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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 Where possible the information omitted has been replaced by ranges of figures or a general description.

Bilfinger SE
Oskar-Meixner-Straße 1,
68163 Mannheim
Germany

Subject: **Case M.11298 - BILFINGER / STORK EUROPE**
Commission decision pursuant to Article 6(1)(b) of Council Regulation No 139/2004[1] and Article 57 of the Agreement on the European Economic Area[2]

Dear Sir or Madam,

(1) On 19 January 2024, the European Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EC) No 139/2004 by which Bilfinger SE ('Bilfinger', Germany) acquires within the meaning of Article 3(1)(b) of the Merger Regulation sole control of Stork Turbo Service B.V. (the Netherlands), Stork Thermeq B.V. (the Netherlands), Stork Asset Management Technology B.V. (the Netherlands), Stork Nederland B.V. (the Netherlands), Stork Intellectual Property B.V. (the Netherlands), Stork Turbo Blading B.V. (the Netherlands), Stork Gears & Services B.V. (the Netherlands), Stork Technical Services Belgium N.V. (Belgium), Cooperheat GmbH (Germany), Stork APM Consultancy Services LLC (Azerbaijan), Stork Asset Management Technology B.V. Merkezi Hollanda (Türkiye), Istimewa Elektrotechniek B.V. (the Netherlands), N2ES V.O.F. (the Netherlands), Thermoprozess Cooperheat GmbH (Germany), Stork Technical Services GmbH (Germany), Stork Power Services USA Holding Inc. (United States), Stork H & E

[1] OJ L 24, 29.1.2004, p. 1 (the 'Merger Regulation'). 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').

Turbo Blading, Inc. (United States), Combinatie Scaldis Noord V.O.F. (the Netherlands), Combinatie Scaldis OSK V.O.F. (the Netherlands), Combinatie Scaldis V.O.F. (the Netherlands) (collectively 'Stork Europe'), ('Transaction')[3].

(2) Bilfinger and Stork Europe are hereinafter together referred to as 'Parties'.

1. THE PARTIES

(3) Bilfinger is an international industrial services provider covering among others consulting, engineering, manufacturing and maintenance.

(4) Stork Europe is an industrial services provider covering among others mechanical and piping, electrical and instrumentation, as well as offshore insulation, scaffolding and painting. Its activities are limited to Belgium, Germany, and the Netherlands.

2. THE CONCENTRATION

(5) Pursuant to a Sale and Purchase Agreement signed on 6 September 2023, Bilfinger will indirectly acquire shares representing 100% of the total voting rights and sole indirect control of Stork Europe.

(6) The Transaction therefore results in the acquisition of sole control by Bilfinger over Stork Europe pursuant to Article 3(1)(b) of the Merger Regulation.

3. UNION DIMENSION

(7) The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 2 500 and a combined aggregate turnover of more than EUR 100 million in each of three Member States (Belgium, Germany, Netherlands). In each of those Member States, the aggregate turnover of each of Bilfinger and Stork Europe exceeds EUR 25 million. Overall, the aggregate EU-wide turnover of each of Bilfinger and Stork Europe exceeds EUR 100 million, but not each of them achieves more than two-thirds of their aggregate EU-wide turnover within one and the same Member State.

Table 1: Parties' EU and Worldwide Turnover

Undertakings concerned	Country of origin	Role[4]	Turnover (in million EUR)		Year of turnover
			World-wide	EU-wide	
Bilfinger SE	Germany	A	4,334	[…]	2022
Stork Europe	Netherlands	T	[…]	[…]	2022
Combined turnover of all undertakings concerned			[…]	[…]	2022

Source: Form CO

[3] OJ C, C/2024/1211, 30.1.2024.

[4] A = Acquirer .
T = Target .

Table 2: Parties' National Turnover

Name of relevant Member State for the purposes of Article 1(3) point (b) and (c) of the Merger Regulation	Combined turnover of all undertakings concerned in this Member State (in million EUR)	Name of relevant undertakings concerned for the purposes of Article 1(3), point (c) of the Merger Regulation	Turnover of the undertaking concerned in this Member State (in million EUR)
Netherlands	[…]	Bilfinger	[…]
		Stork Europe	[…]
Belgium	[…]	Bilfinger	[…]
		Stork Europe	[…]
Germany	[…]	Bilfinger	[…]
		Stork Europe	[…]

Source: Form CO

(8) The Transaction therefore has an EU dimension according to Article 1(3) of the Merger Regulation.

