolio of the merged companies. Since the merged companies are dominating several key components for the service business, there is a strong incentive to foreclose output in there by increased price levels for after sales services*'.[448]

(521) For the reasons set out above in paragraphs (512) to (520), the Commission believes that the Parties may have the incentives to engage in input foreclosure in relation to the supply of their spare parts, technical information and servicing tools necessary to perform after-sales services.

(C) Effects

(522) The potential effects of this input foreclosure are fourfold: (i) a decrease in the availability of the Parties' spare parts, technical information and servicing tools; (ii) an increase in the prices of the Parties' spare parts; (iii) an increase in the difficulty of third-party after-sales service providers to service the Parties' doors; and (iv) an increase in the prices of after-sales services, as a consequence of these previous three potential effects.

(523) As explained in Section 7.3.3.2(B) above, respondents to the market investigation consider that these effects are likely to take place post-Transaction. Respondents consider that performing after-sales services on the Parties' automatic pedestrian doors will become increasingly difficult, as there will be less availability of spare parts, technical information and servicing tools. Consequently, the servicing of the Parties' doors will increase in price, which will be ultimately passed on to the end-customer.[449]

(524) As a non-integrated supplier indicated: '*considering that product suppliers tend to service their own doors,* [the non-integrated supplier] *considers it difficult for a third party after-sales service supplier to survive in the market*'.[450]

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446 Questionnaire 1 to competitors, question 72; Questionnaire 3 to non-integrated suppliers, question 83.

447 Questionnaire 1 to competitors, question 72; Questionnaire 3 to non-integrated suppliers, question 83.

448 Questionnaire 1 to competitors, question 72.1.

449 Questionnaire 1 to competitors, question 72; Questionnaire 3 to non-integrated suppliers, question 83.

450 Minutes of a call with a non-integrated supplier of 14 August 2019, paragraph 22.

(525) The Commission finds that it is likely that the abovementioned effects may take place post-Transaction. This is because the Parties have the ability and may have incentive to engage in a foreclosure strategy in relation to the supply of their spare parts, technical information and servicing tools. These products are necessary to perform after-sales services on their automatic pedestrian doors.

(526) In light of the considerations in paragraphs (501) to (525) above as well as all evidence available to it, the Commission concludes that the Transaction raises serious doubts as to its compatibility with the internal market and the functioning of the EEA Agreement in relation to vertical non-coordinated effects on the upstream supply of branded spare parts and the downstream supply of after-sales services for automatic pedestrian doors in Austria, Belgium, Cyprus, Czechia, Denmark, Finland, France, Greece, Germany, Latvia, Hungary, Iceland, Italy, Latvia, Lithuania, Luxemburg, Malta, the Netherlands, Poland, Portugal, Romania, Slovenia, Spain, Sweden and the United Kingdom.

7.4. Industrial doors

7.4.1. Assessment of potential horizontal non-coordinated effects on the national markets for the manufacture and supply of high-speed doors

(527) The Transaction gives rise to horizontally affected markets for high-speed doors in Austria, France, Germany, the Netherlands and Poland.[451] Table 38 provides an overview of the Notifying Party's estimates of the Parties positions in these five Member States.

Table 38 – Overview of affected markets for high-speed doors, 2018

	Austria		**France**		**Germany**		**Netherlands**		**Poland**	
Company	**Sales (units)**	**Volume shares**	**Sales (units)**	**Volume shares**	**Sales (units)**	**Volume shares**	**Sales (units)**	**Volume shares**	**Sales (units)**	**Volume shares**
Assa Abloy	[units sold]	[20-30]%	[units sold]	[40-50]%	[units sold]	[30-40]%	[units sold]	[20-30]%	[units sold]	[30-40]%
Agta Record	[units sold]	[0-5]%	[units sold]	[10-20]%	[units sold]	[0-5]%	[units sold]	[0-5]%	[units sold]	[0-5]%
Combined	**[units sold]**	**[20-30]%**	**[units sold]**	***[50-60]%***	**[units sold]**	***[30-40]%***	**[units sold]**	**[20-30]%**	**[units sold]**	***[30-40]%***

Source: Parties' estimates, Annex 7 to Form CO.

(528) Given that (i) the increment brought by Agta Record is minimal or limited in Austria, Germany, the Netherlands and Poland ([Agta Record's sales] doors sold in

451 The Transaction would also give rise to an affected market in overhead sectional doors in France. According to the Notifying Party's estimates, the combined entity would hold a combined market share of [20-30]%, with an increment of [10-20]% from Assa Abloy. Novoferm would remain as the market leader for overhead sectional doors in France, with a market share of [20-30]%, followed by Hörmann ([20-30]%) and Kaema ([10-20]%). In any event, given that (i) the Parties' combined market shares are below the 25% threshold set out in paragraph 18 of the Horizontal Merger Guidelines; and (ii) the fact that the combined entity would only become the third market player behind Novoferm and Hörmann, the Commission considers that serious doubts can be excluded in the French market for overhead sectional doors. The Transaction does not give rise to horizontal overlaps in industrial folding doors or in docking doors and stations.

2018 respectively); and (ii) all high-speed doors sold by Agta Record in the EEA are manufactured in its French facility in Crémieu[452], the Section below is limited to the competitive assessment of the market for high-speed doors in France.

7.4.1.1. High-speed doors in France

(529) The Transaction gives rise to a horizontal overlap between the Parties' offerings of high-speed doors in France. Assa Abloy is active in the manufacturing and sale of high-speed doors through its subsidiaries AAES France and Nergeco and supplies the French market from its production facility and logistics hub in Lyon (France), as well as from its production facility in Plzen (Czechia).[453] Agta Record supplies the French and EEA markets with high-speed doors produced by its subsidiary record industry in Crémieu (France).

(A) Notifying Party's arguments

(530) The Notifying Party submits that the Transaction will not give rise to non-coordinated effects in the market for high-speed doors in France.[454]

(531) The Notifying Party submits in this regard that (i) the French market is not particularly concentrated and that there is a large number of alternative active suppliers[455]; (ii) the Parties are not closer competitors to each other than the other players in the market and their products are not particularly similar[456]; (iii) there are no relevant capacity constraints for competitors to increase their output in case of an attempted price increase[457]; (iv) switching costs are low[458]; (v) customers have strong countervailing power[459]; and (vi) competitors are likely to expand in case of price increase[460]. Moreover, the Notifying Party submits that entry to the French market of high-speed doors is easy and, as such, that some larger European manufacturers not yet present may enter the market.[461]

452 Reply of the Notifying Party to Request for information 7 of 13 December 2019, question 5.

453 Form CO, paragraph 1903.

454 Form CO, paragraph 1837.

455 Form CO, paragraphs 1913 to 1916.

456 Form CO, paragraph 1917.

457 Form CO, paragraph 1918.

458 Form CO, paragraph 1919.

459 Form CO, paragraph 1920.

460 Form CO, paragraphs 1921 to 1924.

461 Form CO, paragraphs 1925 to 1931.

(B) Commission's assessment

Table 39 – Parties' estimates for high-speed doors in France, 2018

Company	Sales (units)	Volume shares
Assa Abloy	[units sold]	[40-50]%
Agta Record	[units sold]	[10-20]%
Combined	***[units sold]***	***[50-60]%***
Hörmann	[units sold]	[20-30]%
BA2I	[units sold]	[0-5]%
BMP	[units sold]	[0-5]%
Safir	[units sold]	[0-5]%
Armor Rapids Doors	[units sold]0	[0-5]%
Butzbach	[units sold]	[0-5]%
Efaflex	[units sold]	[0-5]%
Angel Mir	[units sold]	[0-5]%
Others	[units sold]	[10-20]%
Total	[units sold]	100%

Source: Parties' estimates, Annex 7 to Form CO.

(532) According to the Notifying Party's estimates set out in Table 39 above, the combined entity would hold a market share of [50-60]% (Assa Abloy: [40-50]%; Agta Record: [10-20]%) in the French market for high-speed doors. The Transaction would reinforce Assa Abloy's current leading position and would place the combined entity well ahead of its only other sizable competitor, Hörmann (with a market share estimate of [20-30]%). Post-Transaction, there would be a number of remaining fringe competitors with individual market shares below 5%, including BA2I ([0-5]%), BMP ([0-5]%) or Safir ([0-5]%).

(533) Contrary to the submission of the Notifying Party, the market for high-speed doors in France is highly concentrated with an HHI level post-Transaction of [below 2 000] and a delta of [above 250].[462] The three main OEMs gather [70-80]% of the market shares.

(534) The Notifying Party explained that there would be no material differences regarding the position of the Parties and the competitive assessment should further segmentations be retained, i.e. according to (i) whether they are used for interior or exterior applications; (ii) the specific application for which they are used; or (iii) whether they are made of rigid or fabric materials.[463]

462 HHI calculated based on the Parties' estimates in Annex 7 to the Form CO.

463 Reply of the Notifying Party to request for information 8 of 19 December 2019, questions 7, 8 and 9.

Table 40 – Parties' estimates for high-speed doors in France by interior and exterior applications, 2018

High-speed doors for interior applications			**High-speed doors for exterior applications**		
Company	**Sales (units)**	**Volume shares**	**Company**	**Sales (units)**	**Volume shares**
Assa Abloy	[units sold]	[40-50]%	Assa Abloy	[units sold]	[40-50]%
Agta Record	[units sold]	[10-20]%	Agta Record	[units sold]	[5-10]%
Combined	***[units sold]***	***[50-60]%***	***Combined***	***[units sold]***	***[40-50]%***
Hörmann	[units sold]	[20-30]%	Hörmann	[units sold]	[20-30]%
BA2I	[units sold]	[0-5]%	BA2I	[units sold]	[0-5]%
BMP	[units sold]	[0-5]%	BMP	[units sold]	[0-5]%
Safir	[units sold]	[0-5]%	Safir	[units sold]	[0-5]%
Armor Rapids Doors	[units sold]	[0-5]%	Efaflex	[units sold]	[0-5]%
Butzbach	[units sold]	[0-5]%	Armor Rapids Doors	[units sold]	[0-5]%
Angel Mir	[units sold]	[0-5]%	Butzbach	[units sold]	[0-5]%
Efaflex	[units sold]	[0-5]%	Angel Mir	[units sold]	[0-5]%
Others	[units sold]	[10-20]%	Others	[units sold]	[10-20]%
Total	[units sold]	100.0%	**Total**	[units sold]	100.0%

Source: Parties' estimates, Annex 6.1 to request for information 11.

(535) According to the Notifying Party's estimates set out in Table 40 above, the combined entity would hold a market share of [50-60]% in high-speed doors for interior applications and of [40-50]% in high-speed doors for exterior applications. Hörmann's position as second market player would remain constant regardless of any potential sub-segmentation considered.

(536) A market report concerning the automatic door industry in France reflects the Parties' relative positions and the general structure of the French market for high-speed doors. According to this market report, the combined entity would hold a market share of 62-64% in high-speed doors in France in 2015, while Hörmann would remain behind with a market share of 23%.[464] In this regard, the market report underlines the 'predominance' of Assa Abloy in this market well ahead of Hörmann.[465] Moreover, the market report notes that this market is relatively concentrated[466] and that the largest share of the market is hold by a reduced number

464 'Marché des portes industrielles, commerciales et piétonnes en France', February 2017, table 42.

465 'Marché des portes industrielles, commerciales et piétonnes en France', February 2017, page 99. Original quote in French: *'Il convient enfin de remarquer la prédominance d'Assa Abloy sur [le] marché. […] le groupe suédois détient aujourd'hui +- 50% du marché français des portes souples rapides, loin devant Maviflex (20 à 25%)'.*

466 Marché des portes industrielles, commerciales et piétonnes en France', February 2017, page 98. Original quote in French: *'le marché français des portes souples rapides est relativement concentré'.*

of companies[467]. In fact, four out of the five main suppliers of high-speed doors in France identified by the market report would belong either to Assa Abloy (Nergeco, Entrematic and Albany) or to Agta Record.[468]

(537) There is moreover a limited number of OEMs in the French market for high-speed doors. When considering a segment comprising sales from OEMs-only to end-customers (i.e. excluding sales from non-integrated suppliers), the combined entity would hold a share of supply of [60-70]%.[469] The remaining OEMs would be placed at great distance from the Parties: Hörmann ([20-30]%), BA2I ([5-10] %), Safir ([0-5] %), Armor Rapids Doors ([0-5] %) and Butzbach ([0-5]%).

(538) Contrary to the Notifying Party's arguments, the Parties appear to compete closely with each other in the French market for high-speed doors. A majority of OEMs and end-customers having expressed an opinion in the market investigation submitted that Assa Abloy is the closest competitor to Agta Record in the market.[470] Furthermore, a majority of OEMs and non-integrated suppliers having expressed an opinion in the market investigation, as well as a vast majority of end-customers, submitted that the Parties offer comparable high-speed doors from a technical perspective.[471] In this regard, an end-customer expressed that the Parties' products serve the same needs with only minimal technical differences in their products.[472]

(539) The Commission notes that rivalry between Assa Abloy and Agta Record appears to have been an important source of competition on the market for high-speed doors prior to the Transaction. In this regard, the French market report notes that Agta Record is the only 'challenger' to Assa Abloy and Hörmann.[473] The market report moreover remarks that Agta Record had been experiencing an *'important development over the recent years'* given its *'aggressive pricing policy and its implantation in the distribution sector'*.[474]

(540) A majority of OEMs and end-customers considers that barriers to entry to the French market of high-speed doors are 'important', while a majority of non-

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467 Marché des portes industrielles, commerciales et piétonnes en France', February 2017, page 98. Original quote in French: *'[l]'essentiel des parts de marché est détenu par un nombre réduit de spécialistes'*.

468 'Marché des portes industrielles, commerciales et piétonnes en France', February 2017, table 42.

469 Form CO, Annex 7.

470 Questionnaire 4 to competitors of industrial doors, question 21; and Questionnaire 5 to customers of industrial doors, question 21.

471 Questionnaire 4 to competitors of industrial doors, question 23.3; and Questionnaire 5 to customers of industrial doors, question 22.3.

472 Questionnaire 5 to customers of industrial doors, question 22.3. Original quote in French: *'unité de besoin identique, seul la technique est légèrement différente'*.

473 *Marché des portes industrielles, commerciales et piétonnes en France'*, February 2017, page 98. The market report refers to two other 'challengers' in addition to Agta Record, namely Albany and Entrematic. These two companies belong to the Assa Abloy group since 2012.

474 Marché des portes industrielles, commerciales et piétonnes en France', February 2017, page 98. Original quote in French: *'[à] noter le développement important de Record ces dernières années, à la faveur d'une politique tarifaire agressive et d'une solide implantation dans le secteur de la Distribution'*.

integrated suppliers considers that these barriers are 'very important'.[475] These barriers appear to be due to large scale effects. In this regard, an OEM submitted that the competitors require having an *'extremely large portfolio'* to address the needs of large customers.[476] Moreover, an end-customer indicated that barriers to entry may be of legislative, qualitative or brand-awareness nature[477], while other pointed towards the need of having a sales and after-sales network.[478]

(541) Contrary to the Notifying Party's submission, it appears that there are at least some constraints for competitors to increase their output in case of an attempted price increase by the combined entity. In this regard, only two OEMs representing a very limited part of the market (with a combined market share of less than 4%) indicated that they would be able to significantly increase their production of high-speed doors without incurring into important investments.[479] Conversely, the main competitor to the Parties in the market submitted that it would need to incur into significant investments in order to increase their production.[480]

(542) A number of respondents expressed concerns as regards the impact of the Transaction in the French market for high-speed doors. An OEM indicated that the prices for high-speed doors may be reduced at first in order to eliminate competitors and increase prices once the *'monopoly has become complete'*.[481] A non-integrated suppliers submitted being *'very worried about the concentration and, above all, very pessimistic'*[482], while other indicated that Assa Abloy can eliminate competitors *'at its own will'*, given its financial capabilities[483].

(C) Conclusion

(543) In light of the considerations in paragraphs (532) to (542) above as well as all evidence available to it, the Commission concludes that in the French market for high-speed doors, the Transaction raises to serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement due to horizontal non-coordinated effects given (i) the significant combined market shares of the Parties (above 50%), well ahead of its only other sizeable competitor; (ii) the pre-existing high concentration level in the market; (iii) the close competition between the Parties; and (iv) the existence of high barriers to entry.

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475 Questionnaire 4 to competitors of industrial doors, question 37.2; and Questionnaire 5 to customers of industrial doors, question 39.2.

476 Questionnaire 4 to competitors of industrial doors, question 37.2.1. Original quote in French: *'[l]a concentration du marché rend l'implantation compliqué car il faut avoir une gamme extrèmement large pour répondre aux grands comptes'*.

477 Questionnaire 5 to customers of industrial doors, question 39.2.1. Original quote in French: *'[p]rincipalement législatives, qualitatives et la réputation jouent également beaucoup'.*

478 Questionnaire 5 to customers of industrial doors, question 39.2.1. Original quote in French: *'[r]éseau commercial, réseau Service Après Vente'*.

479 Questionnaire 4 to competitors of industrial doors, question 27.

480 Questionnaire 4 to competitors of industrial doors, question 27.

481 Questionnaire 4 to competitors of industrial doors, question 38.1. Original quote in French: *'[p]our faire disparaitre les concurrents, apres concentration il y a baisse des prix, les concurrents ne peuvent pas suivre et disparaissent. Le monopole devient total et les prix flambent'*.

482 Questionnaire 5 to customers of industrial doors, question 41. Original quote in French: *'Je suis très inquiet par ce rapprochement et surtout très pessimiste'.*

483 Questionnaire 5 to customers of industrial doors, question 41. Original quote in French: *'ASSA ABLOY est capable de tuer des concurrents à souhait, ils en ont les capacités financières'*.

7.4.2. After-sales services for industrial doors

7.4.2.1. Interplay between horizontal and vertical effects for after-sales services for industrial doors

(544) As is the case in automatic pedestrian doors, there is a direct connection between horizontal and vertical effects for after-sales services for industrial doors, as well as between after-sales and the manufacturing and supply of (the different types of) industrial doors. There are also significant scale effects in both the markets for the manufacture and supply of (the different types of) industrial doors discussed in Section 7.4.1, and for after-sales services for industrial doors, as will be discussed in Section (547) below.

(545) As discussed in Section 7.2., the market shares in automatic pedestrian doors are used a proxy for the installed base of automatic pedestrian doors in each country. The same proxy will be used for industrial doors. This means that when the size of both the installed base and the servicing network of industrial doors is important, there is a competitive advantage to capture new sales (also for after-sales services). Post-Transaction, whenever the Parties have a larger installed base and servicing network, (as will be assessed in Section 7.4.2.1(B) below) their incentive to supply spare parts to third party after-sales services suppliers may decrease.

(546) Therefore, to assess effectively the effects of the Transaction vertically it is important to take into consideration the size of the Parties' installed base of industrial doors, as denoted by the shares in the market for the manufacture and supply of industrial doors.

(547) Given that spare parts are a fundamental input for after-sales services and given the interplay between horizontal and vertical effects in relation to spare parts and after-sales services, the competitive analysis of both horizontal and vertical effects for the supply of after-sales services for industrial doors will also take into account Assessment of potential horizontal non-coordinated effects on the national markets for the supply of after-sales services for industrial doors (including spare parts)

(A) Notifying Party's arguments

(548) The Notifying Party argues that, although technically affected, the increase in the supply share resulting from the Transaction is *de minimis* on the market for the provision of after-sales services for industrial doors in Belgium. According to the Parties' estimates, Assa Abloy has a market share of [20-30]%, whereas Agta Record's market share amounts to less than [0-5]%. There are no other horizontal overlaps leading to affected markets the provision of after-sales services for industrial doors. As reflected in Table 41, there are a number of other horizontal overlaps, but those do not lead to affected markets.

Table 41: Parties' estimates for the provision of after-sales services for industrial doors in countries where the Parties have overlaps, 2018

	BE	FR	DE	HU	LU	NL
ASSA ABLOY	[20-30]%	[10-20]%	[5-10]%	[0-5]%	[10-20]%	[10-20]%
agta record	[0-5]%	[0-5]%	[0-5]%	[0-5]%	[0-5]%	[0-5]%
Combined	**[20-30]%**	**[10-20]%**	**[5-10]%**	**[0-5]%**	**[10-20]%**	**[10-20]%**

	PL	PT	SK	ES	GB
ASSA ABLOY	[5-10]%	[5-10]%	[0-5]%	[10-20]%	[5-10]%
agta record	[0-5]%	[0-5]%	[0-5]%	[0-5]%	[0-5]%
Combined	**[5-10]%**	**[5-10]%**	**[0-5]%**	**[10-20]%**	**[5-10]%**

Source: Form CO, table C.5.3.1.

(B) Commission's assessment

(B.i) Supply of after-sales services for industrial doors – overview of market dynamics across different national markets in the EEA

(549) The market for after-sales for industrial doors has many characteristics in common with the market for after-sales for automatic pedestrian doors, such as scale effects and lack of countervailing buyer power (addressed in Sections 7.3.2.1(B.i) and 7.3.2.1(B.iii)).

(550) As with after-sales for automatic pedestrian doors, the majority of competitors and non-integrated suppliers who expressed an opinion on this point consider that the availability of spare parts for industrial doors will worsen as a result of the Transaction.[484]

(551) The majority of respondents who expressed an opinion on this point consider that the size of an OEM's installed base of industrial doors is an advantage to capture new after-sales business opportunities both for new installations and for after-sales.[485]

(552) Further, the majority of competing OEMs who expressed an opinion on this point indicate that OEMs and third party after-sales service providers do not compete in equal footing. Notably, competing OEMs consider that independent after-sales

484 Questionnaire 4 to competitors of industrial doors, question 34.3; Questionnaire 5 to customers of industrial doors, question 33.3.

485 Questionnaire 4 to competitors of industrial doors, question 32; Questionnaire 5 to customers of industrial doors, question 31.

service providers have to face the price of the spare parts, and therefore cannot compete effectively with OEMs.[486]

(553) Further, all the competitors who expressed an opinion on this point consider that larger clients tend to go to OEMs first for their after-sales needs for industrial doors, and the vast majority of non-integrated suppliers consider that larger projects tend to go to OEMs for after-sales.[487]

(554) Moreover, the results of the market investigation have shown that there are high barriers to entry and expansion. A competing OEM expressed that: '*Manufacturers such as Assa Abloy make it practically impossible to buy their spare parts or service their doors with materials exclusively from them, creating barriers to entry to repair their products. They put an expiration date to its parts (programmed obsolence) to force their substitution and only them can substitute them, at very high prices*'.[488]

(555) However, the market investigation results indicate that customers of industrial doors seems to be more sophisticated than customers of automatic pedestrian doors. The vast majority of competitors and end-customers, and all non-integrated suppliers who expressed an opinion on this point consider that clients take into account the overall life cycle of industrial doors when purchasing them.[489]

(556) The very high margins in after-sales services for industrial doors evidence that end-customers do not have much countervailing buyer power. The margins are high as OEMs leverage their installed base to charge customers for maintenance, repairs and overhaul of their installations. For 2018, Agta Record's gross margin for after-sales services in France was [Assa Abloy's/Agta Record's profit margins], and Assa Abloy's contribution margin [Assa Abloy's/Agta Record's profit margins]. Assa Abloy's gross average margin across the EEA for 2018 was [Assa Abloy's/Agta Record's profit margins].[490]

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486 Questionnaire 4 to competitors of industrial doors, question 36.

487 Questionnaire 4 to competitors of industrial doors, question 36.2; Questionnaire 5 to customers of industrial doors, question 38.2.

488 Questionnaire 4 to competitors of industrial doors, question 34.3. Original quote in Spanish: 'Fabricantes como Asa Abloy hacen prácticamente imposible comprar sus repuestos o hacer el mantenimiento en sus puertas con materiales exclusivos de ellos, creando barreras de entrada para realizar reparaciones de sus productos. Ponen caducidad a sus piezas (obsolescencia programada) para obligar a sustituirlas y solo las pueden sustituir ellos a unos precios muy elevados'.

489 Questionnaire 4 to competitors of industrial doors, question 30; Questionnaire 5 to customers of industrial doors, question 29.

490 Form CO, Annex 8.1.1 (2).

Table 42: Assa Abloy's contribution margin for after-sales services for industrial doors, 2018

Country	Contribution margin for after-sales service - 2018 (%)
Austria	[…]%
Belgium	[…]%
Czechia	[…]%
Denmark	[…]%
Finland	[…]%
France	**[…]%**
Germany	[…]%
Ireland	[…]%
Italy	[…]%
Netherlands	[…]%
Norway	[…]%
Poland	[…]%
Portugal	[…]%
Spain	[…]%
Sweden	[…]%
United Kingdom	[…]%

Source: Form CO, Annex 8.1.1 (2).

(B.ii) Assessment of potential horizontal non-coordinated effects on the national markets for the supply of after-sales services for industrial doors: Belgium

(557) The Transaction gives rise to one horizontally affected market for the supply of after-sales service for industrial doors, according to the Parties' estimates: Belgium. According to the Parties' estimates, Assa Abloy has a market share of [20-30]%, whereas Agta Record's market share amounts to less than [0-5]%.

(558) Concerning the supply of after-sales services for industrial doors in Belgium, the Commission notes that the market dynamics identified by the Commission at paragraphs (549) to (556) apply equally to the market for the supply of after-sales services for industrial doors in Belgium.

(559) On the other hand, the Commission also notes that, as the Notifying Party submits, the increment brought about by the Transaction is very limited ([0-5]%). Therefore, the absence of a substantive overlap indicates that there will be no significant impediment to effective competition in this market brought about by the Transaction.

(560) In light of the considerations in paragraphs (558) and (559) above as well as all evidence available to it, the Commission concludes that with regard to the market of after-sales services for industrial doors in Belgium, the Transaction does not

give rise to serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement.

7.4.2.2. Assessment of potential vertical non-coordinated effects on the upstream supply of branded spare parts for industrial doors and the downstream supply of after-sales services

(561) The assessment of potential vertical non-coordinated effects on the upstream supply of branded spare parts for industrial doors and the downstream supply of after-sales services will focus on France, the only country affected for the supply of a type of industrial doors (high-speed doors).

(A) Notifying Party's arguments

(562) Concerning after-sales services for industrial doors, the Notifying Party submits the same arguments as for after-sales services for automatic pedestrian doors (see Section 7.3.3.1).

(563) With regards to spare parts, the Notifying Party considers that the Transaction would not lead to foreclosure concerns as:

(a) Regarding input foreclosure, there are alternative sources of supply of spare parts, and if the Parties refuse to supply its brand-specific spare parts or increase prices post-Transaction they would, as a result, likely lose customers; and

(b) Regarding customer foreclosure, the Parties only represent a limited part of the customer base for spare parts.[491]

(B) Commission's assessment

(B.i) Ability

(564) Following its market investigation, the Commission considers that post-Transaction, the merged entity would have the ability to engage in input foreclosure of the Parties' spare parts, technical information and servicing tools necessary to perform after-sales services for industrial doors. This input foreclosure would entail either not providing spare parts, technical information and/or servicing tools, or providing them at an expensive price and with long lead-times. The Commission considers that this conduct could in principle be implemented readily.

(565) Moreover, brand-specific spare parts are captive (and therefore the Parties have a significant degree of market power in this market) and both spare parts, technical information and servicing tools are critical for performing after-sales services on the Parties' industrial doors. Further, the Parties have a very high market share in the related market for the manufacture and supply of high-speed doors in France ([50-60]%). This market is closely related to the after-sales market, and has been used as a proxy to determine the Parties' installed base, as an advantage to capture new after-sales business opportunities.

491 Form CO, paragraph 2088.

(566) Further, the majority of the respondents to the market investigation that expressed an opinion on this point indicate that there have sometimes experienced difficulties servicing doors supplied by a third party, notably because of the prices and lead-time of spare parts.[492] The sourcing of spare parts at reasonable costs has also proven a difficulty for the majority of competitors and all non-integrated suppliers who expressed an opinion on this point.[493]

(567) An end-customer expressed that: '*The concentration in the door market with two major actors in France may be prejudicial to the competitive landscape in this market with a risk of increasing prices upstream, servicing and repairs*'.[494] A non-integrated supplier expressed that: '*Assa Abloy will be in a very strong position and will compulsorily seek to have a return over its buying investments. Assa Abloy's management is known for being very hard and oriented on the hyper profitability at the expense of humans*'.[495]

(568) Further, site visits have revealed that accessing the control unit of operators for servicing purposes requires specific pieces of software and hardware only available to the original OEM or upon license.

(B.ii) Incentive

(569) The Commission has assessed the potential incentives of the Parties to engage in input foreclosure post-Transaction. The Commission considers likely that the Parties may engage in such foreclosure because of the following reasons: (i) the margins on after-sales services are significantly higher than on new sales of automatic pedestrian doors; (ii) there are significant cross-sales effects, that may be strengthened post-Transaction; (iii) the trade-off incentive of selling spare parts to competing OEMs in exchange for them selling their spare parts to the Parties may decrease post-Transaction.

(570) Firstly, it must be noted that the Parties have market power in the upstream market, as these markets are captive, but also in the downstream market for high-speed doors in France,[496] where the Parties have a large installed base.

(571) As discussed in Section 7.4.2.1(B), the Parties' margins for after-sales services are significantly higher than those for the sale of automatic pedestrian doors. This

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492 Questionnaire 4 to competitors of industrial doors, question 33; Questionnaire 5 to customers of industrial doors, question 32.

493 Questionnaire 4 to competitors of industrial doors, question 34; Questionnaire 5 to customers of industrial doors, question 33.

494 Questionnaire 5 to customers of industrial doors, question 33.3. Original quote in French: 'Concentration du marché de la porte avec deux acteurs majeurs en France peut être préjudiciable à l'univers concurrentiel sur ce marché avec un risque de faire monter les prix en achat, maintenance et réparation.'

495 Questionnaire 5 to customers of industrial doors, question 33.3. Original quote in French: 'Assa Abloy va être en position très forte et va obligatoirement chercher à avoir un retour sur les investissements d'acquisition. Le management d'Assa Abloy est connu pour être très dur et orienté sur l'hyper rentabilité au détriment de l'humain.'

496 As has been mentioned in the horizontal assessment for after-sales for automatic pedestrian doors for Sweden and France, the market shares for after-sales services for industrial doors include other players than OEMs, for example facility management companies. Therefore, these players dilute the Parties' estimates of after-sales services for industrial doors if compared to the manufacture and supply of industrial doors.

finding is further evidenced by Assa Abloy's earning calls with its investors, as shown in paragraph (460) above. These statements display the importance of after-sales services, its high margins, and ties this with a certain stickiness and captive base of clients. Given that after-sales services are more profitable than new sales of doors, an increase in the installed base of the Parties post-Transaction may incentivise them to expand in the supply of after-sales services for their installed base. For that reason, the Parties might want to position themselves as the only ones able to supply their spare parts (necessary for servicing their doors), and therefore will increase their incentives to stop supplying third party after-sales service providers.

(572) There already are significant cross-sales effects in the automatic door industry: OEMs will try to sell additional products or services to existing customers, and these effects may strengthen for the Parties post-Transaction.

(573) As mentioned in Section 7.4.2.1(B), the results from the market investigation indicate that the overall size of both an OEM's installed base of industrial doors and its servicing network are advantages to capture new after-sales business opportunities. Post-Transaction, the merged entity will have a larger size of installed base and servicing network, and therefore, their incentive to cross-sale may be higher. This may in turn translate into an incentive to not supply with the necessary tools, spare parts and information to third-party after-sales service providers, so the merged entity can service its installed base of industrial doors.

(574) Currently, OEMs (including the Parties) have the incentive of selling spare parts to competing OEMs, with the trade-off of the competing OEMs selling spare parts back, so doors from these OEMs can be serviced. With increased market shares, the incentives of the merged entity of selling its spare parts may decline, as they will have a large installed base and a possibility to service all those doors.

(B.iii) Effects

(575) The potential effects of this input foreclosure are threefold: (i) a decrease in the availability of the Parties' spare parts, technical information and servicing tools; (ii) an increase in the prices of the Parties' spare parts; (iii) an increase in the difficulty of third-party after-sales service providers to service the Parties' doors; and (iv) an increase in the prices of after-sales services, as a consequence of these previous three potential effects.

(576) As explained in Section 7.4.2.1(B), the results of the market investigation echoed the likelihood of these effects taking place post-Transaction.

(577) In light of the considerations in paragraphs (564) to (576) above as well as all evidence available to it, the Commission concludes that the question of whether serious doubts arise in relation to the potential vertical non-coordinated effects on the upstream supply of industrial doors and the downstream supply of after-sales services for industrial doors can be left open as the commitments include structural commitments in the EEA country for which the Commission has raised serious doubts as to its compatibility with the internal market for the manufacture and supply of high-speed doors.

7.5. Access control systems and components

(578) Among the Parties, only Assa Abloy is active in the manufacture and supply of access control systems and components. Moreover, access control systems and components do not constitute direct or important input into the manufacture and supply of automatic doors, or vice-versa. The Transaction may therefore only give rise to potential non-coordinated conglomerate effects in relation to the supply of access control systems and components, as discussed below.

7.5.1. Notifying Party's arguments

(579) The Notifying Party submits that the Transaction would not have any anti-competitive effects with respect to the supply of access control systems and components from a conglomerate perspective.[497]

(580) According to the Notifying Party, electronic access control systems and components, on the one hand, and automatic pedestrian doors, on the other hand, are sourced from different channels and at different times. Consequently, they are also installed separately. In addition, the Notifying Party submits that OEMs of automatic doors represent an insignificant customer segment for suppliers of electronic access control systems and components. Moreover, post-Transaction, there will remain many suppliers of access control systems and components. Finally, the Notifying Party puts forward arguments on interoperability, claiming that the Parties' automatic doors use an open interface that can be connected with any electronic access control system and that there are no specific hardware constraints for seamless interaction between automatic doors and pre-installed electronic access control systems.

7.5.2. Commission's assessment

(581) During the course of the Phase I market investigation, the Commission received a complaint from a market participant relating to anti-competitive effects arising from the bundling of electronic access control systems and automatic pedestrian doors.[498]

(582) However, the claims made by the complainant were not fully corroborated by the results of the market investigation. In particular, respondents to the market investigation support the Notifying Party's claim that the choice of automatic pedestrian doors typically does not take place at the same time as the choice of access control system (or components) used to manage the external access to the building in question.[499] In addition, according to the qualitative feedback provided by certain competing OEMs, access control systems are chosen before automatic pedestrian doors.[500]

(583) The outcome of the market investigation does not either substantiate a risk of technical tying between access control systems and automatic pedestrian doors, as

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497 Form CO, Section D.5.1., paragraph 2131 and Section D.5.5.

498 Non-confidential version of the complaint of a market participant, 19 February 2020.

499 Questionnaire 1 to competitors, question 99; Questionnaire 2 to end-customers, question 86; Questionnaire 3 to non-integrated suppliers, question 109.

500 Questionnaire 1 to competitors, question 99.1.

the majority of OEMs state that access control systems and components generally communicate with and operate with any automatic pedestrian door, by means of an open interface.[501]

(584) Nevertheless, according to the results of the market investigation, Assa Abloy is considered a significant supplier of access control systems and components in the EEA by the majority of respondents.[502] Moreover, the industry at hand is characterised by strong portfolio effects. In fact, the majority of competing OEMs consider that it is a significant competitive advantage for suppliers of automatic pedestrian doors to be also able to supply access control systems and/or components as well as for suppliers of access control systems and/or components to be also able to supply automatic pedestrian doors.[503]

(585) In practice, while the results of the market investigation are inconclusive as to whether it is a frequent practice for suppliers to offer together as a discounted bundle access control systems and/or components with automatic pedestrian doors, the majority of competing OEMs and half of direct customers consider that such bundled offers are likely to become more common in the future.[504]

(586) Finally, the majority of competing OEMs and non-integrated suppliers consider that the Transaction, inasmuch as Assa Abloy is also a supplier of access control systems and components, may affect negatively their position as suppliers of automatic pedestrian doors.[505]

(587) In light of the above considerations, the Commission concludes that while serious doubts with regard to non-coordinated conglomerate effects in the supply of access control systems and components cannot be excluded, these are effectively addressed by the proposed commitments (see Section 9).

(588) In fact, Agta Record is not active in the supply of access control systems and components whereas Assa Abloy is already active both in the supply of automatic pedestrian doors and of access control systems and components. Hence, in the present case, conglomerate effects would arise as a result of the combination of the Parties' activities in the supply of automatic pedestrian doors. However, the proposed commitments address the Commission's concerns relating to increased concentration in the supply of automatic pedestrian doors arising from the Transaction. As a result, the Commission finds that, on balance, the Transaction is unlikely to give the combined entity an increased ability or increased incentives to engage in successful conglomerate strategies, at least to a material extent, compared to the Notifying Party today.

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501 Questionnaire 1 to competitors, question 93.

502 Questionnaire 1 to competitors, questions 89 and 90; Questionnaire 2 to end-customers, questions 76 and 77; Questionnaire 3 for non-integrated suppliers, questions 100 and 101.

503 Questionnaire 1 for competitors, questions 88.2.1. and 88.2.2.

504 Questionnaire 1 for competitors, questions 100 and 100.2; Questionnaire 2 to end-customers, questions 87 and 87.2;

505 Questionnaire 1 for competitors, question 99; Questionnaire 3 for non-integrated suppliers, question 113.

7.6. Locking devices

(589) Locking devices constitute an input for automatic pedestrian doors. Among the Parties, only Assa Abloy is active in the manufacture and supply of locking devices. The Transaction may therefore only give rise to potential non-coordinated vertical effects in relation to the supply of locking devices, as discussed below.

7.6.1. Locks

7.6.1.1. Notifying Party's arguments

(590) The Notifying Party submits that the Transaction would not have any anti-competitive effects as any input or customer foreclosure strategies would be ineffective.[506]

(591) With regard to any possible input foreclosure strategy,[507] the Notifying Party claims that there are many alternative lock suppliers on the market. Moreover, it points to the fact that the majority of automatic doors are sold without a lock, as most doors are equipped with an intrinsic locking mechanisms. The Notifying Party further claims that even when a lock is required, it is delivered and installed separately from the doors. According to the Notifying Party, locks in any case do not constitute an important input, as especially mechanical but also electromechanical locks represent only a minor part of the price of automatic pedestrian doors.[508]

(592) With regard to any possible customer foreclosure strategy,[509] the Notifying Party submits that the merged entity would not have the ability to increase upstream competitors' costs or restrict access to a significant customer base. First, the Parties account for a small proportion of the demand for locks, with the majority of sales by lock suppliers made to other categories of customers such as OEMs of manual doors, non-integrated suppliers and locksmiths. According to the Notifying Party, there are numerous other customers for the supply of locks, including other OEMs of automatic doors but also OEMs of manual doors and windows.

7.6.1.2. Commission's assessment

(593) The Commission has assessed a risk of Assa Abloy engaging in foreclosure strategies in *Assa Abloy/Cardo*.[510] Similarly to the present case, that decision concerned the acquisition by Assa Abloy of a company that was not active in the manufacturing of mechanical locks. In that decision, the Commission found that the merged entity was unlikely to engage in foreclosure in relation to locks and industrial or residential garage doors.[511]

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506 Form CO, Section D.1.1., paragraph 1994.

507 Form CO, Section D.1.1., paragraph 1994 and Section D.1.6.2.

508 Form CO, Section D.1.4., paragraph 2023.

509 Form CO, Section D.1.1., paragraph 1994 and Section D.1.6.3.

510 Commission decision of 9 March 2011 in Case COMP/M.6117 – *Assa Abloy/Cardo*, paragraphs 38-42.

511 Commission decision of 9 March 2011 in Case COMP/M.6117 – *Assa Abloy/Cardo*, paragraph 42.

(594) In the present case, the Commission focuses its assessment on vertical links between locks and automatic pedestrian doors because, according to the Notifying Party, locks are rarely used in high-speed doors, either for internal and for external applications. [512]

(A) Affected markets

(595) As stated in paragraph (176), the Commission leaves open the geographic definition of the market for the supply of locks. If the market was to be defined as EEA-wide, it would not be affected, as the Parties' combined market shares on the market for the supply of mechanical locks[513] to OEMs of doors and windows are approximatively [10-20]% (by value) and [20-30]% (by volume).[514] However, under a narrower market definition, national markets of several Member States would be considered affected. The Notifying Party has an upstream market share of 30% or more in nine countries based on value (Denmark, Estonia, Finland, Latvia, Norway, Romania, Slovenia, Spain, and Sweden) and ten countries based on volume (Bulgaria, Denmark, Estonia, Finland, Latvia, Norway, Poland, Romania, Spain, and Sweden).[515]

(B) Input foreclosure for locks

(B.i) Ability

(596) According to the results of the market investigation, Assa Abloy is indeed one of the main suppliers of locks for automatic pedestrian doors in the EEA.[516] However, at the EEA-level, as stated in paragraph (595), the merged entity would not have a sufficiently strong presence upstream to have the ability to engage in input foreclosure for locks. Only at national level, in the countries listed in paragraph (595), could the Notifying Party's strong presence upstream support an ability to engage in a foreclosure strategy.

(597) However, the results of the market investigation support the Notifying Party's claim that automatic pedestrian doors are typically sold without locks. When asked about the percentage of automatic pedestrian doors supplied by their company that are equipped with standalone locks (as opposed to the intrinsic locking mechanism), half of competing OEMs state that it is between 0-5% for swing doors and the majority states it is also 0-5% for both sliding doors and revolving doors.[517]

(598) Moreover, the overwhelming majority of respondents consider locks supplied by Assa Abloy for automatic pedestrian doors in the EEA to be comparable to locks of other suppliers.[518] This result confirms the Notifying Party's claims as to the simple

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512 Reply of the Notifying Party to question 5 of a request for information 11, 20 January 2020.

513 The Notifying Party did not submit in the Form CO market shares for the supply of electromechanical locks, explaining in the reply to Question 4 of request for information 8 of 19 December that '*where automatic doors are sold with an integrated lock, it is in almost all cases a mechanical lock'*.

514 Form CO, Section D.1.6.1., paragraph 2032.

515 Form CO, Table D.1.6.1.

516 Questionnaire 1 for competitors, question 112; Questionnaire 3 for non-integrated suppliers, question 121.

517 Questionnaire 1 for competitors, question 105.2.

518 Questionnaire 1 for competitors, question 114.2; Questionnaire 3 for non-integrated suppliers, question 123.2.

and standardised character of locks, both mechanical and electromechanical, as well as the possibility to source these products from a broad range of lock manufacturers, wholesalers or locksmiths.[519]

(B.ii) Incentive

(599) Considering a narrow geographic market definition at national level, as mentioned in paragraph (595), the combined entity would have a significant presence both upstream and downstream (on the market for supply of at least one type of automatic pedestrian doors) in only a few countries.[520]

(600) Thus, in spite of the Notifying Party's significant upstream market position (in the supply of locks), no incentive to engage in input foreclosure strategies arise from the Transaction due to the lack of Agta Record's downstream activity (in the supply of automatic pedestrian doors). This is the case for the supply of all types of automatic pedestrian doors in Estonia and for the supply of revolving doors in Finland, Norway, Poland, Slovenia and Sweden. There may therefore be no incentive or any material change in the incentive to engage in foreclosure strategies on these markets.

(601) With respect to other countries where the Notifying Party holds a significant upstream market position (see paragraph (595), and in particular in Denmark (for sliding, swing and revolving doors), Latvia (for sliding and swing doors), Norway (for sliding and swing doors), Poland (for sliding and swing doors), Romania (for sliding and swing doors), Slovenia (for swing doors) and Spain (for sliding and swing doors), the downstream presence of the merged entity would remain below 30%.[521] Thus, an incentive to engage into any input foreclosure strategy (as well as an overall impact of such strategy) with regard to these markets would be limited.

(602) Furthermore, for several downstream markets where the Parties' combined market shares are higher ([30-40]% for sliding doors in Finland, [50-60] % for revolving doors in Romania, [30-40]% for sliding and [30-40]% for swing doors in Sweden), the increments are not significant (respectively [0-5], [0-5], [0-5] and [0-5] percentage points). [522] With regard to revolving doors in Latvia, the relatively high increment of [10-20] percentage points relates to the sale of [0-5] doors.[523] As a result, any change in the incentive to engage in a foreclosure strategy is unlikely to be material.

(603) Finally, concerns of increased concentration in downstream affected markets in Finland (swing doors with a combined market share of [30-40]% and an increment of [5-10] percentage points) and Slovenia (sliding doors with a combined market

519 Form CO, Section D.1.4., paragraph 2024 and reply of the Notifying Party to question 2 of the request for information 15, 21 February 2020.

520 The Parties' market shares used in this section were submitted as Annex 7.2. to the Form CO.

521 Combined market shares from the Commission's market reconstruction: Denmark: [20-30]% for sliding doors, [10-20]% for swing doors and [20-30]% for revolving doors; Latvia: [10-20]% for sliding doors, [5-10]% for swing doors; Norway: [5-10]% for sliding doors, [20-30]% for swing doors, Poland: [20-30]% for sliding doors, [5-10]% for swing doors; Romania: [20-30]% for sliding doors, [10-20]% for swing doors; Slovenia: [10-20]% for swing doors; Spain: [10-20]% for sliding doors and [20-30]% for swing doors.

522 Commission's market reconstruction.

523 Commission's market reconstruction.

share of [30-40]% with an increment of [10-20] percentage points)[524] are sufficiently addressed by the proposed commitments (see Section 9).

(604) In addition, while locks are considered an essential input for automatic pedestrian doors by the majority of competing OEMs and a predominant number of non-integrated suppliers,[525] the majority of respondents do not consider them as a significant cost factor relative to the overall production costs of automatic pedestrian doors.[526]

(605) The majority of respondents to the market investigation also state that in the event of a significant price increase or difficulty to procure locks from Assa Abloy, they would have sufficient alternative suppliers to procure locks for automatic pedestrian doors at competitive market conditions.[527]

(606) Overall, the Commission finds that even if an ability could potentially be sustained on the basis of a narrow definition of the geographic market at national level, the merged entity would have a limited increased incentive to engage in input foreclosure strategies post-Transaction.

(B.iii) Overall impact

(607) As very few automatic pedestrian doors appear to be supplied with locks (see paragraph (597)), according to the results of the market investigation, the overall impact of a related input foreclosure strategy would be limited.