4. MARKET DEFINITION

(9) The Parties' activities overlap in Belgium, Germany and the Netherlands, where the Parties offer a broad portfolio of services required to install and maintain industrial plants and machinery across various industrial sectors.

4.1. Product market definition

(10) In a previous decision the Commission has considered segmenting the market for industrial services between installation services and maintenance services.[5] Installation is the first setup of a piece of industrial equipment (such as static or rotary mechanical equipment, piping, electrical equipment and instrumentation, insulation, painting and scaffolding, etc.) in a production plant, while maintenance is the ongoing inspection and servicing of industrial equipment. The Commission has also considered further sub-segmenting those market according to industrial sectors, such as oil & gas, energy, chemical, life sciences. However, the Commission ultimately left open the exact product market definition.[6]

(11) The Parties agree that installation services and maintenance services constitute separate markets. They argue, however, that the segmentation by industry should

5 M.5664 *Bilfinger Berger / MCE*, para.9.

6 M.5664 *Bilfinger Berger / MCE*, para.10. In its decisional practice the Commission also considered relevant markets in relation to the installation of high-pressure pipes (M.5664 *Bilfinger Berger / MCE*), the servicing of certain power and metal plants (M.3653 *Siemens / VA Tech*) and the construction of hydroelectric stations (M.1793 *Voith / Siemens JV*). Since the Parties' activities do not overlap in any of those segments, those are not discussed in this decision.

not apply anymore as the certification and accreditation systems are becoming similar.[7]

(12) With regards to a possible distinction between installation and maintenance services, a majority of market participants confirmed that the two categories of services generally require the same capabilities and can be done by the same provider.[8] Other respondents however explained that installation services require specific knowledge about equipment assembly and lifting while maintenance service require familiarity with the functioning of machines and the details of manufacturing processes.[9]

(13) With regards to a possible sub-segmentation of installation and maintenance services by end-industry served, a majority of market participants consider that the same capabilities and resources are required across different industrial sectors (*e.g.* oil & gas, chemical, energy, life sciences, etc.) and can generally be provided by the same service provider.[10] Certain respondents however noted that specific expertise may be required in some sectors, such as the minimum safety requirements for activity in explosive atmospheres with respect to the chemical sector.[11]

(14) In any event, for the purpose of this case, the exact product market definition can be left open given that the Transaction will not lead to competitive concerns for industrial services under any plausible definition.

(15) For the purpose of this case, and in line with the Commission's precedent, the competitive assessment will be conservatively conducted based on the narrowest plausible markets, that is the markets for installation services in each separate industrial sector and, separately, for maintenance services in each separate industrial sector.

4.2. Geographic market definition

(16) The Commission has previously considered that the above-mentioned markets could be EEA-wide or national markets, but ultimately left open the exact geographic market definition.[12]

(17) The Parties submit that the relevant market is (increasingly) EEA-wide.[13]

(18) The market investigation showed that the geographic scope of the market may be different for installation and maintenance services.

(19) For installation services, the distance between the provider and the customer may not be a significant obstacle.[14] Installation services have a relatively high budget and it may be economically feasible for service providers to offer those services notwithstanding the transportation costs. Because installation services are generally executed in a relatively short period of time, providers may also build temporary

7 Form CO, para.72.
8 Questionnaire, question C.1.
9 Questionnaire, question C.2.
10 Questionnaire, questions C.3 and C.5.
11 Questionnaire, question C.6.
12 M.5664 – Bilfinger Berger / MCE para.11, 12.
13 Form CO, paras.82 and 101.
14 Questionnaire, question D.1.

project location at the customer's site to minimize those transportation costs. Therefore it may be economically feasible for companies to provide these services even if they are located at a certain distance from the customer.[15]

(20) Conversely, customer proximity appears to be more important for maintenance services.[16] Those services generally have a lower budget that may not be sufficient to cover considerable transportation costs. Also, those services are often recurrent over long periods of time or required at short notice. Customer therefore may have a preference for providers located at a short distance.[17]

(21) That said, in either case the relevant market may be larger than a country. For instance, with respect to the Netherlands (which is the only country where the Parties' activities have a significant overlap), most market respondents noted that maintenance services mostly can be provided by companies located in Belgium and possibly also from Northern Germany.[18] Installation services in the Netherlands can be provided by companies located even further, including possibly Southern Germany, France or further away in Europe.[19]

(22) In any event, for the purpose of this case, the exact geographic market definition can be left open given that the Transaction will not lead to competitive concerns for industrial services under any plausible definition.