(B.iv) Conclusion on input foreclosure

(608) According to the results of the market investigation, the majority of respondents do not consider that the Transaction may affect their ability to procure locks for automatic pedestrian doors at competitive market conditions.[528]

(609) While the Commission finds appropriate to leave the relevant geographic market definition open in the present case, it finds that the merged entity would have no ability to engage in any successful input foreclosure strategy if the market was to be defined as EEA-wide. If the market was to be defined at national level, the merge entity would have limited, if any, incentive to implement such conduct. In any event, the overall impact of any input foreclosure strategy is unlikely to be material given the very limited volumes of automatic doors supplied with locks.

(610) On this basis, the Commission finds that the Transaction does not give rise to serious doubts of anticompetitive effects arising from input foreclosure strategies in relation to the supply of locks.

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524 Commission's market reconstruction.

525 Questionnaire 1 for competitors, question 115; Questionnaire 3 for non-integrated suppliers, question 124.

526 Questionnaire 1 for competitors, question 116; Questionnaire 3 for non-integrated suppliers, question 125.

527 Questionnaire 1 for competitors, question 117; Questionnaire 3 for non-integrated suppliers, question 126.

528 Questionnaire 1 for competitors, question 118; Questionnaire 3 for non-integrated suppliers, question 127.

(B.v) Input foreclosure for electromechanical (also known as electrical or electric) locks

(611) Over the course of the merger review process, the Commission received a complaint from a competing automatic pedestrian door OEM invoking the '[c]*lear ability and incentives of the merged entity to engage in input foreclosure*' with regard to electric locks.[529]

(612) The complainant stresses that electric locks constitute an important part of the total value of automatic swing doors. It also submits that, post-Transaction, the merged entity is likely to reduce capacity and will have no incentive to supply its competitors at a competitive price level.

(613) According to the complainant, the merged entity's ability to engage in input foreclosure stems from its significant market position in the supply of automatic pedestrian doors and a lack of alternative lock suppliers, in particular in view of the applicable switching time and costs. The complainant further states that the merged entity would have an incentive to engage in such behaviour to further weaken the remaining competing OEMs of automatic pedestrian doors.

(614) The Commission does not find the complainant's concerns likely to materialise.

(615) Firstly, since the Commission's market investigation related to locks in general, thus covering both mechanical and electromechanical locks, the conclusions drawn in the previous section can be applied to the present assessment.

(616) Secondly, whereas the Notifying Party submits that alternative suppliers are available, the complainant already multi-sources electrical locks from at least two suppliers.[530]

(617) Thirdly, the Parties do not supply their automatic pedestrian doors equipped with locks in general and with electromechanical locks in particular. The Notifying Part submits that the Parties are not aware of any cases where they have supplied an electromechanical lock together with either a swing door, a sliding door or a revolving door.[531] Thus, the complainant's concerns over capacity reduction and captive use of these locks by the merged entity do not seem likely to materialise.[532]

(618) Finally, the complainant's arguments on the lengthy period necessary to qualify an alternative supplier and significant costs related to switching have not been substantiated.[533] Moreover, these arguments are difficult to reconcile with the Notifying Party's submission pointing to a lack of switching costs and barriers to entry.[534]

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529 Non-confidential version of the complaint submitted to the Commission by a competing OEM of automatic pedestrian doors on 5 February 2020.

530 Reply of the complainant to question 4 of the request for information, 10 February 2020.

531 Reply of the Notifying Party to question 2 of the request for information 15, 21 February 2020.

532 Non-confidential version of the complaint submitted to the Commission by a competing OEM of automatic pedestrian doors on 5 February 2020.

533 Reply of the complainant to question 3 of the request for information, 10 February 2020.

534 Reply of the Notifying Party to question 2 of the request for information 15, 21 February 2020.

(619) On balance, the Commission finds no ground to sustain serious doubts that the merged entity is likely to have the ability or incentives to engage in an input foreclosure strategy with respect to electrical locks. In any event, the Commission takes note of the Notifying Party's irrevocable offer to continue delivering the complainant for a period of eight years with the products delivered to it over the last three years, including electrical locks, in accordance with past volumes and at commercial terms in line with current supply conditions, thereby addressing the complainant's concerns.

(C) Customer foreclosure for locks

(C.i) Ability

(620) According to the results of the market investigation, a large number of competing OEMs consider that suppliers of automatic pedestrian doors represent an insignificant share of the procurement of locks in the EEA.[535] One respondent states that '[a]*utomatic pedestrian doors represent a small percentage of the overall number of doors that are equipped with locks*'[536] and another one estimates the proportion of sales of (relevant types of) locks made to suppliers of automatic pedestrian doors to be 1%.[537]

(621) Thus, the Commission finds that the merged entity would have a limited ability to engage in customer foreclosure.

(C.ii) Incentive

(622) In view of the findings presented in paragraph (621) above, a customer foreclosure strategy is unlikely to increase upstream competitors' costs and upstream prices to the benefit of the merged entity. Thus, the merged entity would have a limited incentive to engage in such conduct.

(C.iii) Overall impact

(623) In view of the findings presented in paragraph (621) and considering the limited ability and incentive for the merged entity to engage in customer foreclosure, such conduct is unlikely to have an overall impact on effective competition.

(C.iv) Conclusion on customer foreclosure

(624) On this basis, the Commission finds that the Transaction does not give rise to serious doubts of anticompetitive effects arising from customer foreclosure strategies in relation to the supply of locks.

535 Questionnaire 1 for competitors, question 113.

536 Questionnaire 1 for competitors, question 113.1.

537 Questionnaire 1 for competitors, question 113.2.

7.6.2. Electric strikes

7.6.2.1. Notifying Party's arguments

(625) The Notifying Party describes electric strikes are 'simple and accessible' products,[538] and submits that its own electric strikes can be used with manual or automatic swing doors of any brand. Furthermore, it argues that electric strikes with the same functions can be sourced from other manufacturers, wholesalers, locksmiths and security specialists.

(626) According to the Notifying Party, OEMs of automatic pedestrian doors have numerous alternative suppliers from whom they can source electric strikes of both Assa Abloy but also other manufacturers.[539] In addition, the Notifying Party submits that there are no significant barriers to entry, considering the simple character of the technology and moderate costs (in particular for manufacturers of electromechanical locks), and that there are no switching costs.[540]

(627) According to the Notifying Party's submission, electric strikes represent less than 5% of the overall cost of a swing door and do not constitute an important input for the downstream product market.[541]

(628) The Notifying Party further submits that its sales of electric strikes directly to automatic door OEMs are *'insignificant'*.[542] It also states that electric strikes are typically not supplied by automatic door suppliers but by, e.g., customers or suppliers of other automatic door hardware such as locksmiths.[543]

7.6.2.2. Commission's assessment

(629) Over the course of its market investigation, the Commission received a complaint regarding a risk of input foreclosure for electric strikes. The complaint insists on the complainant's absolute reliance on the Notifying Party for the supply of electric strikes and argues that the latter are a key input for its automatic swing doors, constituting also a significant cost factor.

(A) Ability

(630) According to its estimates, the Notifying Party's share of supply of electric strikes to OEMs of automatic pedestrian doors both at the EEA-level and at national level within the EEA was below 20% in 2018, and is unlikely to have materially changed in 2019.[544]

(631) Moreover, when asked about alternative suppliers, the complainant submits that while it could potentially source electric strikes from Dormakaba, there is a risk of the latter also engaging in input foreclosure due to its vertical integration into the

538 Reply of the Notifying Party to question 2 the request for information 14, 11 February 2020.

539 Reply of the Notifying Party to question 1 the request for information 14, 11 February 2020.

540 Reply of the Notifying Party to question 1 the request for information 15, 21 February 2020.

541 Reply of the Notifying Party to question 1 the request for information 14, 11 February 2020.

542 Reply of the Notifying Party to question 3 of the request for information 14, 11 February 2020.

543 Reply of the Notifying Party to question 1 of the request for information 14, 11 February 2020.

544 Reply of the Notifying Party to question 1 the request for information 15, 21 February 2020.

supply of automatic pedestrian doors.[545] However, the Notifying Party submits that, in addition to intermediaries, there are various other alternative suppliers of electric strikes in the EEA other than Dormakaba, e.g. Step lock, Dorcas, Nadal Badal (JIS Brand), Openers & Closers, BIRA and Fuhr. [546]

(632) The Commission therefore finds that the merged entity is unlikely to have the ability to engage in an input foreclosure strategy with respect to the supply of electric strikes.

(B) Incentive

(633) Considering its limited share of supply and the availability of alternative suppliers (see paragraph (631)), the merged entity would also have limited incentive to engage in an input foreclosure strategy.

(C) Overall impact

(634) According to the Notifying Party's submission, electric strikes are generally not supplied by automatic door suppliers but by, e.g., customers or suppliers of other automatic door hardware such as locksmiths (see paragraph (628)). As a result the overall impact of any input foreclosure strategy initiated by the merged entity would be limited.

(D) Conclusion on input foreclosure

(635) On balance, the Commission finds no ground to sustain serious doubts that the merged entity is likely to have the ability or incentive to engage in an input foreclosure strategy with respect to electric strikes, or that any such strategy could have a material impact. In any event, the Commission takes note of the Notifying Party's irrevocable offer to continue delivering the complainant for a period of eight years with the products delivered to it over the last three years, including electric strikes, in accordance with past volumes and at commercial terms in line with current supply conditions, thereby addressing the complainant's concerns.

7.7. Sensors

(636) Sensors constitute an input for automatic pedestrian doors. Among the Parties, only Assa Abloy is active in the supply of sensors. The Transaction may therefore only give rise to potential non-coordinated vertical effects in relation to the supply of sensors.

7.7.1. Notifying Party's arguments

(637) The Notifying Party submits that the Transaction would not lead to any foreclosure concerns.[547]

(638) In particular, it puts forwards that there will be no risk of input foreclosure.[548] First, the Notifying Party considers its subsidiary Cedes to be a relatively small supplier

545 Reply of the complainant to question 5 of the request for information, 10 February 2020.

546 Reply of the Notifying Party to question 4 the request for information 14, 11 February 2020.

547 Form CO, Section D.2.1., paragraph 2050.

548 Form CO, Section D.2.4.1.

of sensors, without any significant market power. It also submits that there are many suppliers of sensors to whom OEMs could switch in case of any foreclosure attempts.

(639) Moreover, the Notifying Party further claims that customer foreclosure will not materialise either.[549] First, the Notifying Party argues that there is no risk of merger-specific customer foreclosure as the Parties cannot easily and swiftly switch to self-sourcing due to limited compatibility of Cedes' sensors with both Agta Record's and Assa Abloy's automatic pedestrian doors as well as lack of compatibility of Agta Record's sensors and Assa Abloy's automatic pedestrian doors. Second, the Notifying Party insists on its small share of the customer base for sensors in the EEA. As Parties' sourcing is partitioned among several sensor suppliers, they do not represent an important customer for any of the latter.

7.7.2. Commission's assessment

(640) According to the estimates provided in the Form CO, at the EEA level, shares of Cedes are [0-5]% for the supply of sensors for automatic doors in general and, respectively, [0-5]% for the supply of sensors for automatic pedestrian doors and [5-10]% for the supply sensors for industrial doors.[550] As a result, the combined entity is unlikely to have the ability and incentive to engage in any successful input foreclosure strategy in relation to the supply of sensors.

(641) The combined entity is unlikely to have the ability to engage in customer foreclosure strategies due to the lack of full compatibility between the Parties' respective sensors and automatic pedestrian doors (see paragraph (639)). Moreover, considering that the relevant geographic product market for sensors is at least EEA-wide, one can take the Parties' combined market shares at the EEA-level for different types of automatic pedestrian doors (i.e. [10-20]% for swing, [20-30]% for sliding and [10-20]% for revolving doors)[551] as a proxy for their share of the demand for sensors. This proxy has to be further adjusted to account for the fact that Agta Record sources only around [40-50]% of its sensors externally.[552] On this basis, and considering that the Parties' sourcing is partitioned between different external suppliers, it can be concluded that the Parties do not constitute an important customer for any specific sensor manufacturer.[553]

(642) As a result, the Commission finds that the Transaction does not give rise to serious doubts of anticompetitive effects arising from vertical foreclosure strategies in relation to the supply of sensors.

549 Form CO, Section D.2.4.2.

550 Form CO, Tables D.2.4.1.(1), D.2.4.1.(2) and D.2.4.1.(3).

551 Form CO, Annex 7.2.

552 Form CO, Section D.2.4.2., paragraph 2082.

553 Form CO, Section D.2.4.2., paragraph 2083.

8. COMPETITIVE ASSESSMENT: COORDINATED EFFECTS

8.1. Notifying Party's arguments

(643) The Notifying Party argues that no coordinated effects would arise as a result of the Transaction in the supply of swing and sliding doors to non-integrated suppliers because: (i) the market conditions are not conducive to coordination as there are no common reference points around which terms of coordination can be reached and the markets are non-transparent; and (ii) the large number of market participants of varying size makes coordination impossible and easily defeated by competitors and customers.[554]

(644) Furthermore, the Notifying Party submits that no coordinated effects would arise as a result of the Transaction in the supply of swing, sliding and revolving doors to end-customers because: (i) the market conditions are not conducive to coordination as there are no common reference points around which terms of coordination can be reached and the market is non-transparent; and (ii)the large number of market participants of varying size active in both the direct and indirect channels makes coordination impossible and easily defeated by competitors and customers.[555]

8.2. Commission's assessment

(645) Overall, the Commission's market investigation confirms the Notifying Party's argument on the existence of a significant number of players of different sizes active in the direct and indirect sale channels in different national markets. First, as described in Section 7.2., the relative market position of OEMs differ across national markets and product categories, and there are different OEMs active predominantly in one or a limited number of national markets. Secondly, whereas the Commission considers that players in the indirect sales channel do not exercise the same level of competitive constraint on the Parties as other OEMs, the presence of these indirect sales players is such as to hinder the ability of companies to reach a common understanding on the terms of coordination.

(646) Furthermore, the different market position of the different OEMs across countries and product categories also reflects differentiated positioning in terms of size and cost structures across these different countries. This asymmetry is also such as to make it harder for companies to reach a common understanding on the terms of coordination.

(647) The market investigation also revealed that, although Assa Abloy is often viewed as the industry leader at the level of the EEA, market leaders differ from country to country and across product categories.[556] The variations in market positions across countries and product categories corroborate this point. In addition, a majority of competitors consider that other suppliers do not tend to follow the price increase of the market leader.[557] Generally, the outcome of the market investigation reveals

554 Form CO, paragraph 603.

555 Form CO, paragraph 943.

556 Questionnaire 1 for competitors, question 23; questionnaire 3 for non-integrated suppliers, question 31.5.

557 Questionnaire 1 for competitors, question 23.4. See also questionnaire 3 for non-integrated suppliers, question 31.4.

that there is no consistent pattern of price adjustment in the industry or a common understanding of the frequency and modalities of price increases.[558] Respondents indicated that pricing depends on a broad range of variables (size, feature, servicing, etc.), which renders any price comparison or the identification of a market price difficult.

(648) In addition, the Notifying Party's argument on the lack of market transparency is corroborated by discrepancies between the Notifying Party's estimates of competitors' market shares and the market reconstruction conducted by the Commission. In particular, there seems to be no well-known and widely used industry reports ensuring market transparency to a level capable of enabling firms to monitor deviations from coordination and to stabilise coordinated behaviour.

(649) On balance, the Commission finds that the Transaction does not give rise to serious doubts of coordinate effects. In any event, the commitments submitted by the Notifying Party address concerns of increased concentration arising from the Transaction and thereby also address the risk that the Transaction may facilitate or strengthen coordination in the relevant markets.

9. COMMITMENTS

9.1. Introduction

(650) Where a concentration raises serious doubts as regards its compatibility with the internal market, the Parties may undertake to modify the concentration so as to remove the grounds for the serious doubts identified by the Commission. Pursuant to Article 6(2) of the Merger Regulation, where the Commission finds that, following modification by the undertakings concerned, a notified concentration no longer raises serious doubts, it shall declare the concentration compatible with the internal market pursuant to Article 6(1)(b) of the Merger Regulation.

(651) As set out in the Commission's Remedies Notice,559 commitments have to eliminate the competition concerns entirely, and have to be comprehensive and effective from all points of view.[560]

(652) In the first phase of the Commission's investigation of a concentration ('Phase I'), commitments offered by the Parties can only be accepted where the competition concerns are readily identifiable and can easily be remedied. The competition concerns therefore need to be straightforward and the remedies clear-cut and sufficient to clearly rule out 'serious doubts' within the meaning of Article 6(1)(c) of the Merger Regulation, so that it is not necessary to enter into an in-depth ('Phase II') investigation. Where the assessment confirms that the proposed

558 Questionnaire 1 for competitors, questions 23.5 and 24, questionnaire 3 for non-integrated suppliers, question 31.3 and 31.4.

559 Commission Notice on remedies acceptable under Council Regulation (EC) No 139/2004 and under Commission Regulation (EC) No 802/2004 (OJ C 267, 22.10.2008, pages 1 to 27) ('the Remedies Notice').

560 Remedies Notice, paragraphs 9 and 61.

commitments remove the grounds for serious doubts on this basis, the Commission clears the concentration in Phase I.[561]

(653) In assessing whether commitments will maintain effective competition, the Commission considers all relevant factors, including the type, scale, and scope of the proposed commitments, with reference to the structure and particular characteristics of the market in which the concentration is likely to significantly impede effective competition, including the position of the Parties and other participants on the market.[562]

(654) In order for commitments to comply with those principles, they must be capable of being implemented effectively within a short period of time. Concerning the form of acceptable commitments, the Merger Regulation gives discretion to the Commission as long as the commitments meet the requisite standard. Structural commitments will meet the conditions set out above only in so far as the Commission is able to conclude with the requisite degree of certainty, at the time of its Decision, that it will be possible to implement them and that it will be likely that the new commercial structures resulting from them will be sufficiently workable and lasting to ensure that effective competition will be maintained.[563] Divestiture commitments are normally the best way to eliminate competition concerns resulting from horizontal overlaps.

9.2. Procedure

(655) In order to render the Transaction compatible with the internal market, the Parties submitted a set of commitments under Article 6(2) of the Merger Regulation on 6 February 2020 (the 'Initial Commitments'). The Commission market tested the Initial Commitments in order to assess whether they are sufficient and suitable to remedy the serious doubts identified in Section 7 of this Decision. Following the feedback received during the market test, the Initial Commitments were refined and improved. The Parties submitted amended commitments on 24 February 2020 (the 'Final Commitments'). The Final Commitments are annexed to this Decision and form an integral part thereof.

9.3. Initial Commitments

9.3.1. Description of the Initial Commitments

(656) On 6 February 2020, the Notifying Party proposed as 'Initial Commitments' to divest a Divestment Business composed of: (i) Agta Record's automatic pedestrian door business (final assembly, sales, distribution, installation and after-sales services) in the Netherlands, Austria, Hungary and Slovenia; (ii) Assa Abloy's automatic pedestrian door business (sales, distribution, installation and after-sales services) in France and the United Kingdom; (iii) an exclusive licence to market and sell Agta Record's automatic pedestrian door products in Czechia, Finland and Iceland for 5 years; and (iv) Agta Record's high-speed door business (manufacturing assets, IP and production and sales people) located in France.

561 Remedies Notice, paragraph 81.

562 Remedies Notice, paragraph 12.

563 Remedies Notice, paragraph 10.

(657) The Divestment Business included, at the option of the purchaser, the transitional benefit of arrangements under which the Parties supply products and services to the Divestment Business, including: (i) three year supply of Agta Record and Assa Abloy's products, spare parts and related services at cost (five years for the exclusive licence in Czechia, Finland and Iceland); (ii) three year royalty-free licence of all of Agta record and Assa Abloy's trademarks, brands, trade names, product lines and know-how, followed by a two-year blackout period; and (iii) supply of technical information and after-sales and installation configuration tools and software (at cost) for the lifetime of the Agta Record and Assa Abloy products in operation in the relevant countries and those to be installed by the purchaser over the first three years after closing.

(658) In addition, the Initial Commitments included behavioural commitments to supply standard brand-specific spare parts, technical information and after-sales and installation configuration tools and software from the Parties to third-party service providers in Belgium, Bulgaria, Cyprus, Denmark, Germany, Greece, Italy, Latvia, Malta, Poland, Portugal, Romania, Spain and Sweden on fair and reasonable terms for a period of five years, including by means of an online marketplace.

(659) The Initial Commitments included all assets and staff that contribute to the current operations or are necessary to ensure the viability and competitiveness of the Divestment Business. These are mainly: (i) tangible assets such as premises, machinery and equipment, vehicles and stock; (ii) personnel; (iii) intangible assets such as intellectual property rights; (iv) permits, licences and authorisations; (v) customer agreements and relationships as well as supply agreements; and (vi) customer, credit and other records.

(660) Moreover, the Initial Commitments provided for special suitability criteria applicable to the potential purchaser of the Divestment Business. Accordingly, in addition to standard criteria, the purchaser must (i) be an original equipment manufacturer (OEM) of automatic pedestrian doors and components to such doors (or a supplier of industrial doors for the high-speed industrial door business), owning proprietary designs and operating adequate manufacturing facilities; and (ii) have a significant footprint in the EEA complementary to that of the Divestment Business.

(661) Furthermore, the Notifying Party committed not to implement the Transaction before it, or the Divestiture Trustee, has entered into a final binding sale and purchase agreement for the sale of the Divestment Business and the Commission has approved the Purchaser and the terms of sale in accordance with the procedure set out in the Initial Commitments.

(662) Finally, the Notifying Party made related commitments, inter alia regarding the separation of the Divestment Business from the retained business, the preservation of the viability, marketability and competitiveness of the Divestment Business, including the appointment of a monitoring trustee and, if necessary, a divestiture trustee.

9.3.2. Results of the market test

(663) The Commission launched a market test of the First Commitments on 10 February 2020, which was addressed to competitors, non-integrated suppliers and end-customers.

(664) Overall, a majority of respondents to the market test considered that the proposed commitments were appropriate to eliminate the competition concerns raised by the Transaction.[564] However, some respondents to the market test identified areas for improvement.

(665) With respect to the divestiture of the Parties' automatic pedestrian doors operations, respondents indicated that:

(a) The three-year duration of the transitional supply arrangements and ancillary brand licenses was insufficient.[565] A majority of respondents indicated that five years would be acceptable;

(b) The exclusivity of the brand licences should be clarified to avoid circumvention and customer non-solicitation covenants should be included;[566]

(c) The duration of the transitional arrangement for access to spare parts, technical information and servicing tools should extend to the life time of the automatic doors in operation in the relevant countries;[567] and

(d) The Divestment Business should also include a technology transfer and the divestiture of brands (i.e., not only a transitory licence), with a view to strengthening the long-term competitiveness of the Divestment Business.

(666) With respect to the divestiture of Agta Record's industrial high-speed door business, respondents indicated that:

(a) Brands should also be divested;[568]

(b) The 3-year duration of the transitional supply arrangements and ancillary brand licenses was insufficient;[569]

(c) The exclusion of a steel cutting machine and a steel trimming machine could negatively impact the viability of the Divestment Business;

(d) Additional measures to facilitate the transfer of the divested assets to a separate location in the vicinity of the current plant should be foreseen;[570]

(e) The inclusion of other doors within the portfolio of the industrial high-speed door business would improve the viability of the Divestment Business; and

(f) The high-speed industrial door business should be structured as a separate divestment business that could be offered to a distinct purchaser, active in industrial doors.

564 Market test questionnaire, question 1.

565 Market test questionnaire, questions 12 to 16.

566 Market test questionnaire, question 2.2.

567 Market test questionnaire, questions 14 and 15.

568 Market test questionnaire, question 24.1.

569 Market test questionnaire, question 36.

570 Market test questionnaire, question 30.

(667) In relation to the behavioural commitments, respondents indicated that:

(a) The five-year duration of the behavioural commitments was insufficient in comparison with the life cycle of automatic pedestrian doors. Respondents converged around ten years as an acceptable duration;[571]

(b) The *'fair and reasonable'* terms governing the pricing of the supply obligation should be clarified;[572] and

(c) A neutral forum for dispute resolution should be set up instead of, ultimately, Stockholm (i.e., the seat of Assa Abloy).[573]

(668) Two complainants opposed the design and modalities of the Initial Commitments as part of the market test and, in particular, claimed that automatic pedestrian door manufacturing assets should be part of the Divestment Business.[574] One of these complainants further submitted that the Initial Commitments were insufficient as (i) they were not 'clear cut'; (ii) consisted in a *'complex mix-and-match solution of assets'*; (iii) lacked scale in view of the overlaps between the Parties' activities; and (iv) raised doubts as to whether a suitable purchaser could be found.[575]

9.3.3. Commission's assessment of the Initial Commitments

(669) The Commission notes that the Initial Commitments removed the overlap between the Parties' activities in those national markets where the Transaction would have raised serious doubts as to its compatibility with the internal market and the EEA-agreement. In addition, the Initial Commitments were capable of removing all other competition concerns raised by the Transaction, as discussed in Section 7, including those of a vertical and conglomerate nature.[576] Thus, the Commission considers that the Initial Commitments were in principle sufficient to address the identified competition concerns, and thus could be subject to market test.

(670) In addition, while the Initial Commitments included the divestiture of both Agta Record's and Assa Abloy's operations at national level (namely Agta Record's automatic pedestrian door business in the Netherlands, Austria, Hungary and Slovenia and Assa Abloy's automatic pedestrian door business in France and the United Kingdom), the Commission notes that (i) the Initial Commitments did not

571 Market test questionnaire, question 41.

572 Market test questionnaire, question 42.

573 Market test questionnaire, question 2.2.

574 Market test questionnaire, question 2.1.

575 Market test questionnaire, question 2.1.

576 As stated in Section 7.5.1.2., the risk of conglomerate effects in relation to the supply of access control systems and components is addressed by the proposed commitments. In effect, Agta Record is not active in the supply of access control systems and components whereas Assa Abloy is already active both in the supply of automatic pedestrian doors and of access control systems and components. Hence, in the present case, conglomerate effects would arise as a result of the combination of the Parties' activities in the supply of automatic pedestrian doors. However, the proposed commitments address the Commission's concerns relating to increased concentration in the supply of automatic pedestrian doors arising from the Transaction. As a result, the Commission finds that, on balance, the Transaction is unlikely to give the combined entity an increased ability or increased incentives to engage in successful conglomerate strategies, at least to a material extent, compared to the Notifying Party today.

entail a mix-and-match of assets at national level, or otherwise; and (ii) each business to be divested at national level each constitutes a stand-alone business. Indeed, the Initial Commitments include all the relevant assets which the national businesses currently use to operate in the relevant national markets.

(671) In addition, the Initial Commitments included, for a transitional period, the guaranteed supply of the products and services currently sold or used in the day-to-day operation of the various national businesses to be divested. Hence, the Initial Commitments ensured the seamless continued operation of the Divestment Business. The Initial Commitments were designed in such a way, notably by specifying specific purchaser criteria, that over time these products and services would be provided by the purchaser, including from its own manufacturing facilities. In turn, the fact that the Divestment Business did not include own manufacturing assets, beyond final assembly, was not such as to render the Initial Commitments improper in view of the integrated structure of the supply chains in the industry, the fact that manufacturing takes place largely by manual assembly of various components, and that capacity is not constrained and can be scaled with limited investments and time.

(672) Moreover, the Commission undertook to verify the profitability of the Divestment Business based on profit and loss data submitted by the Parties, and concluded that it was profitable.

(673) Accordingly, the Commission concluded that the Divestment Business was a stand-alone business and that Initial Commitments were in principle sufficiently clear-cut to address the serious doubts arising from the Transaction.

(674) In response to the market test, a number of companies active as OEMs of automatic pedestrian doors expressed a general interest in the acquisition of the Divestment Business.[577] Of these, none made their interest conditional on the inclusion of manufacturing assets. Some additional respondents indicated the interest in parts of the Divestment Business.[578] The Commission therefore considers that there is sufficient credible interest for the acquisition of the Divestment Business by potential purchasers.

(675) The Commission moreover notes the Notifying Party's commitment not to implement the Transaction before the Commission approves the Purchaser, limits the risk related to not finding a suitable purchaser.

9.3.4. *Conclusion on the Initial Commitments*

(676) On the basis of the above, the Commission concludes that the Initial Commitments were generally suitable to address the competition concerns and serious doubts identified by the Commission in Section 7. However, as explained in Section 9.3.2, the market test pointed towards some shortcoming in the Initial Commitments, which could negatively impact the viability and competitiveness of the Divestment Business. The Initial Commitments were subsequently refined and improved to address these shortcomings.

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577 Market test questionnaire, question 49.

578 Market test questionnaire, question 49.3.

9.4. Final Commitments

9.4.1. Description of the Final Commitments

(677) On 20 February 2020, the Notifying Party submitted modifications to the Initial Commitments (the 'Final Commitments').

(678) The main modifications are as follows:

(a) the addition of an EEA-wide non-exclusive licence to the entirety of Agta Record's automatic pedestrian door technology (including patents, designs, copyrights, trade secrets, know-how and data used in connection with the manufacturing of its automatic pedestrian doors, along with access to all relevant project notebooks, design history files, drawings, product specifications, manufacturing process descriptions, validation documentation, packaging specifications and quality control standards);

(b) the addition of the transfer, at the option of the purchaser, of a number of brands (formerly) used by the Parties in the marketing and supply of either automatic pedestrian doors or industrial doors;

(c) the extension of the transitional arrangements for the supply of products and service to the Divestment Business from three to five years;

(d) the clarification that access to spare parts, technical information and servicing tools is granted for the life span of the products in operation in the relevant countries (including for the three export countries, namely Czechia, Finland and Iceland);

(e) the inclusion of a customer non-solicitation clause of five years;

(f) the extension of the scope of the Divestment Business pertaining to The Netherlands so as to include Belgium;

(g) for high-speed industrial doors, the inclusion of additional servicing/installation personnel, of steel cutting and steel trimming machines, and of a transitory supply arrangement for the purchaser to procure at cost complementary products (known as overhead sectional doors), as well as an extension of the duration of transitional arrangements for the supply of products and services from three to five years and additional measures to facilitate the transfer of the business to nearby premises;

(h) the definition of the *'fair and reasonable terms'* under the behavioural commitments in reference to indexed historical realised prices; and

(i) the extension of the duration of behavioural commitments from five to ten years with an option for further extension.

(679) The Final Commitments also separate the initial Divestment Business into an automatic pedestrian door business ('Divestment Business APD') and an industrial high-speed door business ('Divestment Business HSD'), and clarifies the possibility that these two businesses could be sold to different purchasers.

9.4.2. Commission's assessment of the Final Commitments

(680) The Commission considers that the Final Commitments effectively address the shortcomings of the Initial Commitments set out in Section 9.3.2, as revealed by the market test.

(681) In particular, the Final Commitments include a broad technology transfer that ensures that the purchaser of the Divestment Business will be able to develop a portfolio of products at least equivalent to that of Agta Record. In addition, transfer of the ownership over a number of brands, including brands used in the supply of industrial doors, is such as to facilitate the long-term competitiveness of the Divestment Business. The duration of transitional arrangements and of the behavioural commitments have also been extended in line with the market test feedback. The terms of transitional arrangements have also been clarified, notably with respect to the availability of spare parts, in order to give the purchaser the ability to service the installed base of the Divestment Business over an extended period of time. The addition of a five-year customer non-solicitation clause will preserve the viability of the Divestment Business and contribute to create stable conditions for the transitioning and integration therefor with the purchaser. The scope and viability of the Divestment Business in relation to industrial high-speed doors is also strengthened, notably to guarantee its attractiveness, facilitate its relocation and ensure its competitiveness over time.

(682) The Commission notes that, in response to the market test, two complainants referred to the need to include manufacturing assets as part of the Divestment Business, which has not been made part of the Final Commitments.[579] One of the complainant is not currently an OEM of automatic pedestrian doors and thus does not operate its own manufacturing assets, as required under the purchaser suitability criteria. The other complainant expressed concerns that, by retaining the manufacturing capabilities of Agta Record, Assa Abloy would still be able to realise part of the scale and cost efficiencies associated with the Transaction.[580] That complainant otherwise indicated a possible interest for the Divestment Business, as proposed by the Notifying Party.

(683) The Commission considers that the non-inclusion of manufacturing assets would not render the Final Commitments inappropriate to eliminate the competition concerns and serious doubts raised by the Transaction.

(684) In this regard, the Commission notes that, in addition to the considerations spelled out in the assessment of the Initial Commitments, the Divestment Business is made of several separate national businesses with all of their relevant assets, including the necessary supply of inputs upstream, and no respondent to the market test interested in purchasing the Divestment Business made this interest conditional on the inclusion of manufacturing assets. To the contrary, certain respondents to the market test expressly indicated that including manufacturing assets was not necessary,[581] notably as it could result in efficiency losses for the purchaser if it was to operate different manufacturing facilities in different locations.

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579 Market test questionnaire, question 2.1.

580 See also minutes of a call with the complainant on 18 February 2020.

581 See also minutes of a call with a competing OEM on 18 February 2020.

(685) Moreover, according to the special criteria laid down in the Final Commitments, the purchaser must (i) be an original equipment manufacturer (OEM) of automatic pedestrian doors and components to such doors, owning proprietary designs and operating adequate manufacturing facilities; and (ii) have a significant footprint in the EEA complementary to that of the Divestment Business. This will ensure that the Divestment Business will still be supplied with the required inputs to continue operating as a viable and competitive business on a lasting basis.

(686) Overall, the Final Commitments are designed to enable the purchaser to acquire a significant operational presence and scale in a number of EEA countries, i.e., in all countries and for all product categories in relation to which serious doubts arise, to service the installed base of the Divestment Business over the life span of the relevant products and to develop a comprehensive product portfolio, while limiting any impact on its own supply chain.

9.4.3. Conclusion on the Final Commitments

(687) For the reasons outlined above, the Final Commitments offered by the Notifying Party are sufficient to fully eliminate the Commission's serious doubts as to the compatibility of the Transaction with the internal market and the functioning of the EEA Agreement, as identified in Section 7, and complies with the clear-cut standard applicable to Phase I remedies.

10. CONDITIONS AND OBLIGATIONS

(688) Under the first sentence of the second subparagraph of Article 6(2) of the Merger Regulation, the Commission may attach to its decision conditions and obligations intended to ensure that the undertakings concerned comply with the commitments they have entered vis-à-vis the Commission with a view to rendering the concentration compatible with the internal market

(689) The fulfilment of the measures that gives rise to the structural change of the market is a condition, whereas the implementing steps that are necessary to achieve this result are generally obligations on the parties. Where a condition is not fulfilled, the Commission's decision declaring the concentration compatible with the internal market is no longer applicable. Where the undertakings concerned commit a breach of an obligation, the Commission may revoke the clearance decision in accordance with Article 6(3) of the Merger Regulation. The undertakings concerned may also be subject to fines and periodic penalty payments under Articles 14(2) and 15(1) of the Merger Regulation.

(690) In accordance with the basic distinction between conditions and obligations described in the preceding paragraph, the commitments set forth in Sections B, D, F and G of the Final Commitments, and the respective Schedules 1 to 8 and their annexes, constitute conditions attached to this decision, as only through full compliance therewith can the structural changes in the relevant markets be achieved. The other commitments set out in the Annex constitute obligations, as they concern the implementing steps which are necessary to achieve the modifications sought in a manner compatible with the internal market and the functioning of the EEA Agreements.

(691) The full text of the Final Commitments, together with Schedules 1 to 8 and annexes to these Schedules, is attached as the Annex to this Decision and forms an integral part of it.

11. CONCLUSION

(692) For the above reasons, the Commission has decided not to oppose the notified operation as modified by the Final Commitments and to declare it compatible with the internal market and with the functioning of the EEA Agreement, subject to full compliance with the conditions set out in Sections B, D, F and G of the Final Commitments, and the respective Schedules 1 to 8 and their annexes, as annexed to this decision and with the obligations contained in the other sections of the said Final Commitments. This decision is adopted in application of Article 6(1)(b) in conjunction with Article 6(2) of the Merger Regulation and Article 57 of the EEA Agreement.

For the Commission

(Signed)
Margrethe VESTAGER
Executive Vice-President

[…]

20th February 2020

COMMITMENTS TO THE EUROPEAN COMMISSION
CASE M.9408 – ASSA ABLOY / AGTA RECORD

Pursuant to Article 6(2) of Council Regulation (EC) No 139/2004 (the "***Merger Regulation***"), ASSA ABLOY Holding AB, reg. no. 559180-8646, a subsidiary of ASSA ABLOY AB (publ), reg. no. 556059-3575 (ASSA ABLOY AB (publ) and its subsidiaries are hereinafter referred to as the "***Notifying Party***" or "***ASSA ABLOY***") hereby enters into the following commitments (the "***Commitment***s") vis-à-vis the European Commission (the "***Commission***") with a view to rendering the acquisition of sole control within the meaning of Article 3(1)(b) of the Merger Regulation of agta record ag, reg. no. CHE-101.395.724, and its direct and indirect subsidiaries ("***agta record***") by ASSA ABLOY (the "***Concentration***") compatible with the internal market and the functioning of the EEA Agreement.

This text shall be interpreted in light of the Commission's decision pursuant to Article 6(1)(b) of the Merger Regulation to declare the Concentration compatible with the internal market and the functioning of the EEA Agreement (the "***Decision***"), in the general framework of European Union law, in particular in light of the Merger Regulation, and by reference to the Commission Notice on remedies acceptable under Council Regulation (EC) No 139/2004 and under Commission Regulation (EC) No 802/2004 (the "***Remedies Notice***").

SECTION A. DEFINITIONS

1. For the purpose of the Commitments, the following terms shall have the following meaning:

agta record: agta record ag, reg. no CHE-101.395.724, incorporated under the laws of Switzerland, with its registered office at Allmendstrasse 24, 8320 Fehraltorf, Switzerland, and its subsidiaries.

Affiliated Undertakings: undertakings controlled by the Parties and/or by the ultimate parents of the Parties, whereby the notion of control shall be interpreted pursuant to Article 3 of the Merger Regulation and in light of the Commission Consolidated Jurisdictional Notice under Council Regulation (EC) No 139/2004 on the control of concentrations between undertakings (the "***Consolidated Jurisdictional Notice***").

ASSA ABLOY: ASSA ABLOY AB (publ), reg. no. 556059-3575, incorporated under the laws of Sweden, with its registered office at Box 70340, SE-10723 Stockholm, Sweden, and its subsidiaries.

Assets: all assets that contribute to the current operations or are necessary to ensure the viability and competitiveness of the Divestment Business APD and the Divestment

Business HSD as indicated in Section B, paragraph 8(a), (b) and (c) and described more in detail in the Schedules.

Automatic pedestrian doors: Swing, sliding and revolving doors, as well a certain specialty automatic pedestrian door products (including hermetic doors) provided by the Parties.

Closing: the transfer of the legal title to the Divestment Business APD and the Divestment Business HSD to the Purchaser.

Closing Period: the period of 3 months from the approval of the Purchaser and the terms of sale by the Commission.

Concentration: the acquisition of agta record by ASSA ABLOY.

Confidential Information: any business secrets, know-how, commercial information, or any other information of a proprietary nature that is not in the public domain.

Conflict of Interest: any conflict of interest that impairs the Trustee's objectivity and independence in discharging its duties under the Commitments.

Divestment Business APD: the automatic pedestrian door businesses defined in paragraph 6 of these Commitments and in Schedules 1 to 6, which the Notifying Party commits to divest.

Divestment Business HSD: the industrial high-speed door business defined in paragraph 7 of these Commitments and in Schedule 7, which the Notifying Party commits to divest.

Divestiture Trustee: one or more natural or legal person(s) who is/are approved by the Commission and appointed by ASSA ABLOY and who has/have received from ASSA ABLOY the exclusive Trustee Mandate to sell the Divestment Business APD and the Divestment Business HSD to a Purchaser at no minimum price.

Effective Date: the date of adoption of the Decision.

Fair and reasonable terms: price not exceeding the average country-specific per-unit realised price at which either ASSA ABLOY or agta record, depending on the origin of the product in question, supplied the said product during the period of either the last 12-months or the last three years prior to the closing of the Concentration, whichever is more favourable for the customer, as adjusted at the end of each consecutive period of twelve (12) months based on an objective and customary industry index (reflecting, e.g., developments in the cost of raw materials, inflation, currency fluctuation). The prices calculated according to the above factors, including subsequent adjustments, shall be submitted to the Monitoring Trustee for approval, in consultation with the Commission, prior to being implemented. The Notifying Party shall disclose to the Monitoring Trustee all necessary information to enable an assessment of the compliance of the proposed fair and reasonable terms with the Commitments.

First Divestiture Period: the period of [Duration] from the Effective Date.

Hold Separate Manager: the person appointed by ASSA ABLOY for the Divestment Business APD and the Divestment Business HSD to manage the day-to-day business under the supervision of the Monitoring Trustee.

Key Personnel: all personnel necessary to maintain the viability and competitiveness of the Divestment Business APD and the Divestment Business HSD, as listed in the Schedules, including the Hold Separate Manager.

Monitoring Trustee: one or more natural or legal person(s) who is/are approved by the Commission and appointed by ASSA ABLOY and who has/have the duty to monitor ASSA ABLOY's compliance with the conditions and obligations attached to the Decision.

Parties: ASSA ABLOY and agta record.

Personnel: all staff currently employed by the Divestment Business APD and the Divestment Business HSD, including staff seconded to the Divestment Business APD and the Divestment Business HSD, shared personnel as well as the additional personnel listed in the Schedules.

Purchaser: the entity approved by the Commission as acquirer of the Divestment Business APD and/or of the Divestment Business HSD, in accordance with the criteria set out in Section D.

Purchaser Criteria: the criteria laid down in paragraph 22 of these Commitments that the Purchaser must fulfil in order to be approved by the Commission.

Schedules: schedule 1-8 to these Commitments, describing more in detail the Divestment Business APD and the Divestment Business HSD.

Standard brand-specific spare parts: spare parts specific for ASSA ABLOY's and agta record's automatic pedestrian door products (including the motor, the drive unit and the control board), not including spare parts that are made-to-order for a specific customer (for example an operator casing with a specific length).

Trustee(s): the Monitoring Trustee and/or the Divestiture Trustee as the case may be.

Trustee Divestiture Period: the period of [Duration] from the end of the First Divestiture Period.

SECTION B. THE COMMITMENT TO DIVEST AND THE DIVESTMENT BUSINESSES

Commitment to divest

2. In order to maintain effective competition, ASSA ABLOY commits to divest or procure the divestiture of the Divestment Business APD and the Divestment Business HSD by the end of the Trustee Divestiture Period as a going concern to a purchaser and on terms of sale approved by the Commission in accordance with the procedure described in paragraph 23 of these Commitments. To carry out the divestiture, ASSA ABLOY commits to find a purchaser and to enter into a final binding sale and purchase agreement for the sale of the Divestment Business APD and the Divestment Business HSD within the First Divestiture Period. If ASSA ABLOY has not entered into such an agreement at the end of the First Divestiture Period, ASSA ABLOY shall grant the Divestiture Trustee an exclusive mandate to sell the Divestment Business APD and the Divestment Business HSD in accordance with the procedure described in paragraph 35 in the Trustee Divestiture Period.

3. The proposed concentration shall not be implemented before ASSA ABLOY or the Divestiture Trustee has entered into a final binding sale and purchase agreement for the sale of the Divestment Business APD and the Divestment Business HSD and the Commission has approved the purchaser(s) and the terms of sale in accordance with paragraph 23.

4. ASSA ABLOY shall be deemed to have complied with this commitment if:

(a) by the end of the Trustee Divestiture Period, ASSA ABLOY or the Divestiture Trustee has entered into a final binding sale and purchase agreement and the Commission approves the proposed purchaser and the terms of sale as being consistent with the Commitments in accordance with the procedure described in paragraph 23; and

(b) the Closing of the sale of the Divestment Business APD and the Divestment Business HSD to the Purchaser takes place within the Closing Period.

5. In order to maintain the structural effect of the Commitments, the Notifying Party shall, for a period of 10 years after Closing, not acquire, whether directly or indirectly, the possibility of exercising influence (as defined in paragraph 43 of the Remedies Notice, footnote 3) over the whole or part of the Divestment Business APD and the Divestment Business HSD, unless, following the submission of a reasoned request from the Notifying Party showing good cause and accompanied by a report from the Monitoring Trustee (as provided in paragraph 64 of these Commitments), the Commission finds that the structure of the market has changed to such an extent that the absence of influence over the Divestment Business APD or the Divestment Business HSD is no longer necessary to render the proposed concentration compatible with the internal market.

Structure and definition of the Divestment Business

6. The Divestment Business APD consists of the following businesses active in the sales, distribution, installation and after-sales services of Automatic pedestrian doors:

(a) The Netherlands: agta record's entire business in the Netherlands, record Automatische Deuren B.V. and record Holding Nederland B.V ("Divestment Business APD Netherlands"), as further described in Schedule 1;

(b) Austria: agta record's entire business in Austria, record Austria GmbH ("Divestment Business APD Austria"), as further described in Schedule 2;

(c) Hungary: agta record's entire business in Hungary, Record Ajtó-automatizálási Kft ("Divestment Business APD Hungary"), as further described in Schedule 3;

(d) Slovenia: agta record's entire business in Slovenia, record avtomatska vrata d.o.o. ("Divestment Business APD Slovenia"), as further described in Schedule 4;

(e) France: ASSA ABLOY's entire automatic pedestrian door business in the France, ASSA ABLOY Entrance Systems Piétonnes SAS ("Divestment Business APD France"), as further described in Schedule 5.

(f) The United Kingdom: ASSA ABLOY's entire automatic pedestrian door business in the United Kingdom, ASSA ABLOY Entrance Systems Ltd, not including assets relating to the industrial door organization or the Republic of Ireland ("Divestment Business APD United Kingdom"), as further described in Schedule 6.

7. The Divestment Business HSD consists in agta record's business active in the manufacturing, sales, distribution, installation and after-sales services of high-speed doors, as further described in Schedule 7.

8. The legal and functional structure of the Divestment Business APD and the Divestment Business HSD as operated to date is described in the Schedules. The Divestment Business APD and the Divestment Business HSD, described in more detail in the Schedules, include all assets and staff that contribute to the current operations or are necessary to ensure the viability and competitiveness of the Divestment Business, in particular:

(a) all tangible and intangible assets (including intellectual property rights), unless excluded in the Schedules;

(b) all licences, permits and authorisations issued by any governmental organisation for the benefit of the Divestment Business, unless excluded in the Schedules;

(c) all contracts, leases, commitments and customer orders and all customer, credit and other records of the Divestment Business, unless excluded in the Schedules; and

(d) the Personnel, unless excluded in the Schedules.