(23) For the purpose of this case, and in line with the Commission's precedent, the competitive assessment will be conservatively conducted based on the narrowest plausible markets, that is at a national level.

5. COMPETITIVE ASSESSMENT

(24) Based on the market definition described above, the Transaction gives rise to the following affected markets:

(a) Installation services in the oil & gas sector in the Netherlands,

(b) Maintenance services in the oil & gas sector in the Netherlands, and

(c) Maintenance services in the energy sector in the Netherlands.

Table 3: Parties' market shares (in value) in the affected markets in the Netherlands

Market	Bilfinger	Stork Europe	Combined	Competitor 1	Competitor 2	Competitor 3
Installation, Oil & Gas	[5-10]%	[10-20]%	[20-30]%	BAM	Equans	SPIE
Maintenance, Oil & Gas	[5-10]%	[10-20]%	[20-30]%	Equans	SPIE	Vinci
Maintenance, Power plants	[5-10]%	[20-30]%	[30-40]%	Equans	SPIE	Vinci

Source: Parties' actual sales data and market size estimates by McKinsey

15 Questionnaire, question D.2.
16 Questionnaire, question D.3.
17 Questionnaire, question D.4.
18 Questionnaire, question D.7.
19 Questionnaire, question D.5.

(25) The Transaction does not raise serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement in any of these markets with respect to non-coordinated horizontal effects. There are no indications of any vertical or conglomerate issues.

(26) *First*, as shown in the table above, in all affected markets the Parties' combined market shares remain moderate. Moreover, these market share estimates are particularly conservative because, as discussed above, the relevant market may be broader than national and extend beyond one individual industrial sector.

(27) *Second*, in each of these markets the Parties will continue to face several significant competitors that are active in the same markets where the Parties' activities overlap. In particular, market participants most frequently mention Equans as the largest providers of installation and maintenance services in the Netherlands. Other competitors include BAM, SPIE, Steinmüller Babcock, ThyssenKrupp Industrial Solutions, TBI Techniek, Vinci, Volker Wessels and Voscon.[20] A large majority of respondents believe that, after the Transaction, the combined entity will face competition from a number of alternative providers of installation and maintenance services sufficient to maintain effective competition in the Netherlands.[21]

(28) *Third*, switching costs do not appear to be a meaningful impediment to competition. A large majority of respondents indeed confirmed customers will be able to easily switch from the combined entity to another alternative provider of installation or maintenance services, with limited costs and in a relatively short time.[22]

(29) *Fourth*, the HHI deltas ([300-400] for installation in oil & gas, [100-200] for maintenance in oil & gas, [200-300] for maintenance in power plants) resulting from the Transaction also remain moderate. As to closeness of competition, the market investigation was inconclusive, with approximately half of the respondent indicating that the Parties are close competitors and half indicating that they are not.[23] A very small minority of respondents mentioned Stork Europe as one of the main suppliers in this market, therefore the target cannot be considered to be an important competitive force.[24] Competitors do not require any scarce input or technology to provide their services and therefore there is no significant constraint to increasing supply. No specific concern about potential restriction of competition on other markets was raised during the market investigation.[25]

(30) *Finally*, a majority of respondents believe that the Transaction will not significantly reduce customers' choice of alternative providers, will not allow the combined entity to increase their prices and will not reduce its incentives to innovate or improve the quality of its services.[26] A majority of respondents also believe that the Transaction will have no impact or even a positive impact on the market.[27]

(31) In light of these considerations, the Commission concludes that the Transaction does not give rise serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement.

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20 Questionnaire, question E.1.
21 Questionnaire, questions E.4 and E.6.
22 Questionnaire, questions E.8 and E.10.
23 Questionnaire, question E.2.
24 Questionnaire, question E.1.
25 Questionnaire, question E.14.
26 Questionnaire, question E.12.
27 Questionnaire, question E.15.

6. CONCLUSION

(32) For the above reasons, the European Commission has decided not to oppose the notified concentration and to declare it compatible with the internal market and with the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of the Merger Regulation and Article 57 of the EEA Agreement.

For the Commission

(Signed)
Margrethe VESTAGER
Executive Vice-President