9. Management and support functions in the Divestment Business APD and the Divestment Business HSD are performed on a national level, which means that the national businesses are independent and self-sufficient entities. However, at the option of the purchaser, the Divestment Business APD and the Divestment Business HSD will include a group management and support organisation.

10. At the option of the purchaser, the Parties will transfer as part of the Divestment Business APD ownership of:

12. (i) any and all rights that agta record may have to the brand "Vercor". In return, the Purchaser shall grant to the Parties an exclusive, irrevocable and royalty free

license to market and sell Automatic pedestrian doors in France under the brand "Vercor" for a period of 2 years after Closing;

13. (ii) any and all rights that ASSA ABLOY may have on up to three (3) of the brands previously used for Automatic pedestrian doors, as listed in Schedule 8.

11. At the option of the purchaser, the Parties will also transfer as part of the Divestment Business HSD ownership of any and all rights that ASSA ABLOY may have on up to three (3) of the brands used previously for industrial doors, as listed in Schedule 8.

12. In addition, the Divestment Business APD and the Divestment Business HSD include the benefit, for a transitional period after Closing, of arrangements under which the Parties or its Affiliated Undertakings supply products or services to the Divestment Business APD or the Divestment Business HSD, as detailed in the Schedules, unless otherwise agreed with the Purchaser. Strict firewall procedures will be adopted so as to ensure that any competitively sensitive information related to, or arising from such supply arrangements (for example, product roadmaps) will not be shared with, or passed on to, anyone outside the relevant division providing the products/services to the Divestment Business APD or the Divestment Business HSD.

SECTION C. RELATED COMMITMENTS

Preservation of viability, marketability and competitiveness

13. From the Effective Date until Closing, the Notifying Party shall preserve or procure the preservation of the economic viability, marketability and competitiveness of the Divestment Business APD and the Divestment Business HSD, in accordance with good business practice, and shall minimise as far as possible any risk of loss of competitive potential of the Divestment Business APD and the Divestment Business HSD. In particular ASSA ABLOY undertakes:

(a) not to carry out any action that might have a significant adverse impact on the value, management or competitiveness of the Divestment Business APD and the Divestment Business HSD or that might alter the nature and scope of activity, or the industrial or commercial strategy or the investment policy of the Divestment Business APD and the Divestment Business HSD;

(b) to make available, or procure to make available, sufficient resources for the development of the Divestment Business APD and the Divestment Business HSD, on the basis and continuation of the existing business plans;

(c) to take all reasonable steps, or procure that all reasonable steps are being taken, including appropriate incentive schemes (based on industry practice), to encourage all Key Personnel to remain with the Divestment Business APD and the Divestment Business HSD, and not to solicit or move any Personnel to ASSA ABLOY's remaining business. Where, nevertheless, individual members of the Key Personnel exceptionally leave the Divestment Business APD and the Divestment Business HSD, ASSA ABLOY shall provide a reasoned proposal to replace the person or persons concerned to the Commission and the Monitoring Trustee. ASSA ABLOY must be able to demonstrate to the Commission that the replacement is well suited to carry out the functions exercised by those individual

members of the Key Personnel. The replacement shall take place under the supervision of the Monitoring Trustee, who shall report to the Commission.

Hold-separate obligations

14. The Notifying Party commits, from the Effective Date until Closing, to procure that the Divestment Business APD and the Divestment Business HSD is kept separate from the businesses that the Notifying Party will be retaining and, after closing of the notified transaction to keep the Divestment Business separate from the business that the Notifying Party is retaining and to ensure that unless explicitly permitted under these Commitments: (i) management and staff of the businesses retained by ASSA ABLOY have no involvement in the Divestment Business APD and the Divestment Business HSD; (ii) the Key Personnel and Personnel of the Divestment Business APD and the Divestment Business HSD have no involvement in any business retained by ASSA ABLOY and do not report to any individual outside the Divestment Business APD and the Divestment Business HSD.

15. Until Closing, ASSA ABLOY shall assist the Monitoring Trustee in ensuring that the Divestment Business APD and the Divestment Business HSD are managed as a distinct and saleable entity separate from the business which ASSA ABLOY is retaining. Immediately after the adoption of the Decision, ASSA ABLOY shall appoint a Hold Separate Manager. The Hold Separate Manager, who shall be part of the Key Personnel, shall manage the Divestment Business APD and the Divestment Business HSD independently and in the best interest of the business with a view to ensuring its continued economic viability, marketability and competitiveness and its independence from the businesses retained by ASSA ABLOY. The Hold Separate Manager shall closely cooperate with and report to the Monitoring Trustee and, if applicable, the Divestiture Trustee. Any replacement of the Hold Separate Manager shall be subject to the procedure laid down in paragraph 13(c) of these Commitments. The Commission may, after having heard ASSA ABLOY, require ASSA ABLOY to replace the Hold Separate Manager.

Ring-fencing

16. ASSA ABLOY shall implement, or procure to implement, all necessary measures to ensure that it does not, after the Effective Date, obtain any Confidential Information relating to the Divestment Business APD and the Divestment Business HSD and that any such Confidential Information obtained by ASSA ABLOY before the Effective Date will be eliminated and not be used by ASSA ABLOY. This includes measures vis-à-vis ASSA ABLOY's appointees on the supervisory board and/or board of directors of the Divestment Business APD and the Divestment Business HSD. In particular, the participation of the Divestment Business APD and the Divestment Business HSD in any central information technology network shall be severed to the extent possible, without compromising the viability of the Divestment Business. ASSA ABLOY may obtain or keep information relating to the Divestment Business APD and the Divestment Business HSD which is reasonably necessary for the divestiture of the Divestment Business APD and the Divestment Business HSD or the disclosure of which to ASSA ABLOY is required by law.

Non-solicitation clause

17. The Parties undertake, subject to customary limitations, not to solicit, and to procure that Affiliated Undertakings do not solicit, the Key Personnel transferred with the Divestment Business APD and the Divestment Business HSD for a period of three years after Closing.

18. The Parties undertake not to solicit, and to procure that Affiliated Undertakings do not solicit, existing customers of the Divestment Business APD and the Divestment Business HSD at the time of Closing, for a period of five years after Closing. For the avoidance of doubt, the Parties are not restricted to continue ongoing business relationships with their own existing customers that are also customers to the Divestment Business APD/Divestment Business HSD at the time of Closing. The Parties are also not obligated to refuse to supply customers with Automatic pedestrian doors or high-speed doors (including after-sales services), respectively, in case the customers contact the Parties directly. Furthermore, there shall be no restriction related to any other product than Automatic pedestrian doors or high-speed doors within the Parties' product portfolio.

Due diligence

19. In order to enable potential purchasers to carry out a reasonable due diligence of the Divestment Business APD and the Divestment Business HSD, ASSA ABLOY shall, subject to customary confidentiality assurances and dependent on the stage of the divestiture process:

(a) provide to potential purchasers sufficient information as regards the Divestment Business APD and the Divestment Business HSD;

(b) provide to potential purchasers sufficient information relating to the Personnel and allow them reasonable access to the Personnel.

Reporting

20. ASSA ABLOY shall submit written reports in English on potential purchasers of the Divestment Business APD and the Divestment Business HSD and developments in the negotiations with such potential purchasers to the Commission and the Monitoring Trustee no later than 10 days after the end of every month following the Effective Date (or otherwise at the Commission's request). ASSA ABLOY shall submit a list of all potential purchasers having expressed interest in acquiring the Divestment Business APD and the Divestment Business HSD to the Commission at each and every stage of the divestiture process, as well as a copy of all the offers made by potential purchasers within five days of their receipt.

21. ASSA ABLOY shall inform the Commission and the Monitoring Trustee on the preparation of the data room documentation and the due diligence procedure and shall submit a copy of any information memorandum to the Commission and the Monitoring Trustee before sending the memorandum out to potential purchasers.

SECTION D. THE PURCHASER

22. In order to be approved by the Commission, the Purchaser must fulfil the following criteria:

(a) The Purchaser shall be an original equipment manufacturer (OEM) of automatic pedestrian doors and components to such doors, owning proprietary designs and operating adequate manufacturing facilities.

(b) The Purchaser shall have a significant presence in the EEA complementary to that of the Divestment Business.

(c) The Purchaser shall be independent of and unconnected to the Notifying Party and its Affiliated Undertakings (this being assessed having regard to the situation following the divestiture).

(d) The Purchaser shall have the financial resources, proven expertise and incentive to maintain and develop the Divestment Business as a viable and active competitive force in competition with the Parties and other competitors.

(e) The acquisition of the Divestment Business by the Purchaser must neither be likely to create, in light of the information available to the Commission, *prima facie* competition concerns nor give rise to a risk that the implementation of the Commitments will be delayed. In particular, the Purchaser must reasonably be expected to obtain all necessary approvals from the relevant regulatory authorities for the acquisition of the Divestment Business.

14. The Notifying Party shall undertake to offer the Divestment Business APD and the Divestment Business HSD for sale to the same potential purchasers. However, the Notifying Party may enter into an agreement for the sale of the Divestment Business APD, on the one hand, and the Divestment Business HSD, on the other hand, with different purchasers. In that situation, , the purchaser of the Divested Business HSD may, contrary to what is required in criteria (a), also be a supplier of industrial doors.

23. The final binding sale and purchase agreement (as well as ancillary agreements) relating to the divestment of the Divestment Business APD and the Divestment Business HSD shall be conditional on the Commission's approval. When ASSA ABLOY has reached an agreement with a purchaser, it shall submit a fully documented and reasoned proposal, including a copy of the final agreement(s), within one week to the Commission and the Monitoring Trustee. ASSA ABLOY must be able to demonstrate to the Commission that the purchaser fulfils the Purchaser Criteria and that the Divestment Business APD and the Divestment Business HSD are being sold in a manner consistent with the Commission's Decision and the Commitments. For the approval, the Commission shall verify that the purchaser fulfils the Purchaser Criteria and that the Divestment Business APD and the Divestment Business HSD are being sold in a manner consistent with the Commitments including their objective to bring about a lasting structural change in the market. The Commission may approve the sale of the Divestment Business APD and the Divestment Business HSD without one or more Assets or parts of the Personnel, or by substituting one or more Assets or parts of the Personnel with one or more different assets or different personnel, if this does not affect the viability and competitiveness of the Divestment Business APD and the Divestment Business HSD after the sale, taking account of the proposed purchaser.

SECTION E. TRUSTEE

I. Appointment procedure

24. ASSA ABLOY shall appoint a Monitoring Trustee to carry out the functions specified in these Commitments for a Monitoring Trustee. The Notifying Party commits not to close the Concentration before the appointment of a Monitoring Trustee.

25. If ASSA ABLOY has not entered into a binding sale and purchase agreement regarding the Divestment Business APD and the Divestment Business HSD one month before the end of the First Divestiture Period or if the Commission has rejected a purchaser proposed by

ASSA ABLOY at that time or thereafter, ASSA ABLOY shall appoint a Divestiture Trustee. The appointment of the Divestiture Trustee shall take effect upon the commencement of the Trustee Divestiture Period.

26. The Trustee shall:

(a) at the time of appointment, be independent of the Notifying Party and its Affiliated Undertakings;

(b) possess the necessary qualifications to carry out its mandate, for example have sufficient relevant experience as an investment banker or consultant or auditor; and

(c) neither have nor become exposed to a Conflict of Interest.

27. The Trustee shall be remunerated by the Notifying Party in a way that does not impede the independent and effective fulfilment of its mandate. In particular, where the remuneration package of a Divestiture Trustee includes a success premium linked to the final sale value of the Divestment Business APD and the Divestment Business HSD, such success premium may only be earned if the divestiture takes place within the Trustee Divestiture Period.

Proposal by ASSA ABLOY

28. No later than two weeks after the Effective Date, ASSA ABLOY shall submit the name or names of one or more natural or legal persons whom ASSA ABLOY proposes to appoint as the Monitoring Trustee to the Commission for approval. No later than one month before the end of the First Divestiture Period or on request by the Commission, ASSA ABLOY shall submit a list of one or more persons whom ASSA ABLOY proposes to appoint as Divestiture Trustee to the Commission for approval. The proposal shall contain sufficient information for the Commission to verify that the person or persons proposed as Trustee fulfil the requirements set out in paragraph 26 and shall include:

(a) the full terms of the proposed mandate, which shall include all provisions necessary to enable the Trustee to fulfil its duties under these Commitments;

(b) the outline of a work plan which describes how the Trustee intends to carry out its assigned tasks; and

(c) an indication whether the proposed Trustee is to act as both Monitoring Trustee and Divestiture Trustee or whether different trustees are proposed for the two functions.

Approval or rejection by the Commission

29. The Commission shall have the discretion to approve or reject the proposed Trustee(s) and to approve the proposed mandate subject to any modifications it deems necessary for the Trustee to fulfil its obligations. If only one name is approved, ASSA ABLOY shall appoint or cause to be appointed the person or persons concerned as Trustee, in accordance with the mandate approved by the Commission. If more than one name is approved, ASSA ABLOY shall be free to choose the Trustee to be appointed from among the names approved. The Trustee shall be appointed within one week of the Commission's approval, in accordance with the mandate approved by the Commission.

New proposal by ASSA ABLOY

30. If all the proposed Trustees are rejected, ASSA ABLOY shall submit the names of at least two more natural or legal persons within one week of being informed of the rejection, in accordance with paragraphs 24 and 29 of these Commitments.

Trustee nominated by the Commission

31. If all further proposed Trustees are rejected by the Commission, the Commission shall nominate a Trustee, whom ASSA ABLOY shall appoint, or cause to be appointed, in accordance with a trustee mandate approved by the Commission.

II. Functions of the Trustee

32. The Trustee shall assume its specified duties and obligations in order to ensure compliance with the Commitments. The Commission may, on its own initiative or at the request of the Trustee or ASSA ABLOY, give any orders or instructions to the Trustee in order to ensure compliance with the conditions and obligations attached to the Decision.

Duties and obligations of the Monitoring Trustee

33. The Monitoring Trustee shall:

(a) propose in its first report to the Commission a detailed work plan describing how it intends to monitor compliance with the obligations and conditions attached to the Decision.

(b) oversee, in close co-operation with the Hold Separate Manager, the on-going management of the Divestment Business APD and the Divestment Business HSD with a view to ensuring its continued economic viability, marketability and competitiveness and monitor compliance by ASSA ABLOY with the conditions and obligations attached to the Decision. To that end the Monitoring Trustee shall:

i. monitor the preservation of the economic viability, marketability and competitiveness of the Divestment Business APD and the Divestment Business HSD, and the keeping separate of the Divestment Business APD and the Divestment Business HSD from the business retained by the Parties, in accordance with paragraphs 13 and 14 of these Commitments;

ii. supervise the management of the Divestment Business APD and the Divestment Business HSD as distinct and saleable entities, in accordance with paragraph 15 of these Commitments;

iii. with respect to Confidential Information:

- determine all necessary measures to ensure that ASSA ABLOY does not after the Effective Date obtain any Confidential Information relating to the Divestment Business APD and the Divestment Business HSD,

- in particular strive for the severing of the Divestment Business APD and the Divestment Business HSD' participation in a central information technology network to the extent possible, without compromising the

viability of the Divestment Business APD and the Divestment Business HSD,

- make sure that any Confidential Information relating to the Divestment Business APD and the Divestment Business HSD obtained by ASSA ABLOY before the Effective Date is eliminated and will not be used by ASSA ABLOY and

- decide whether such information may be disclosed to or kept by ASSA ABLOY as the disclosure is reasonably necessary to allow ASSA ABLOY to carry out the divestiture or as the disclosure is required by law;

iv. monitor the splitting of assets and the allocation of Personnel between the Divestment Business APD and the Divestment Business HSD, on the one hand, and ASSA ABLOY or Affiliated Undertakings, on the other hand;

(c) propose to ASSA ABLOY such measures as the Monitoring Trustee considers necessary to ensure ASSA ABLOY's compliance with the conditions and obligations attached to the Decision, in particular the maintenance of the full economic viability, marketability or competitiveness of the Divestment Business APD and the Divestment Business HSD, the holding separate of the Divestment Business APD and the Divestment Business HSD, and the non-disclosure of competitively sensitive information;

(d) review and assess potential purchasers as well as the progress of the divestiture process and verify that, dependent on the stage of the divestiture process:

i. potential purchasers receive sufficient and correct information relating to the Divestment Business APD and the Divestment Business HSD and the Personnel in particular by reviewing, if available, the data room documentation, the information memorandum and the due diligence process, and

ii. potential purchasers are granted reasonable access to the Personnel;

(e) act as a contact point for any requests by third parties, in particular potential purchasers, in relation to the Commitments;

(f) provide to the Commission, sending ASSA ABLOY a non-confidential copy at the same time, a written report within 15 days after the end of every month that shall cover the operation and management of the Divestment Business APD and the Divestment Business HSD, as well as the splitting of assets and the allocation of Personnel so that the Commission can assess whether the business is held in a manner consistent with the Commitments and the progress of the divestiture process as well as potential purchasers;

(g) promptly report in writing to the Commission, sending ASSA ABLOY a non-confidential copy at the same time, if it concludes on reasonable grounds that ASSA ABLOY is failing to comply with these Commitments;

(h) within one week after receipt of the documented proposal referred to in paragraph 23 of these Commitments, submit to the Commission, sending ASSA ABLOY a

non-confidential copy at the same time, a reasoned opinion as to the suitability and independence of the proposed purchaser and the viability of the Divestment Business after the Sale and as to whether the Divestment Business APD and the Divestment Business HSD are sold in a manner consistent with the conditions and obligations attached to the Decision, in particular, if relevant, whether the Sale of the Divestment Business APD and the Divestment Business HSD without one or more Assets or not all of the Personnel affects the viability of the Divestment Business after the sale, taking account of the proposed purchaser; and

(i) assume the other functions assigned to the Monitoring Trustee under the conditions and obligations attached to the Decision.

34. If the Monitoring Trustee and Divestiture Trustee are not the same (legal or natural) persons, the Monitoring Trustee and the Divestiture Trustee shall cooperate closely with each other during and for the purpose of the preparation of the Trustee Divestiture Period in order to facilitate each other's tasks.

Duties and obligations of the Divestiture Trustee

35. Within the Trustee Divestiture Period, the Divestiture Trustee shall sell at no minimum price the Divestment Business APD and the Divestment Business HSD to a purchaser, provided that the Commission has approved both the purchaser and the final binding sale and purchase agreement (and ancillary agreements) as in line with the Commission's Decision and the Commitments in accordance with paragraphs 22 and 23 of these Commitments. The Divestiture Trustee shall include in the sale and purchase agreement (as well as in any ancillary agreements) such terms and conditions as it considers appropriate for an expedient sale in the Trustee Divestiture Period. In particular, the Divestiture Trustee may include in the sale and purchase agreement such customary representations and warranties and indemnities as are reasonably required to effect the sale. The Divestiture Trustee shall protect the legitimate financial interests of ASSA ABLOY, subject to the Notifying Party's unconditional obligation to divest at no minimum price in the Trustee Divestiture Period.

36. In the Trustee Divestiture Period (or otherwise at the Commission's request), the Divestiture Trustee shall provide the Commission with a comprehensive monthly report written in English on the progress of the divestiture process. Such reports shall be submitted within 15 days after the end of every month with a simultaneous copy to the Monitoring Trustee and a non-confidential copy to the Notifying Party.

III. Duties and obligations of the Parties

37. ASSA ABLOY shall provide and shall cause its advisors to provide the Trustee with all such co-operation, assistance and information as the Trustee may reasonably require to perform its tasks. The Trustee shall have full and complete access to any of ASSA ABLOY's or the Divestment Business APD and the Divestment Business HSD' books, records, documents, management or other personnel, facilities, sites and technical information necessary for fulfilling its duties under the Commitments and ASSA ABLOY and the Divestment Business APD and the Divestment Business HSD shall provide the Trustee upon request with copies of any document. ASSA ABLOY and the Divestment Business APD and the Divestment Business HSD shall make available to the Trustee one or more offices on their premises and shall be available for meetings in order to provide the Trustee with all information necessary for the performance of its tasks.

38. ASSA ABLOY shall provide the Monitoring Trustee with all managerial and administrative support that it may reasonably request on behalf of the management of the Divestment Business APD and the Divestment Business HSD. This shall include all administrative support functions relating to the Divestment Business APD and the Divestment Business HSD which are currently carried out at headquarters level. ASSA ABLOY shall provide and shall cause its advisors to provide the Monitoring Trustee, on request, with the information submitted to potential purchasers, in particular give the Monitoring Trustee access to the data room documentation and all other information granted to potential purchasers in the due diligence procedure. ASSA ABLOY shall inform the Monitoring Trustee on possible purchasers, submit lists of potential purchasers at each stage of the selection process, including the offers made by potential purchasers at those stages, and keep the Monitoring Trustee informed of all developments in the divestiture process.

39. ASSA ABLOY shall grant or procure Affiliated Undertakings to grant comprehensive powers of attorney, duly executed, to the Divestiture Trustee to effect the sale (including ancillary agreements), the Closing and all actions and declarations which the Divestiture Trustee considers necessary or appropriate to achieve the sale and the Closing, including the appointment of advisors to assist with the sale process. Upon request of the Divestiture Trustee, ASSA ABLOY shall cause the documents required for effecting the sale and the Closing to be duly executed.

40. ASSA ABLOY shall indemnify the Trustee and its employees and agents (each an "Indemnified Party") and hold each Indemnified Party harmless against, and hereby agrees that an Indemnified Party shall have no liability to ASSA ABLOY for, any liabilities arising out of the performance of the Trustee's duties under the Commitments, except to the extent that such liabilities result from the wilful default, recklessness, gross negligence or bad faith of the Trustee, its employees, agents or advisors.

41. At the expense of ASSA ABLOY, the Trustee may appoint advisors (in particular for corporate finance or legal advice), subject to ASSA ABLOY's approval (this approval not to be unreasonably withheld or delayed) if the Trustee considers the appointment of such advisors necessary or appropriate for the performance of its duties and obligations under the Mandate, provided that any fees and other expenses incurred by the Trustee are reasonable. Should ASSA ABLOY refuse to approve the advisors proposed by the Trustee the Commission may approve the appointment of such advisors instead, after having heard ASSA ABLOY. Only the Trustee shall be entitled to issue instructions to the advisors. Paragraph 40 of these Commitments shall apply mutatis mutandis. In the Trustee Divestiture Period, the Divestiture Trustee may use advisors who served ASSA ABLOY during the Divestiture Period if the Divestiture Trustee considers this in the best interest of an expedient sale.

42. ASSA ABLOY agrees that the Commission may share Confidential Information proprietary to ASSA ABLOY with the Trustee. The Trustee shall not disclose such information and the principles contained in Article 17 (1) and (2) of the Merger Regulation apply *mutatis mutandis*.

43. The Notifying Party agrees that the contact details of the Monitoring Trustee are published on the website of the Commission's Directorate-General for Competition and they shall inform interested third parties, in particular any potential purchasers, of the identity and the tasks of the Monitoring Trustee.

44. For a period of 10 years from the Effective Date the Commission may request all information from the Parties that is reasonably necessary to monitor the effective implementation of these Commitments.

IV. Replacement, discharge and reappointment of the Trustee

45. If the Trustee ceases to perform its functions under the Commitments or for any other good cause, including the exposure of the Trustee to a Conflict of Interest:

(a) the Commission may, after hearing the Trustee and ASSA ABLOY, require ASSA ABLOY to replace the Trustee; or

(b) ASSA ABLOY may, with the prior approval of the Commission, replace the Trustee.

46. If the Trustee is removed according to paragraph 45 of these Commitments, the Trustee may be required to continue in its function until a new Trustee is in place to whom the Trustee has effected a full hand over of all relevant information. The new Trustee shall be appointed in accordance with the procedure referred to in paragraphs 24–31 of these Commitments.

47. Unless removed according to paragraph 45 of these Commitments, the Trustee shall cease to act as Trustee only after the Commission has discharged it from its duties after all the Commitments with which the Trustee has been entrusted have been implemented. However, the Commission may at any time require the reappointment of the Monitoring Trustee if it subsequently appears that the relevant remedies might not have been fully and properly implemented.

SECTION F. LICENSES

Exclusive license relating to the Czech Republic, Finland and Iceland

48. ASSA ABLOY commits to grant to the Purchaser an exclusive, irrevocable and royalty free license to market and sell in each of the Czech Republic, Finland and Iceland automatic pedestrian door products offered by agta record, under the brands and trademarks owned by agta record, including the right to use the trademarks and brands in conjunction with the Purchaser's own trademarks and brands, for a period of five years after Closing (the "Licensed Business"). After the end of that period, neither the Purchaser nor ASSA ABLOY (including agta record) shall use the agta record trademarks or brands in Czech Republic, Finland and Iceland for a period of two years. In addition, ASSA ABLOY commits to make agta record's customer lists for sales to the Czech Republic, Finland and Iceland, during the last five years, available to the Purchaser.

In addition, ASSA ABLOY commits to:

(i) supply at variable cost and without quantity limitations the automatic pedestrian door products (including components and parts thereof) and related services offered by agta record in the Czech Republic, Finland and Iceland, respectively, at the time of or before, Closing, or any products substituting such products, to the Purchaser for a

period of five years after Closing. The delivery of such products will be made on a priority basis within the standard lead times applicable prior to Closing.

(ii) supply at variable cost and without quantity limitations all spare parts and repair/replacement kits, including related services, necessary for the provision of after-sales services of agta record automatic pedestrian doors, for the life-span of all agta record automatic pedestrian door products in operation in the Czech Republic, Finland and Iceland at Closing and for the life-span of the products sold by the Licensed Business under the first five years after Closing;

(iii) grant a non-exclusive, irrevocable and fully paid-up license of all technical information necessary for the provision of after-sales services of agta record automatic pedestrian doors, for the life-span of all agta record automatic pedestrian door products in operation in the Czech Republic, Finland and Iceland at Closing and for the life-span of products sold by the Licensed Business under the first five years after Closing;

(iv) grant a non-exclusive and irrevocable license to access, at variable cost, agta record's after-sales and installation configuration tools and software necessary for the provision of installation and after-sales services of agta record automatic pedestrian doors, for the life-span of all agta record automatic pedestrian door products in operation in the Czech Republic, Finland and Iceland at Closing, and for the life-span of all products sold by the Licensed Business under the first five years after Closing. The license will also cover any new or updated after-sales and installation configuration tools and software;

(v) the benefit of technical assistance from record group as necessary for the operation and future viability and competitiveness of the Licensed Business.

Non-exclusive license relating agta record's technology

49. ASSA ABLOY commits to grant to the Purchaser a perpetual, irrevocable, non-exclusive and fully paid-up EEA-wide license of all patents, designs, copyrights, trade secrets, know-how and data used in connection with the production of agta record's Automatic pedestrian doors at the time of Closing and generated by agta record's past and ongoing R&D projects, as well as a perpetual, irrevocable, non-exclusive and fully paid-up EEA-wide license of any background patents and know-how of agta record that are required in order to implement an innovation generated by the Divestment Business APD. For the avoidance of doubt, this license does not include a right to sub-license such patents, background patents, designs, copyrights, know-how, trade secrets and data to third parties. Conversely, the license includes access to all relevant project notebooks, design history files, drawings, product specifications, manufacturing process descriptions, validation documentation, packaging specifications and quality control standards.

SECTION G. BEHAVIOURAL COMMITMENTS

Behavioural commitment in relation to Standard brand-specific spare parts

50. For after-sales services of automatic pedestrian doors in Belgium, Cyprus, Denmark, Germany, Greece, Italy, Latvia, Lithuania, Luxembourg, Malta, Poland, Portugal, Romania, Spain and Sweden, ASSA ABLOY commits to supply to undertakings with activities in the EEA Standard brand-specific spare parts for automatic pedestrian doors and technical information of ASSA ABLOY and agta record's Automatic pedestrian doors, on fair and reasonable terms for a period of ten years as from closing of the Concentration. At the end of the initial ten-year period, the Commission will decide in consultation with the Monitoring Trustee and in view of relevant market developments, with consideration of the principle of proportionality, whether an extension of the behavioural commitment is required.

Behavioural commitment in relation to after-sales and installation tool/software

51. For after-sales services and installation of automatic pedestrian doors in Belgium, Cyprus, Denmark, Germany, Greece, Italy, Latvia, Lithuania, Luxembourg, Malta, Poland, Portugal, Romania, Spain and Sweden, ASSA ABLOY commits to supply or license after-sales and installation configuration tools and software of ASSA ABLOY and agta record's Automatic pedestrian doors on fair and reasonable terms for a period of ten years as from closing of the Concentration, to undertakings with activities in the EEA. At the end of the initial ten-year period, the Commission will decide in consultation with the Monitoring Trustee and in view of relevant market developments, with consideration of the principle of proportionality, whether an extension of the behavioural commitment is required.

Implementation of behavioural commitments

52. For the purpose of implementing the commitments referred to in paragraphs 50 and 51, ASSA ABLOY undertakes to make Standard brand-specific spare parts, technical information, and after-sales and installation configuration tools and software available, or procure that such spare parts and technical information are made available, including through an online web shop. Orders shall be shipped within 2 working days from the placement of the order, provided that the relevant spare parts are in stock. If the spare parts are out of stock, as the case may be, the shipment shall be made within 2 working days from when the spare parts are back in stock. ASSA ABLOY undertakes to exercise best efforts to stock in relation to the demand of the relevant spare parts and to facilitate ordering through the online web shop.

Enforcement of the commitments

53. In the event that a third party claims that ASSA ABLOY or any Affiliated Undertaking is failing to comply with the requirements of the Commitments vis-a-vis that third party, the third party may choose to utilise the fast track dispute resolution procedure as described herein.

54. Any third party who wishes to avail itself of the fast track dispute resolution procedure (a "**Requesting Party**") shall send a written request to ASSA ABLOY (to be forwarded by ASSA ABLOY to the Monitoring Trustee) setting out in detail the reasons leading that party to believe that ASSA ABLOY is failing to comply with the requirements of these Commitments. ASSA ABLOY will undertake that such written request can be submitted through the online web shop to be set up in accordance with paragraph 48. The Requesting

Party and ASSA ABLOY will use their best efforts to resolve all differences of opinion and to settle all disputes that may arise through cooperation and consultation within a reasonable period of time not exceeding five (5) working days after receipt of the request.

55. Should the Requesting Party and ASSA ABLOY (together the "**Parties to the Arbitration**") fail to resolve their differences of opinion within the five (5) days from the day that the Requesting Party sent the written request to ASSA ABLOY, the Requesting Party will be informed of the possibility to submit its claim for review to the Monitoring Trustee. Upon application from the Requesting Party, the Monitoring Trustee shall present its own proposal (the "**Trustee Proposal**") for resolving the dispute within five (5) working days, specifying in writing the action, if any, to be taken by ASSA ABLOY in order to ensure compliance with the Commitments vis-a-vis the Requesting Party, and be prepared, if requested, to facilitate the settlement of the dispute, in consultation with the Commission.

56. In case of remaining disagreement, the Requesting Party may serve a Request for Arbitration, to the Arbitration Institute of the International Chamber of Commerce, with a copy of such Request for Arbitration to ASSA ABLOY. The Request for Arbitration shall, in addition to what is set out in the Arbitration Rules of the Arbitration Institute of the International Chamber of Commerce (the "**Rules**") also contain a detailed description of the action to be undertaken by ASSA ABLOY and the Trustee Proposal, including a comment as to its appropriateness.

57. ASSA ABLOY shall, when submitting its answer to the Request for Arbitration, in addition to what is set out in the Rules, if appropriate, also submit a detailed description of the action which ASSA ABLOY proposes to undertake vis-à-vis the Requesting Party and the Trustee Proposal (if not already submitted), including a comment as to its appropriateness.

58. Any dispute, controversy or claim related to the subject matter of the Request for Arbitration shall be finally settled by arbitration in accordance with the Rules. The seat of arbitration shall be Paris and the arbitration shall be conducted in the English language. The Parties to the Arbitration shall each appoint one arbitrator and the chairman shall be appointed by the Board of the Arbitration Institute of the International Chamber of Commerce.

59. The rules relating to emergency arbitration under the Rules shall govern the arbitration procedure. The Arbitral Tribunal, and an Emergency Arbitrator appointed under the Rules is entitled to ask for assistance by the Monitoring Trustee in all stages of the procedure and may seek the Commission's interpretation of the Commitments before finding in favour of any party to the arbitration and shall be bound by the Commission's interpretation. The Commitments shall be construed in accordance with the Merger Regulation, EU law and general principles of law common to the legal orders of the Member States without a requirement to apply a particular national system.

60. The Commission shall be allowed and enabled to participate in all stages of the procedure by receiving written submissions, orders, interim and final awards, having the opportunity to file amicus curiae briefs and being present at any potential hearings.

61. The above fast track dispute resolution procedure shall also be available to the Purchaser(s), in relation to the transitional arrangements, as further detailed in the Schedules, and in relation to the Licensed Business.

62. For the avoidance of doubt, nothing in the above procedure shall affect the powers of the Commission to take decisions in relation to the Commitments in accordance with its powers under the Merger Regulation and the Treaty on the Functioning of the European Union.

SECTION H. THE REVIEW CLAUSE

63. The Commission may extend the time periods foreseen in the Commitments in response to a request from ASSA ABLOY or, in appropriate cases, on its own initiative. Where ASSA ABLOY requests an extension of a time period, it shall submit a reasoned request to the Commission no later than one month before the expiry of that period, showing good cause. This request shall be accompanied by a report from the Monitoring Trustee, who shall, at the same time send a non-confidential copy of the report to the Notifying Party. Only in exceptional circumstances shall ASSA ABLOY be entitled to request an extension within the last month of any period.

64. The Commission may further, in response to a reasoned request from the Notifying Parties showing good cause waive, modify or substitute, in exceptional circumstances, one or more of the undertakings in these Commitments. This request shall be accompanied by a report from the Monitoring Trustee, who shall, at the same time send a non-confidential copy of the report to the Notifying Party. The request shall not have the effect of suspending the application of the undertaking and, in particular, of suspending the expiry of any time period in which the undertaking has to be complied with.

SECTION I. ENTRY INTO FORCE

65. The Commitments shall take effect upon the date of adoption of the Decision.

_____

[…]

Duly authorised and on behalf of

ASSA ABLOY AB (publ)

_____

[…]

Duly authorised and on behalf of

agta record ag

[…]

SCHEDULE 1 – DIVESTMENT BUSINESS APD/NETHERLANDS

1. The Divestment Business APD/Netherlands includes agta record's entire business in the Netherlands, under the ownership of Record Automatische Deuren B.V., and record Holding Nederland B.V. (together "record NL" or the "Company").[1]

All agta record's business activities in the Netherlands are carried out through record NL.[2] record NL is active in the sale, distribution and installation of Automatic pedestrian doors and the provision of after-sales services (maintenance and repair) for such doors. record NL also operates as a FAAC distributor of traffic gates and barriers (but not of FAAC's automatic door products) in the Netherlands. Apart from the FAAC products, products and services are provided under the record brand.

record NL's headquarters are located in Doorwerth, while smaller offices exist in Zevenhuizen, Oosterhout and Maartensdijk. record NL's production takes place in Doorwerth and Maartensdijk. record NL also has logistic hubs in Drachten and Weert. Apart from the product supply as described below, record NL is a stand-alone company encompassing, in addition to sales, production, installation and after-sales services, all necessary back-bone departments such as finance, administration, IT and HR.

agtatec ag ("agtatec") in Switzerland supplies semi-assembled swing and sliding door operators to the Company. In record NL's two production facilities, the operators are finalised, aluminium is cut and the doors are assembled with frames and glass. The Doorwerth facility supplies the north, east and south of the country and the Maartensdijk facility supplies the west. Powder coating is done entirely through local third party suppliers. The Company sources glass, fire door leaves and a small number of sensors locally. The assembled doors (or door operators, as the case may be) are temporarily stored in Doorwerth, Maartensdijk, Zevenhuizen and Oosterhout before they are picked up by record NL's installers (in some instances outsourced installers) who then install at the customer's premises. In order to shorten driving time of installers, in some cases the products are sent to one of record NL's two logistics hubs, situated in Drachten and Weert.

The revolving doors sold (and installed) by record NL are produced and sent directly to the end-user from BLASI GmbH in Mahlberg, Germany.

The hermetic doors sold (and installed) by record NL are produced and sent directly to the end-user from KOS Spezialtüren GmbH in Schermbeck, Germany.

The company offers after-sales services of all types of Automatic pedestrian doors.

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[1] Record Automatische Deuren B.V., is 100% owned by Record Holding Nederland B.V., which in turn is 100% owned by agta record ltd, Fehraltorf, Switzerland. For corporate information on record NL, see **Annex A**.

[2] In addition, record NL is also, to a minor extent, active in Belgium and in Dutch overseas territories.

record NL currently employs around 207 FTEs:

Function	FTE
Management	4.9
Sales (field)	6.8
Service & Maintenance Engineers	61.4
Installation Engineers	23.0
Production	16.5
Operations (Office)	94.1
Total	206.7

2. In accordance with paragraph 6 of these Commitments, the Divestment Business APD/Netherlands includes, but is not limited to:

(a) the following main tangible assets of record NL:

(i) the premises owned in Doorwerth (for a description, please see Annex B);

(ii) all machinery and equipment (for a list of the main machinery and equipment, please see **Annex C**);

(iii) all vehicles owned (for a list of the vehicles, please see **Annex D)**; and

(iv) stock as per the day of Closing.

(b) the following main intangible assets of record NL:

The RDM software developed by record NL as an Enterprise-Resource-Planning (ERP) system running the operations.

(c) the following main licences, permits and authorisations of record NL:

(i) the ISO 9001 certification;

(ii) the ISO 14001 certification; and

(iii) the "VCA" certification (health, safety, environment).

(d) the following main contracts, agreements, leases, commitments and understandings of record NL:

(i) all customer agreements and all customer relationships (for a list of the main customer agreements/relationships, please see **Annex E**);

(ii) all supply agreements (excluding what is set out below under 3 in this Schedule), for a list of all main supply agreements, please see **Annex F**);

(iii) the distribution agreement with FAAC;

(iv) all lease agreements related to the premises in Zevenhuizen, Oosterhout Maartensdijk, Weert and Drachten, please see **Annex B**; and

(v) all lease agreements related to other equipment (e.g. vehicles), please see **Annex G**.

(e) the following customer, credit and other records of record NL:

All customer, credit and other records held by record NL, whether maintained in the ERP system or separately.

(f) the following Personnel of record NL:

all personnel employed by record NL (as defined above) except for the personnel indicated under 3 in this Schedule.

(g) the following Key Personnel of record NL:

(i) MD – currently not assigned.

(ii) […], Deputy MD

(iii) […], Sales Manager West

(iv) […], Sales Manager North-East-South

(v) […], Human Resources

(vi) […], Service & Maintenance Manager

(vii) 7 Sales (field) FTEs

(viii) Service & Maintenance Engineers – Team leaders/coordination functions

[Organization chart with names of employees]

(h) At the option of the Purchaser, the arrangements for the supply of the following products or services by the Affiliated Undertakings:

(i) all automatic pedestrian door products (including components and parts thereof) and related services (including building information modelling – BIM references and tools) made available to record NL at the time of, or before, Closing, or any products substituting such products, for a transitional period of up to five years after Closing, at variable cost and without quantity limitations. This includes the full range of KOS hermetic doors, the full range of BLASI revolving doors and the full range of agtatec semi-assembled operators as well as spare parts to the above. The delivery of such products will be made on a priority basis, within the standard lead times applicable prior to Closing;

(ii) an exclusive, irrevocable and royalty free license of all brands, trademarks, trade names, product lines and know-how owned or used by agta record to market, sell and service automatic pedestrian door products in the Netherlands and Belgium, including the right to use the trademarks and brands in conjunction with the Purchaser's own trademarks and brands, for a period of up to five years. For the avoidance of doubt, during this period, ASSA ABLOY will not market and sell Automatic pedestrian doors of agta record under such brands, trademarks and trade names or otherwise in the Netherlands and Belgium, either directly to end-users or through non-integrated suppliers. After the end of the exclusivity period of five years, neither the Divestment Business APD/Netherlands nor ASSA ABLOY (including agta record) shall use the agta record trademarks or brands for automatic pedestrian door products in the Netherlands and Belgium for a period of two years;

(iii) all spare parts and repair/replacement kits, including related services, necessary for the provision of after-sales services of agta record automatic pedestrian doors, for the life-span of all agta record automatic pedestrian door products in operation in the Netherlands and Belgium at Closing and for the life-span of products sold by the Divestment Business APD/Netherlands under the first five years after Closing, at variable cost and without quantity limitations;

(iv) a non-exclusive, irrevocable and fully paid-up license of all technical information necessary for the provision of after-sales services of agta record automatic pedestrian doors, for the life-span of all agta record automatic pedestrian door products in operation in the Netherlands and Belgium at Closing and for the life-span of products sold by the Divestment Business APD/Netherlands under the first five years after Closing;

(v) a non-exclusive and irrevocable license to access, at variable cost, agta record's after-sales and installation configuration tools and software, including the service software ASTEA (off-the-shelf software governing the after-sales service process and available on tablets, https://www.astea.com), necessary for the provision of installation and after-sales services of agta record automatic pedestrian doors, for the life-span of all agta record automatic pedestrian door products in operation in the Netherlands and Belgium at Closing, and for the life-span of all products sold by the Divestment Business APD/Netherlands under the first five years after Closing. The license will also cover any new or updated after-sales and installation configuration tools and software;

(vi) the benefit of technical assistance from record group as necessary for the continued operation and future viability and competitiveness of the Divestment Business APD/Netherlands;

(vii) the website infrastructure used by record NL for a period up to 12 months after Closing (https://www.recordbv.nl, currently part of the same infrastructure as the website of the rest of agta record group); and

(viii) the use of the e-mail server and addresses currently used by record NL for a period up to 12 months after Closing.

3. The Divestment Business APD/Netherlands shall not include:

   (i) Personnel: […], who has a contract with record NL for technical reasons, but reports to, works for and is cross-charged to record group IT.

   (ii) the Distribution Agreement between agtatec and record NL dated 1 August 2012 covering the supply of products, *inter alia* semi-assembled operators (replaced by the supply arrangement foreseen under section 2.h.i of this Schedule), please see **Annex H**;

   (iii) the 1 January 2003 Service Agreement between agta record ltd and record NL, last updated on 1 January 2016, covering advisory provided by record group headquarters (replaced by the technical assistance foreseen under section 2.h.vi of this Schedule), please see **Annex I**.

4. If there is any asset or personnel, in the Divestment Business APD/Netherlands or any Affiliated Undertaking, which is not covered by paragraph 2 of this Schedule but which is both used (exclusively or not) in the Divestment Business APD/Netherlands and necessary for the continued viability and competitiveness of the Divestment Business APD/Netherlands, that asset or adequate substitute will be offered to potential purchasers.

[…]

SCHEDULE 2 – DIVESTMENT BUSINESS APD/AUSTRIA

1. The Divestment Business APD/Austria includes agta record's entire business in Austria, under the ownership of record Austria GmbH ("record AT " or the "Company").[1]

All agta record's business activities in Austria are carried out through record AT. record AT is active in the sale, distribution and installation of Automatic pedestrian doors and the provision of after-sales services (maintenance and repair) for such doors. Products and services are provided under the record brand.

record AT's headquarters are located in Perchtoldsdorf near Vienna, while smaller offices exist in Kirchberg an der Raab and Leonding. record AT's production takes place in Perchtoldsdorf. record AT also has logistic hubs in Kirchberg an der Raab, Leonding, Salzburg, Kaprun and Klagenfurt. Apart from the product supply as described below, record AT is a stand-alone company encompassing, in addition to sales, production, installation and after-sales services, all necessary back-bone departments such as finance, administration, IT and HR.

agtatec ag ("agtatec") in Switzerland supplies semi-assembled swing and sliding door operators, as well as aluminium, to the Company. In record AT's production facility, the operators are finalised, aluminium is cut and the doors are assembled with frames and glass. Powder coating services are sourced from WK Pulverbeschichtung. Glass is sourced from C. Bergmann. Fire door leaves are sourced from Karo Metall, Peneder, Sturm.[2] The assembled doors (or door operators, as the case may be) are temporarily stored in Perchtoldsdorf before they are picked up by record AT's installers (in some instances outsourced installers) who then install at the customer's premises. In order to shorten driving time of installers, in some cases the products are sent to one of record AT's logistics hubs, situated in Kirchberg an der Raab, Leonding, Salzburg, Kaprun and Klagenfurt. Record AT outsources the transport of material from Perchtoldsdorf to the hubs.

The revolving doors sold (and installed) by record AT are produced and sent directly to the end-user from BLASI GmbH in Mahlberg, Germany.

The hermetic doors sold (and installed) by record AT are produced and sent directly to the end-user or to Perchtoldsdorf from KOS Spezialtüren GmbH in Schermbeck, Germany.

The roller shutters sold (and installed) by record AT are produced and sent to Perchtoldsdorf from ISEA SAS in Noyarey, France.

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[1] For corporate information on record AT, see **Annex A**.

[2] A small number of sensors are sourced from BEA in Belgium.

The high speed doors sold (and installed) by record AT are produced and sent to Perchtoldsdorf from record Industry in Crémieu, France.

The company offers after-sales services of all types of Automatic pedestrian doors.

As of 31 January 2020 record AT employs 65 FTEs:

Function	Employees
Management	8
Sales (field)	6
Service & Maintenance Engineers	14
Installation Engineers	13
Production	6
Operations (Office)	18
Total	65

2. In accordance with paragraph 6 of these Commitments, the Divestment Business APD/Austria includes, but is not limited to:

(a) the following main tangible assets of record AT:

(i) all premises owned in Perchtoldsdorf for a description, please see **Annex B**;

(ii) all machinery and equipment, for a list of the main machinery and equipment, please see **Annex C**;

(iii) all vehicles owned, for a list of the vehicles, please see **Annex D**; and

(iv) stock as per the day of Closing.

(b) the following main intangible assets of record AT:

The CWL software developed by record AT as an Enterprise Resource Planning (ERP) system running the operations.

(c) The following main licences, permits and authorisations of record AT:

To the Parties knowledge there are no licenses, permits and authorisations needed for the Divestment Business Austria. However, any such license would transfer with the legal entity.

(d) the following main contracts, agreements, leases, commitments and understandings of record AT:

(i) all customer agreements and all customer relationships, for a list of the main customer agreements/relationships, please see **Annex E**;

(ii) all supply agreements (excluding what is set out below under 3 in this Schedule), for a list of all main supply agreements, please see **Annex F**;

(iii) all lease agreements related to the premises in Kirchberg an der Raab, Leonding, Salzburg, Kaprun and Klagenfurt, please see **Annex B**; and

(iv) all lease agreements related to other equipment (e.g. vehicles), please see **Annex G**.

(e) the following customer, credit and other records of record AT:

All customer, credit and other records held by record AT, whether maintained in the ERP system or separately.

(f) the following Personnel of record AT:

all personnel employed by record AT (as defined above).

(g) the following Key Personnel of record AT:

(i) the individuals constituting the record AT management team:

First Name	Name	Position
[…]	[…]	Managing Director
[…]	[…]	Finance and HR Manager
[…]	[…]	Production Manager
[…]	[…]	Installation Manager
[…]	[…]	Service Manager
[…]	[…]	IT Manager
[…]	[…]	Technical Manager
[…]	[…]	Administration Manager

(ii) 6 Sales (field) FTEs

(iii) Service & Maintenance Engineers – Team leaders/coordination functions

(h) At the option of the Purchaser, the arrangements for the supply of the following products or services by the Affiliated Undertakings:

(i) all automatic pedestrian door products (including components and parts thereof) and related services (including building information modelling – BIM references and tools) made available to record AT at the time of, or before, Closing, or any products substituting such products, for a transitional period of up to five years after Closing, at variable cost and without quantity limitations. This includes the full range of KOS hermetic doors, the full range of BLASI revolving doors and the full range of

agtatec semi-assembled operators as well as spare parts to the above. The delivery of such products will be made on a priority basis, within the standard lead times applicable prior to Closing;

(ii) an exclusive, irrevocable and royalty free license of all brands, trademarks, trade names, product lines and know-how owned or used by agta record to market, sell and service automatic pedestrian door products in Austria, including the right to use the trademarks and brands in conjunction with the Purchaser's own trademarks and brands, for a period of up to five years. For the avoidance of doubt, during this period, ASSA ABLOY will not market and sell Automatic pedestrian doors of agta record under such brands, trademarks and trade names or otherwise in Austria, either directly to end-users or through non-integrated suppliers. After the end the exclusivity period of five years, neither the Divestment Business APD/Austria nor ASSA ABLOY (including agta record) shall use the agta record trademarks or brands for automatic pedestrian door products in Austria for a period of two years;

(iii) all spare parts and repair/replacement kits, including related services, necessary for the provision of after-sales services of agta record automatic pedestrian doors, for the life-span of all agta record automatic pedestrian door products in operation in Austria at Closing and for the life-span of products sold by the Divestment Business APD/Austria under the first five years after Closing, at variable cost and without quantity limitations;

(iv) a non-exclusive, irrevocable and fully paid-up license of all technical information necessary for the provision of after-sales services of agta record automatic pedestrian doors, for the life-span of all agta record automatic pedestrian door products in operation in Austria at Closing, and for the life-span of products sold by the Divestment Business APD/Austria under the first five years after Closing;

(v) a non-exclusive and irrevocable license to access, at variable cost, agta record's after-sales and installation configuration tools and software, including the service software ASTEA (off-the-shelf software governing the after-sales service process and available on tablets, https://www.astea.com), necessary for the provision of installation and after-sales services of agta record automatic pedestrian doors, for the life-span of all agta record automatic pedestrian door products in operation in Austria at Closing, and for the life-span of all products sold by the Divestment Business APD/Austria under the first five years after Closing. The license will also cover any new or updated after-sales and installation configuration tools and software;

(vi) the benefit of technical assistance from record group as necessary for the continued operation and future viability and competitiveness of the Divestment Business APD/Austria;

(vii) the website infrastructure used by record AT for a period up to 12 months after Closing (https://www.record.co.at/de/home, currently part of the same infrastructure as the website of the rest of agta record group); and

(viii) the use of the e-mail server and addresses currently used by record AT for a period up to 12 months after Closing.

3. The Divestment Business APD/Austria shall not include:

(i) the Distribution Agreement between agtatec and record AT covering the supply of products, *inter alia* semi-assembled operators, (replaced by the supply arrangement foreseen under section 2.h.i of this Schedule), please see **Annex H**; and

(ii) the Service Agreement between agta record ltd and record AT, covering advisory provided by record group headquarters (replaced by the technical assistance foreseen under section 2.h.vi of this Schedule), please see **Annex I**.

4. If there is any asset or personnel, in the Divestment Business APD/Austria or any Affiliated Undertaking, which is not covered by paragraph 2 of this Schedule but which is both used (exclusively or not) in the Divestment Business APD/Austria and necessary for the continued viability and competitiveness of the Divestment Business APD/Austria, that asset or adequate substitute will be offered to potential purchasers.

[…]

SCHEDULE 3 – DIVESTMENT BUSINESS APD/HUNGARY

1. The Divestment Business APD/Hungary includes agta record's entire business in Hungary, under the ownership of Record Ajtó-automatizálási Kft ("record HU" or the "Company").[1]

All agta record's business activities in Hungary are carried out through record HU. record HU is active in the sale, distribution and installation of Automatic pedestrian doors and the provision of after-sales services (maintenance and repair) for such doors. Products and services are provided under the record brand.

record HU's headquarters, offices and production are located in Szigetszentmiklós. record HU also has logistic "hubs" (workers) in Miskolc, Debrecen, Orosháza, Kiskunhalas. Apart from supply of products and components, record HU is a stand-alone company encompassing, in addition to sales, production, installation and after-sales services, necessary back-bone departments such as finance, administration, IT (outsourced). record HU does not have an HR function.

agtatec ag ("agtatec") in Switzerland supplies semi-assembled swing and sliding door operators, as well as, aluminium, to the Company. In record HU's production facility, the operators are finalised, aluminium is cut and the doors are assembled with frames and glass. Powder coating is done entirely through local third-party suppliers. The Company sources glass, fire door leaves and a small number of sensors locally. The assembled doors (or door operators, as the case may be) are temporarily stored in Szigetszentmiklós before they are picked up by record HU's installers (in some instances outsourced installers) who then install at the customer's premises.

The revolving doors sold (and installed) by record HU are produced and sent directly to the end-user from BLASI GmbH in Mahlberg, Germany. However, no revolving doors have been sold so far.

The hermetic doors sold (and installed) by record HU are produced and sent directly to the end-user from KOS Spezialtüren GmbH in Schermbeck, Germany.

record HU offers after-sales services of all types of automatic pedestrian doors, i.e. swing, sliding and revolving doors.

record HU's workforce currently accounts to 53 FTEs (39 FTEs employed plus 14 FTEs outsourced):

[1] For corporate information on record HU, see **Annex A**.

Function	FTE
Management	6 (including 2 outsourced)
Sales (field)	3 (including 2 outsourced)
Service & Maintenance Engineers	15
Installation Engineers	10 (including 2 outsourced)
Production	6
Operations (Office)	13 (including 8 outsourced)
Total	53 (including 14 outsourced)

2. In accordance with paragraph 6 of these Commitments, the Divestment Business APD/Hungary includes, but is not limited to:

(a) the following main tangible assets of record HU:

(i) all machinery and equipment, for a list of the main machinery and equipment, please see **Annex B**;

(ii) all vehicles owned, for a list of the vehicles, please see **Annex C**; and

(iii) stock as per the day of closing.

(b) the following main intangible assets of record HU:

(i) The Parties are not aware of any transferable intangible assets. However, any such intangible assets within record HU will transfer with the legal entity.

(c) the following main licences, permits and authorisations of record HU:

(i) The Parties are not aware of any such licences, permits and authorisations. However, any licence, permit and authorisation within record HU will transfer with the legal entity.

(d) the following main contracts, agreements, leases, commitments and understandings of record HU:

(i) all customer agreements and all customer relationships, for a list of the main customer agreements/relationships, please see **Annex D;**

(ii) all lease agreements related to the premises, please see **Annex E;**

(iii) all lease agreements related to other equipment (e.g. vehicles), please see **Annex F.**

(e) the following customer, credit and other records of record HU:

All customer, credit and other records held by record HU, whether maintained in the ERP system or separately.

(f) the following Personnel of record HU:

all personnel employed by record HU.

(g) the following Key Personnel of record HU:

(i) […] – Managing director

(ii) […]– Sales leader

(iii) […]– Business developer

(iv) […] – Service leader

(v) […]– Technical leader

(vi) […]– Production leader

(vii) Sales (field) FTEs

(viii) Service & Maintenance Engineers – Team leaders/coordination functions

(h) At the option of the Purchaser, the arrangements for the supply of the following products or services by the Affiliated Undertakings:

(i) all automatic pedestrian door products (including components and parts thereof) and related services (including building information modelling – BIM references and tools) made available to record HU at the time of, or before, Closing, or any products substituting such products, for a transitional period of up to five years after Closing, at variable cost and without quantity limitations. This includes the full range of KOS hermetic doors, the full range of BLASI revolving doors and the full range of agtatec semi-assembled operators as well as spare parts to the above. The delivery of such products will be made on a priority basis, within the standard lead times applicable prior to Closing;

(ii) an exclusive, irrevocable and royalty free license of all brands, trademarks, trade names, product lines and know-how owned or used by agta record to market, sell and service automatic pedestrian door products in Hungary, including the right to use the trademarks and brands in conjunction with the Purchaser's own trademarks and brands, for a period of up to five years. For the avoidance of doubt, during this period, ASSA ABLOY will not market and sell Automatic pedestrian doors of agta record under such brands, trademarks and trade names or otherwise in Hungary, either directly to end-users or through non-integrated suppliers. After the end of the exclusivity period of five years, neither the Divestment Business

APD/Hungary nor ASSA ABLOY (including agta record) shall use the agta record trademarks or brands for automatic pedestrian door products in Hungary for a period of two years;

(iii) all spare parts and repair/replacement kits, including related services, necessary for the provision of after-sales services of agta record automatic pedestrian doors, for the life-span of all agta record automatic pedestrian door products in operation in Hungary at Closing and for the life-span of products sold by the Divestment Business APD/Hungary under the first five years after Closing, at variable cost and without quantity limitations;

(iv) a non-exclusive, irrevocable and fully paid-up license of all technical information necessary for the provision of after-sales services of agta record automatic pedestrian doors for the life-span of all agta record automatic pedestrian door products in operation in Hungary at Closing, and for the life-span of products sold by the Divestment Business APD/Hungary under the first five years after Closing;

(v) a non-exclusive and irrevocable license to access, at variable cost, agta record's after-sales and installation configuration tools and software, including the service software ASTEA (off-the-shelf software governing the after-sales service process and available on tablets, https://www.astea.com), necessary for the provision of installation and after-sales services of agta record automatic pedestrian doors, for the life-span of all agta record automatic pedestrian door products in operation in Hungary at Closing, and for the life-span of the products sold by the Divestment Business APD/Hungary under the first five years after Closing. The license will also cover any new or updated after-sales and installation configuration tools and software;

(vi) the benefit of technical assistance from record group as necessary for the continued operation and future viability and competitiveness of the Divestment Business APD/Hungary;

(vii) the website infrastructure used by record HU for a period up to 12 months after Closing (https://www.record.hu/hu/home currently part of the same infrastructure as the website of the rest of agta record group); and

(viii) the use of the e-mail server and addresses currently used by record HU for a period up to 12 months after Closing.

3. The Divestment Business APD/Hungary shall not include:

(i) the Distribution Agreement between agtatec and record HU dated 1 August 2012 covering the supply of products, *inter alia* semi-assembled operators (replaced by the supply arrangement foreseen under section 2.h.i of this Schedule), please see **Annex G**;

(ii) the 1 January 2003 Service Agreement between agta record ltd and record HU, last updated on 1 January 2015, covering advisory provided by record group headquarters (replaced by the technical assistance foreseen under section 2.h.vi of this Schedule), please see **Annex H**.

4. If there is any asset or personnel, in the Divestment Business APD/Hungary or any Affiliated Undertaking, which is not covered by paragraph 2 of this Schedule but which is both used (exclusively or not) in the Divestment Business APD/Hungary and necessary for the continued viability and competitiveness of the Divestment Business APD/Hungary, that asset or adequate substitute will be offered to potential purchasers.

[…]

SCHEDULE 4 – DIVESTMENT BUSINESS APD/SLOVENIA

1. The Divestment Business APD/Slovenia includes agta record's entire business in Slovenia, under the ownership of Record avtomatska vrata d.o.o. ("record SL" or the "Company").[1]

All agta record's business activities in Slovenia are carried out through record SL.[2] record SL is active in the sale, distribution and installation of Automatic pedestrian doors and the provision of after-sales services (maintenance and repair) for such doors. Products and services are provided under the record brand.

record SL's headquarters and production are located in Šenčur. Apart from the product supply as described below, record SL is a stand-alone company encompassing, in addition to sales, production, installation and after-sales services, all necessary back-bone departments such as finance (outsourced), administration, IT (outsourced) and HR (outsourced).

agtatec ag ("agtatec") in Switzerland supplies semi-assembled swing and sliding door operators, as well as aluminium, to the Company. In record SL's production facility, the operators are finalised, aluminium is cut and the doors are assembled with frames and glass.
Powder coating is done entirely through local third party suppliers. The Company sources glass, fire door leaves and a small number of sensors locally. The assembled doors (or door operators, as the case may be) are temporarily stored in Šenčur before they are picked up by record SL's installers (in some instances outsourced installers) who then install at the customer's premises.

The revolving doors sold (and installed) by record SL are produced and sent directly to the end-user from BLASI GmbH in Mahlberg, Germany.

The hermetic doors sold (and installed) by record SL are produced and sent to the Slovenian headquarters.

The company offers after-sales services of all types of Automatic pedestrian doors.

record SL currently employs 9 FTEs:

[1] For corporate information on record SL, see **Annex A**.
[2] In addition, record Slovenia also has sales to Croatia, Bosnia and Albania.

Function	FTE
Management	1
Sales	2
Service & Maintenance Engineers	2
Installation Engineers	2
Production	1
Operations (Office)	1
Total	9

2. In accordance with paragraph 6 of these Commitments, the Divestment Business APD/Slovenia includes, but is not limited to:

(a) the following main tangible assets of record SL:

(i) all machinery and equipment, for a list of the main machinery and equipment, please see **Annex B**;

(ii) all vehicles owned, for a list of the vehicles, please see **Annex C**; and

(iii) stock as per the day of Closing.

(b) the following main intangible assets of record SL:

The software developed by record SL as an Enterprise-Resource-Planning (ERP) system running the operations.

(c) the following main licences, permits and authorisations of record SL:

Slovenian certification for fire proof doors.

(d) the following main contracts, agreements, leases, commitments and understandings of record SL:

(i) all customer agreements and customer relationships, for a list of the main customer agreements/relationships, please see **Annex D**;

(ii) all supply agreements, excluding what is set out below under 3 in this Schedule), for a list of all main supply agreements, please see **Annex E**;

(iii) all lease agreements related to the premises in Šenčur, please see **Annex F**; and

(iv) all lease agreements related to other equipment (e.g. vehicles) (record SL has no such lease agreements).

(e) the following customer, credit and other records of record SL:

All customer, credit and other records held by record SL, whether maintained in the ERP system or separately.

(f) the following Personnel of record SL:

all personnel employed by record SL (as defined above).

(g) the following Key Personnel of record SL:

(i) […] (MD)

(ii) […] (production)

(iii) […] (administration)

(iv) […] (Sales)

(v) […] (Sales)

[Organization chart with names of employees]

(h) At the option of the Purchaser, the arrangements for the supply of the following products or services by the Affiliated Undertakings:

(i) all automatic pedestrian door products (including components and parts thereof) and related services (including building information modelling – BIM references and tools) made available to record SL at the time of, or before, Closing, or any products substituting such products, for a transitional period of up to five years after Closing, at variable cost and without quantity limitations. This includes the full range of KOS hermetic doors, the full range of BLASI revolving doors and the full range of agtatec semi-assembled operators as well as spare parts to the above. The delivery of such products will be made on a priority basis, within the standard lead times applicable prior to Closing;

(ii) an exclusive, irrevocable and royalty free license of all brands, trademarks, trade names, product lines and know-how owned or used by agta record to market, sell and service automatic pedestrian door products in Slovenia, including the right to use the trademarks and brands in conjunction with the Purchaser's own trademarks and brands, for a period of up to five years. For the avoidance of doubt, during this period, ASSA ABLOY will not market and sell Automatic pedestrian doors of agta record under such brands, trademarks and trade names or otherwise in Slovenia, either directly to end-users or through non-integrated suppliers. After the exclusivity period of five years, neither the Divestment Business APD/Slovenia nor ASSA ABLOY (including agta record) shall use the agta record trademarks or brands for automatic pedestrian door products in Slovenia for a period of two years;

(iii) all spare parts and repair/replacement kits, including related services, necessary for the provision of after-sales services of agta record automatic pedestrian doors, for the life-span of all agta record automatic pedestrian

door products in operation in Slovenia at Closing and for the life-span of products sold by the Divestment Business APD/Slovenia under the first five years after Closing, at variable cost and without quantity limitations;

(iv) a non-exclusive, irrevocable and fully paid-up license of all technical information necessary for the provision of after-sales services of agta record automatic pedestrian doors, for the life-span of all agta record automatic pedestrian door products in operation in Slovenia at Closing, and for the life-span of products sold by the Divestment Business APD/Slovenia under the first five years after Closing;

(v) a non-exclusive and irrevocable license to access, at variable cost, agta record's after-sales and installation configuration tools and software, including the service software ASTEA (off-the-shelf software governing the after-sales service process and available on tablets, https://www.astea.com), necessary for the provision of installation and after-sales services of agta record automatic pedestrian doors, for the life-span of all agta record automatic pedestrian door products in operation in Slovenia at Closing, and for the life-span of the products sold by the Divestment Business APD/Slovenia under the first five years after Closing. The license will also cover any new or updated after-sales and installation configuration tools and software;

(vi) the benefit of technical assistance from record group as necessary for the continued operation and future viability and competitiveness of the Divestment Business APD/Slovenia;

(vii) the website infrastructure used by record SL for a period up to 12 months after Closing (https://www.record.si/sl/home currently part of the same infrastructure as the website of the rest of agta record group); and

(viii) the use of the e-mail server and addresses currently used by record SL for a period up to 12 months after Closing.

3. The Divestment Business APD/Slovenia shall not include:

(i) the Distribution Agreement between agtatec and record SL dated 1 August 2012 covering the supply of products, *inter alia* semi-assembled operators (replaced by the supply arrangement foreseen under section 2.h.i of this Schedule), please see **Annex G**;

(ii) the 1 January 2003 Service Agreement between agta record ltd and record SL, last updated on 1 January 2016, covering advisory provided by record group headquarters (replaced by the technical assistance foreseen under section 2.h.vi of this Schedule), please see **Annex H**.

4. If there is any asset or personnel, in the Divestment Business APD/Slovenia or any Affiliated Undertaking, which is not covered by paragraph 2 of this Schedule but which is both used (exclusively or not) in the Divestment Business APD/Slovenia and necessary for the continued viability and competitiveness of the Divestment Business APD/Slovenia, that asset or adequate substitute will be offered to potential purchasers.

[…]

SCHEDULE 5 – DIVESTMENT BUSINESS APD/FRANCE

1. The Divestment Business APD/France includes ASSA ABLOY's automatic pedestrian doors business in France, under the ownership of ASSA ABLOY Entrance Systems Piétonnes SAS ("AAES FR" or the "Company").[1]

AAES FR is active in the sale and installation of Automatic pedestrian doors and the provision of after-sales services (maintenance and repair) for such doors in France. Both products and services are provided under the "ASSA ABLOY" brand and, to a lesser extent, the "Besam" brand.

AAES FR's headquarters is located in Lieusaint, outside of Paris. The office space is shared with the industrial doors business. The industrial door business, which is a separate legal entity, is the tenant to the lease agreement in Lieusaint, from which AAES FR sublets its part of the premises.

As in other European countries, ASSA ABLOY supplies the French automatic pedestrian door markets with equipment from its assembly plant in Ostrov, Czech Republic. Products are sent from Ostrov directly to the end users' premises where they are installed either by AAES FR's in-house installation technicians or by (sub-contracted) third party installers. AAES FR does not have any local assembly or storage facilities beyond a warehouse where a small stock of spare parts is stored.

Due to local French regulation, the assembly plant in Ostrov integrates a rubber band into the operators of all of its escape route sliding doors destined for the French market. AAES FR occasionally sources hermetic door leaves from Tané and fire doors from various local suppliers such as Crouzille, Ploojer and Robert.

Apart from the product supply, AAES FR is a stand-alone company encompassing, in addition to sales, installation and after-sales services, necessary administrative functions such as finance, HR and administration.

The company offers after-sales services of all types of Automatic pedestrian doors.

AAES FR currently employs around 98 FTEs:

[1] For corporate information on ASSA ABLOY Entrance Systems Piétonnes SAS, see **Annex A**.

Function	FTE
Administration	5.6
Sales (field)	14
Sales (Support)	10
Service & Maintenance Engineers	46
Operations (Office)	22
Total	97.6

2. In accordance with paragraph 6 of these Commitments, the Divestment Business APD/France includes, but is not limited to:

(a) the following main tangible assets of AAES FR:

(i) all equipment, for a list of the main equipment, please see **Annex B**;

(ii) all vehicles owned (no vehicles owned by AAES FR);

(iii) stock as per the day of Closing.

(b) the following main intangible assets of AAES FR:

ASSA ABLOY is not aware of any transferable intangible assets. However, any such intangible assets within AAES FR will transfer with the legal entity.

(c) the following main licences, permits and authorisations of AAES FR:

ASSA ABLOY is not aware of any such licences, permits and authorisations. However, any licence, permit and authorisation within AAES FR will transfer with the legal entity.

(d) the following main contracts, agreements, leases, commitments and understandings of AAES FR:

(i) all customer agreements and all customer relationships. For a list of the main customer agreements/relationships, please see **Annex C**;

(ii) all supply agreements. For a description of the supply arrangements, please see **Annex D**;

(iii) sub-lease agreement related to the premises in Lieusaint (no sub-lease agreement in place);

(iv) shared facilities and functions related to the premises in Lieusaint, please see **Annex E**; and

(v) all lease agreements related to other equipment (e.g. vehicles). For a list, please see **Annex F**.

(e) the following customer, credit and other records of AAES FR:

All customer, credit and other records held by AAES FR.

(f) the following Personnel of AAES FR:

All personnel employed by AAES FR. For a list of personnel employed by AAES FR, see **Annex G**.

(g) the following Key Personnel of AAES FR:

(i) MD, […]

(ii) Installation manager, […]

(iii) Finance manager, […]

(iv) Service manager, […]

(v) All sales (field) FTEs

(vi) Service & Maintenance Engineers – Team leaders/coordination functions

(h) At the option of the Purchaser, the arrangements for the supply of the following products or services by the Affiliated Undertakings:

(i) all automatic pedestrian door products (including components and parts thereof) and related services (including building information modelling – BIM references and tools) made available to AAES FR at the time of, or before, Closing, or any products substituting such products, for a transitional period of up to five years after Closing, at variable cost and without quantity limitations. This includes the full range of Automatic pedestrian doors, as well as spare parts to the above. The delivery of such products will be made on a priority basis, within the standard lead times applicable prior to Closing;

(ii) an exclusive, irrevocable and royalty free license of all brands, trademarks, trade names, product lines and know-how owned or used by AAES FR to market, sell and service automatic pedestrian door products in France, (e.g., the "ASSA ABLOY" and "BESAM" brands), including the right to use the trademarks and brands in conjunction with the Purchaser's own brands, for a period of up to five years after Closing. For the avoidance of doubt, during this period, ASSA ABLOY will not market and sell Automatic pedestrian doors of ASSA ABLOY under such brands, trademarks and trade names or otherwise in France, either directly to end-users or through non-integrated suppliers. After the exclusivity period of five years, neither the Divestment Business APD/France nor ASSA ABLOY (including agta record) shall use the brands and trademarks in question (including "ASSA ABLOY" and "BESAM") in the marketing and sales of automatic pedestrian door products in France for a period of two years. For the avoidance of doubt, ASSA ABLOY will also refrain

from selling Automatic pedestrian doors in France under the Ditec and Entrematic brands for a duration of five years after Closing and will refer customer inquiries to the Divestment Business APD/France over that period;

(iii) all spare parts and repair/replacement kits, including related services, necessary for the provision of after-sales services of ASSA ABLOY automatic pedestrian doors, for the life-span of all ASSA ABLOY automatic pedestrian door products in operation in France at Closing and for the life-span of products sold by the Divestment Business APD/France under the first five years after Closing, at variable cost and without quantity limitations;

(iv) a non-exclusive, irrevocable and fully paid-up license to access all technical information necessary for the provision of after-sales services of ASSA ABLOY automatic pedestrian doors, for the life-span of all ASSA ABLOY automatic pedestrian door products in operation in France at Closing, and for the life-span of products sold by the Divestment Business APD/France under the first five years after Closing;

(v) a non-exclusive and irrevocable license to access, at variable cost, ASSA ABLOY's after-sales and installation configuration tools and software, necessary for the provision of installation and after-sales services of ASSA ABLOY automatic pedestrian doors, for the life-span of ASSA ABLOY automatic pedestrian door products in operation in France at Closing, and for the life-span of products sold by the Divestment Business APD/France under the first five years after Closing. The license will also cover any new or updated after-sales and installation configuration tools and software;

(vi) the benefit of technical assistance from ASSA ABLOY as necessary for the continued operation and future viability and competitiveness of the Divestment Business APD/France;

(vii) access to the IT-systems used by AAES FR for a period of up to 12 months after Closing;

(viii) access to functions in relation to payroll, pensions and benefits, for a period of up to 12 months after Closing;

(ix) the website infrastructure used by AAES FR for a period up to 12 months after Closing; and

(x) the use of the e-mail server and addresses currently used by AAES FR for a period up to 12 months after Closing.

3. The Divestment Business APD/France shall not include:

Not applicable.

4. If there is any asset or personnel, in the Divestment Business APD/France or any Affiliated Undertaking, which is not covered by paragraph 2 of this Schedule but which is both used (exclusively or not) in the Divestment Business APD/France and necessary for the continued viability and competitiveness of the Divestment Business APD/France, that asset or adequate substitute will be offered to potential purchasers.

[…]

SCHEDULE 6 – DIVESTMENT BUSINESS APD/UNITED KINGDOM

1. The Divestment Business APD/United Kingdom includes ASSA ABLOY's automatic pedestrian doors business in the UK, under the ownership of ASSA ABLOY Entrance Systems Ltd. ("AAES UK" or the "Company").[1]

AAES UK is active in the sale and installation of Automatic pedestrian doors and the provision of after-sales services (maintenance and repair) for such doors in the United Kingdom and in the Republic of Ireland ("Ireland"). Both products and services are provided under the "ASSA ABLOY" brand and, to a lesser extent, the "Besam" brand. AAES UK also has a separate operational department active in industrial doors.

The automatic pedestrian door operations in Ireland and the separate operations active in industrial doors will be carved out prior to AAES UK being divested.

AAES UK's headquarters for the automatic pedestrian door business is located in Sunbury on Thames, Middlesex. AAES UK's automatic pedestrian door business also has a warehouse in Rotherham, outside of Sheffield.

As in other European countries, ASSA ABLOY supplies the UK markets with equipment from its assembly plant in Ostrov, Czech Republic. Products are sent from Ostrov directly to the end users' premises where they are installed either by AAES UK's in-house installation technicians or by (sub-contracted) third-party installers. AAES UK does not have any local assembly or storage facilities beyond a warehouse where a small stock of spare parts is stored.

Apart from the product supply as described above, AAES UK is a stand-alone company encompassing, in addition to sales, installation and after-sales services, all necessary back-bone departments such as finance, administration and HR.

The company offers after-sales services of all types of Automatic pedestrian doors.

AAES UK currently employs around 126 FTEs:

[1] For corporate information on ASSA ABLOY Entrance Systems Ltd., see **Annex A**.

Function	FTE
Administration	2
Sales (field)	19
Sales (Support)	17
Service & Maintenance Engineers	51
Installation Engineers	3
Operations (Office)	34
Total	126

2. In accordance with paragraph 6 of these Commitments, the Divestment Business APD/United Kingdom includes, but is not limited to:

(a) the following main tangible assets of AAES UK:

(i) all equipment, for a list of the main equipment, please see **Annex B**);

(ii) all vehicles owned (no vehicles owned by AAES UK);

(iii) stock as per the day of Closing.

(b) the following main intangible assets of AAES UK:

To ASSA ABLOY's best knowledge, AAES UK does not have any transferable intangible assets. However, any such intangible assets within AAES UK will transfer with the legal entity.

(c) the following main licences, permits and authorisations of AAES UK:

To ASSA ABLOY's best knowledge there are no licences, permits or other authorisations needed for the relevant business. However, any licence, permit and authorisation within AAES UK will transfer with the legal entity.

(d) the following main contracts, agreements, leases, commitments and understandings of AAES UK:

(i) all customer agreements and all customer relationships, excluding what is set out below under 3. For a list of the main customer agreements/relationships, please see **Annex C**;

(ii) all supply agreements, excluding what is set out below under 3. For a description of the supply arrangements, please see **Annex D**;

(iii) the lease agreements related to the premises in Sunbury on Thames, Middlesex and Rotherham, Sheffield, please see **Annex E**; and

(iv) all lease agreements related to other equipment (e.g. vehicles) excluding what is set out below under 3. For a list, please see **Annex F**.

(e) the following customer, credit and other records of AAES UK:

All customer, credit and other records held by AAES UK excluding what is set out below under 3.

(f) the following Personnel of AAES UK excluding what is set out below under 3:

all personnel employed by AAES UK excluding what is set out below under 3, see **Annex G**.

(g) the following Key Personnel of AAES UK:

(i) MD, […].

(ii) HR and QSHE, […]

(iii) Finance, […]

(iv) Equipment sales, […]

(v) Equipment Key account sales, […]

(vi) Equipment back office and Field Ops, […]

(vii) Service sales and Field Ops, […]

(viii) All sales FTEs

(ix) Service & Maintenance Engineers – Team leaders/coordination functions

(h) At the option of the Purchaser, the arrangements for the supply of the following products or services by the Affiliated Undertakings:

(i) all automatic pedestrian door products (including components and parts thereof) and related services (including building information modelling – BIM references and tools) made available to AAES UK at the time of, or before, Closing, or any products substituting such products, for a transitional period of up to five years after Closing, at variable cost and without quantity limitations. This includes the full range of Automatic pedestrian doors, as well as spare parts to the above. The delivery of such products will be made on a priority basis, within the standard lead times applicable prior to Closing. ASSA ABLOY also undertakes to ensure that the applicable supply conditions will enable the Divestment Business APD/United Kingdom to remain competitive irrespective of any adverse conditions resulting from the consequences of the exit of the United Kingdom from the European Union;

(ii) an exclusive, irrevocable and royalty free license of all brands, trademarks, trade names, product lines and know-how owned or used by AAES UK to market, sell and service automatic pedestrian door products in the United Kingdom (e.g., the “ASSA ABLOY“ and “BESAM” brands), including

the right to use the trademarks and brands in conjunction with the Purchaser's own brands, for a period of up to five years after Closing. For the avoidance of doubt, during this period, ASSA ABLOY, will not market and sell Automatic pedestrian doors of ASSA ABLOY under such brands, trademarks and trade names or otherwise in the United Kingdom, either directly to end-users or through non-integrated suppliers. After the exclusivity period of five years, neither the Divestment Business APD/United Kingdom nor ASSA ABLOY (including agta record) shall use the brands and trademarks in question (including "ASSA ABLOY" and "BESAM") in the marketing and sales of automatic pedestrian door products in the United Kingdom for a period of two years. For the avoidance of doubt, ASSA ABLOY will also refrain from selling Automatic pedestrian doors in the United Kingdom under the Ditec and Entrematic brands for a period of five years after Closing and will refer customer inquiries to the Divestment Business APD/United Kingdom over that period;

(iii) all spare parts and repair/replacement kits, including related services, necessary for the provision of after-sales services of ASSA ABLOY automatic pedestrian doors, for the life-span of all ASSA ABLOY automatic pedestrian door products in operation in the United Kingdom at Closing and for the life-span of products sold by the Divestment Business APD/United Kingdom under the first five years after Closing, at variable cost and without quantity limitations;

(iv) a non-exclusive, irrevocable and fully paid-up license to access all technical information necessary for the provision of after-sales services of ASSA ABLOY automatic pedestrian doors, for the life-span of all ASSA ABLOY automatic pedestrian door products in operation in the UK at Closing, and for the life-span of products sold by the Divestment Business APD/United Kingdom under the first five years after Closing;

(v) a non-exclusive and irrevocable license to access, at variable cost, ASSA ABLOY's after-sales and installation configuration tools and software, necessary for the provision of installation and after-sales services of ASSA ABLOY automatic pedestrian doors, for the life-span of ASSA ABLOY automatic pedestrian door products in operation in the United Kingdom at Closing, and for the life-span of products sold by the Divestment Business APD/United Kingdom under the first five years after Closing. The license will also cover any new or updated after-sales and installation configuration tools and software;

(vi) the benefit of technical assistance from ASSA ABLOY as necessary for the continued operation and future viability and competitiveness of the Divestment Business APD/United Kingdom;

(vii) access to the IT-systems used by AAES UK for a period of up to 12 months after Closing;

(viii) access to functions in relation to payroll, pensions and benefits, for a period of up to 12 months after Closing;

(ix) the website infrastructure used by AAES UK for a period up to 12 months after Closing; and

(x) the use of the e-mail server and addresses currently used by AAES UK for a period up to 12 months after Closing.

3. AAES UK's industrial door business and automatic pedestrian door business in Ireland will be carved out prior to the divestment of the Divestment Business APD/United Kingdom.[2] The automatic pedestrian door business and the industrial door business were merged into one legal entity in 2013 but has been operating on a standalone basis operationally within the same legal entity since then. Thus, the Divestment Business APD/United Kingdom shall not include:

(a) the following tangible assets of AAES UK:

(i) the assets used in the industrial door business or the automatic pedestrian door business in Ireland, please see **Annex H**,

(ii) the stock relating to the industrial door business or the automatic pedestrian door business in Ireland as per the day of closing.

(b) the following main intangible assets of AAES UK:

Intangible assets of the industrial door business or the automatic pedestrian door business relating to Ireland.

(c) the following main licences, permits and authorisations of AAES UK:

Licences permits and authorisations pertaining to the industrial door business or the automatic pedestrian door business in Ireland.

(d) the following main contracts, agreements, leases, commitments and understandings of AAES UK:

(i) all customer agreements of the industrial door business or the automatic pedestrian door business in Ireland;

(ii) all supply agreements of the industrial door business or the automatic pedestrian door business in Ireland;

(iii) all lease agreements of the industrial door business or the automatic pedestrian door business in Ireland; and

(iv) all lease agreements related to other equipment (e.g. vehicles) of the industrial door business or the automatic pedestrian door business in Ireland. For a list.

(e) the following customer, credit and other records of AAES UK:

[2] It should also be noted that AAES UK has a very limited gate automation business, which is in the process of being wound up. Thus, this part of AAES UK will not be transferred to the Divestment Business APD United Kingdom.

All customer, credit and other records held by AAES UK and pertaining to the industrial door business or the automatic pedestrian door business in Ireland.

(f) the following personnel of AAES UK:

all personnel pertaining to the industrial door business or the automatic pedestrian door business in Ireland, please see **Annex I**.

4. If there is any asset or personnel, in the Divestment Business APD/United Kingdom or any Affiliated Undertaking, which is not covered by paragraph 2 of this Schedule but which is both used (exclusively or not) in the Divestment Business APD/United Kingdom and necessary for the continued viability and competitiveness of the Divestment Business APD/United Kingdom, that asset or adequate substitute will be offered to potential purchasers.

[…]

SCHEDULE 7 – DIVESTMENT BUSINESS HSD

1. The Divestment Business HSD consists of agta record's high-speed door business located in France and comprises assets and staff of record Industry SAS ("record Industry") and staff from record Portes Automatiques SAS.

The Divestment Business HSD

record Industry is mainly active in production of automatic pedestrian door products, and only to a relatively limited extent in the production of high-speed doors. Sectional doors are produced by ISEA SAS.

agta record's production activities (mainly assembly) for high-speed doors are carried out through record Industry, while sales and servicing are performed by other agta record entities mainly active in supply of other products than high-speed doors.[1] agta record does not currently have staff dedicated only to sales and servicing of high-speed doors. The high-speed door products are provided under the record brand.

record Industry's high-speed doors production facility is located in Crémieu, in France, sharing the premises with record Portes Automatiques SAS automatic pedestrian door production facility. The main part of the production facility in Crémieu relates to the assembly of automatic pedestrian doors. The minor part of the production facility relating to the production of high-speed doors, and the equipment relating to that production, can easily be separated within the existing facility or moved to a different premises, suitable for assembly of high-speed doors, in the adjacent area.

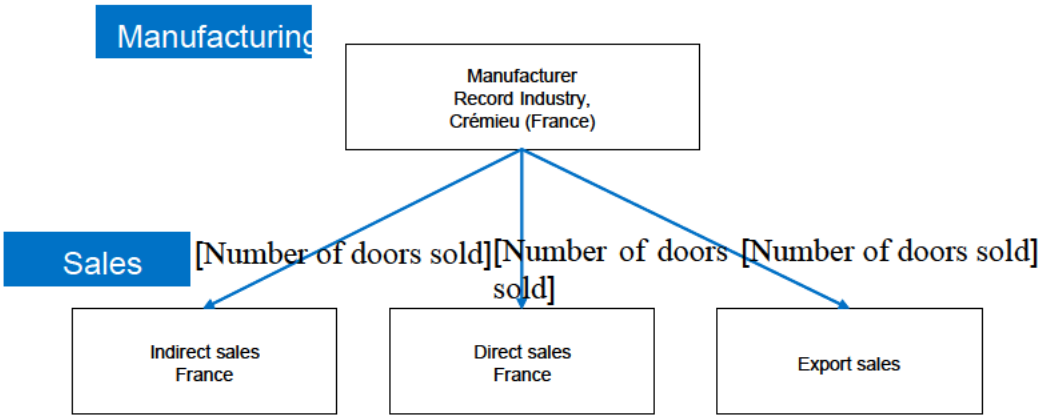
agta record's limited R&D activities related to high-speed doors are performed in the high-speed doors part of the record Industry production facility and will continue in the Divestment Business HSD.

The high-speed door production is mainly supplied with components from third-party suppliers, but also partly (for the Speedcord high-speed door model) from agtatec ag in Switzerland.

agta record's high-speed door business does not have any integration or links to agta record's remaining industrial door business, other than limited indirect sales by ISEA SAS.

[1] Sales of the high-speed doors produced by record Industry are mainly made by record Portes Automatiques SAS (direct sales) and, to a limited extent, ISEA SAS (indirect sales). In addition, there are some minor sales in "export markets" by local sales organizations.

agta record's sales of high-speed doors



Structure of the transfer of the Divestment Business HSD

For the purpose of divesting the Divestment Business HSD, the assets constituting the high-speed doors business, including staff, will be transferred to a newly formed entity, with necessary transitional services provided by agta record. Alternatively, at the option of the Purchaser, the assets will be directly transferred to an entity in the Purchaser's organisation, with necessary transitional services provided by agta record.

The sales team will consist of staff transferred from record Portes Automatiques SAS, who together with the Operations function will handle both direct and indirect (including export) sales. The servicing team will consist of staff transferred from Portes Automatiques SAS.

Information on potential relocation is provided in **Annex A**.

2. In accordance with paragraph 7 of these Commitments, the Divestment Business includes, but is not limited to:

(a) the following main tangible assets:

(i) all machinery and equipment relating to the high-speed door production operations (for a list of the main machinery and equipment, please see **Annex B**);

(ii) vehicles used by the sales employees transferring to the Divestment Business HSD (for a list of the vehicles, please see **Annex C**);

(iii) stock pertaining to the high-speed door business as per the day of Closing; and

(iv) appropriate machinery substituting the steel cutting machine and the steel trimming machine retained under Section 3, as directed and/or approved by the Purchaser, to be available to the Divestment Business HSD at the day of Closing.

(b) the following main intangible assets:

(i) all the intellectual property rights, including patents, designs, copyrights, trademarks, brands, trade names, and product lines, as well as know-how, trade secrets and other data and information, owned by agta record that are or have been previously used solely or predominantly by the Divestment Business HSD, in connection with the production, marketing, sales and servicing of high-speed door products. The Purchaser will grant perpetual, irrevocable, non-exclusive, fully paid-up worldwide licences to ASSA ABLOY for the use of these intellectual property rights in so far they are necessary to continue running the business retained by ASSA ABLOY. For the avoidance of doubt, intellectual property rights that are solely or predominantly used by the business retained by ASSA ABLOY will remain in the ownership of ASSA ABLOY, which will grant perpetual, irrevocable, non-exclusive, fully paid-up worldwide licences for the intellectual property rights that the Divestment Business HSD uses in connection with the production, marketing, sales and servicing of high-speed doors, and in so far they are necessary to continue running the Divestment Business HSD. For the avoidance of doubt, the licenses do not include a right to sub-license the intellectual property rights, including know-how, trade secrets and other data and information, to third parties. ASSA ABLOY and the Purchaser will also seek to enter into an agreement for the use of the brand 'record' in the marketing and sales of high-speed doors after a period of five years from Closing.

(ii) Swiss trademark – no. 596437 "SPEEDCORD".

To the Parties' knowledge, there are no other transferable intangible assets specifically related to the high-speed doors business.

(c) The following main licences, permits and authorisations:

Not applicable. To the Parties' knowledge, there are no licences, permits or authorizations required for the Divestment Business HSD.

(d) the following main contracts, agreements, leases, commitments and understandings:

(i) at the option of the Purchaser, a lease agreement for premises of approximately 2,300 square meters and 100 square meters office space, adjacent to the premises in Crémieu and on standard market terms, where all machines and equipment of the high-speed door business will be moved by and at the expenses of ASSA ABLOY. ASSA ABLOY will also bear the costs of the lease fee for a duration of eighteen (18) months after Closing;

(ii) all customer relationships exclusively related to the high-speed door business (for a list of the main customer relationships/agreements, please see **Annex D**). In addition, the Parties commit to procure that all material customer agreements/relationships shared between the Divestment Business HSD and other agta record entities will be transferred to the Divestment Business HSD to the extent the agreements relate to high-

speed doors.[2] For a list of the main shared customer agreements, please see **Annex E**;

(iii) all supply agreements related to the high-speed door business (for a list of all main supply agreements, please see **Annex F**);

(iv) all technical documentation pertaining to the high-speed door business (including project notebooks, design history files, drawings, product specifications, manufacturing process descriptions, validation documentation, packaging specifications and quality control standards).

(e) the following customer, credit and other records:

All customer, credit and other records held by record industry and related to the high-speed door business, whether maintained in an ERP system or separately.

(f) the following Personnel[3]:

Function	Employees
Management	2
Operations (Office)	4
Production	6
Warehouse	3
Sales	3
Servicing/Installation	6
Total	24

(g) the following Key Personnel:

(i) […]

(ii) […]

(iii) […]

(iv) […]

(v) […]

[2] […]

[3] The employees in the functions Management, Operations, Production and Warehouse will be moved from record Industry, while the employees in the Sales function will be moved from record Portes Automatiques SAS.

(vi) […]

(vii) […] (sales)

(viii) […] (sales)

(ix) […] (sales)

(x) The servicing/installation team

[Organization chart with names of employees]

(h) At the option of the Purchaser, the arrangements for the supply of the following products or services by the Affiliated Undertakings:

(i) all high-speed door products (including components and spare parts) manufactured by or on behalf of agtatec ag, at the time of, or before, Closing, or any components substituting such components, for a transitional period of up to five years after Closing, at variable cost and without quantity limitations. The delivery of such components will be made on a priority basis, within the standard lead times applicable prior to Closing;

(ii) all overhead sectional door products (including components, spare parts technical information and after-sales and installation configuration tools and software) and related services produced and supplied by ISEA SAS in France at the time of, or before, closing or any products substituting such products, for a transitional period of up to five years after Closing, at variable cost and without quantity limitations. The delivery of such products will be made on a priority basis, within the standard lead times applicable prior to Closing;

(iii) relevant content from agta record's French website, and a reference to the Divestment Business HSD's website on the website of agta record's French organisation (https://www.record.fr/), for a period up to 12 months after Closing;

(iv) access to the IT-systems used by record Industry for a period of up to 12 months after Closing; and

(v) the use of the e-mail server and addresses currently used by record Industry for a period up to 12 months after Closing.

3. The Divestment Business shall not include:

(i) Steel cutting machine (to a minor extent used by the Divestment Business HSD, but predominantly used by record Portes Automatiques for production of automatic pedestrian doors); and

(ii) Steel trimming machine (to a minor extent used by the Divestment Business HSD, but predominantly used by record Portes Automatiques for production of automatic pedestrian doors).

4. If there is any asset or personnel, in the Divestment Business HSD or any Affiliated Undertaking, which is not covered by paragraph 2 of this Schedule but which is both used (exclusively or not) in the Divestment Business HSD and necessary for the continued viability and competitiveness of the Divestment Business HSD, that asset or adequate substitute will be offered to the Purchaser.

[…]

Schedule 8 – Brands

Previously used for Automatic pedestrian doors

- Port Automatica
- Rotomatic
- Benovatic

Previously used for industrial doors

- Akator
- Nomafa
- Schieffer
- Faltec
- Claver
- Amber
- Combosa

*

ASSA ABLOY represents that the above brands have previously been used by ASSA ABLOY for Automatic pedestrian door products and industrial door products, respectively, and that it is not aware of any past or ongoing dispute about the validity and/or use of these brands. However, ASSA ABLOY is not able to guarantee that the said brands currently benefit from any protected rights, and ASSA ABLOY will not accept any liability (including claims by third parties) in relation to the transfer of these brands.

ANNEX A-H – DIVESTMENT BUSINESS APD NETHERLANDS

[…]

ANNEX A-H – DIVESTMENT BUSINESS APD AUSTRIA

[…]

ANNEX A-H – DIVESTMENT BUSINESS APD HUNGARY

[…]

ANNEX A-H – DIVESTMENT BUSINESS APD SLOVENIA

[…]

ANNEX A-G – DIVESTMENT BUSINESS APD FRANCE

[…]

ANNEX A-I – DIVESTMENT BUSINESS APD UNITED KINGDOM

[…]

ANNEX A-F – DIVESTMENT BUSINESS HSD

[…]