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 Where possible the information omitted has been replaced by ranges of figures or a general description.

Nexans S.A.
Le Vinci, 4 allée de l'Arche
92400 Courbevoie
France

Subject: **Case M.11488 – NEXANS / GRUPPO LTC**
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 23 April 2024, the European Commission received notification of a proposed concentration pursuant to Article 4 of the Merger Regulation by which Nexans S.A. ("**Nexans**" or the "**Notifying Party**", France) intends to acquire a 96% stake in Gruppo LTC S.p.A. ("**Gruppo LTC**" or the "**Target**", Italy) within the meaning of Article 3(1)(b) of the Merger Regulation (the "**Transaction**")[3]. Nexans and Gruppo LTC are designated hereinafter as the "**Parties**".

[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').
[3] OJ C, C/2024/3027, 2.5.2024.

1. THE PARTIES

(2) **Nexans** develops, produces and sells many different types of wires, power cables and cable systems at an extensive range of voltage levels and for many different end applications. It focuses on four main business areas: (i) Generation & Transmission; (ii) Distribution; (iii) Usage and (iv) Industry & Solutions. Nexans is active globally, with a focus on North America and Europe. Nexans has an industrial presence in 42 countries and employs around 28,000 people. The company is publicly listed on the regulated market of Euronext Paris.

(3) **Gruppo LTC** is mainly active in the production and sale of general wiring cables for a variety of electrical applications, such as for construction, industries, and renewable technologies. To a limited extent, Gruppo LTC is also producing and selling medium voltage power cables and telecom cables. Gruppo LTC operates four production units, all located in Italy. Gruppo LTC is a private company organized under the laws of Italy.[4]

2. THE OPERATION AND THE CONCENTRATION

(4) The Transaction consists in the acquisition of sole control by Nexans over Gruppo LTC, pursuant to a share purchase agreement ("**SPA**") dated 9 February 2024, according to which Nexans will acquire 96% of the shares in Gruppo LTC.[5] The purchase price is based on an enterprise value of EUR […].

(5) Therefore, the Transaction constitutes a concentration within the meaning of Article 3(1)(b) of the Merger Regulation.

3. UNION DIMENSION

(6) The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 5 000 million[6] (Nexans: EUR 8 572 million; Gruppo LTC: EUR 881 million). Each of them has a Union-wide turnover in excess of EUR 250 million (Nexans: EUR […]; Gruppo LTC: EUR […]) and they do not achieve more than two-thirds of their aggregate Union-wide turnover within one and the same Member State.

(7) Therefore, the notified operation has a Union dimension pursuant to Article 1(2) of the Merger Regulation.

4. RELEVANT MARKETS

(8) Both Parties are primarily active in the manufacture and supply of energy cables. Three main different types of energy cables can be identified: (i) power cables for the transmission and distribution of electrical power; (ii) general wiring used for electrical systems in buildings and industrial applications, internal wiring of electrical equipment and for power and signal supply of mobile devices, including

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4 Gruppo LTC is controlled by Fimassi Italia S.r.l, Finscal Italia S.r.l. and Ms. Sabrina Gobetti (together the "**Sellers**"). The Sellers hold […]%, […]% and […]% of the share capital of Gruppo LTC, respectively.

5 The remaining 4% of the Target's share capital is represented by treasury shares.

6 Turnover calculated in accordance with Article 5 of the Merger Regulation.

for railways and automotive applications; and (iii) overhead bare conductors for the aerial transmission of energy which are not technically considered as cables as they are not insulated.[7]

(9) Nexans' activities involve the development, production and sale of many different types of energy cables, including low, medium and high voltage power cables, general wiring, as well as overhead bare conductors.

(10) Gruppo LTC is mainly active in the production and sale of general wiring cables and, to a limited extent, medium voltage power cables.

(11) The Transaction gives rise to only one market that is affected at the EEA level, namely the market for general wiring.[8]

(12) The Transaction also results in some additional horizontal overlaps and vertical links for a number of other markets. First, both Parties produce and sell medium-voltage power cables. Second, both Parties have revenues in relation to the manufacture and supply of telecommunications and data cables.[9] Third, Nexans owns a manufacturing plant for copper rods which is an input for both power cables and general wiring. However, none of these overlaps or links give rise to affected markets within the meaning of recital 25(g) Annex I to Regulation (EU) 2023/914[10], as they meet the conditions for review under point 5 or benefit from the flexibility clauses of point 8 of the Notice on Simplified Treatment[11]. Therefore, these overlaps will not be further discussed in this decision.

4.1. Market for the manufacture and supply of general wiring

4.1.1. Product market definition

4.1.1.1. Past Commission decisions

(13) In previous decisions, the Commission concluded that the manufacture and supply of general wiring constitutes a single product market.[12] According to the Commission, general wiring cables may have many different industrial applications requiring specific features. Substitutability considerations do not apply to the single product but rather to the suppliers' ability to adapt their cables to customers'

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7 Commission decision of 27 February 2017 in case M.8239 – *NKT / ABB High Voltage Cable Business*, paragraph 10; Commission decision of 8 May 2018 in case M.8770 – *Prysmian / General Cable*, paragraph 11.

8 In addition, the Parties both produce and sell medium-voltage power cables. Therefore, the market for the manufacture and supply of low voltage and medium voltage power cables could be affected if these markets were to be national. For this reason, the Commission investigated this market as well and found that it was at least EEA wide.

9 In line with its focus on electrification, Nexans sold it Telecom and Systems business in early 2023. It has however some remaining 2023 revenues. Gruppo LTC's telecom cable activities account for approx. […]% of its revenues. The limited overlap in 2023 amounts to a combined market share below 5%, with an increment of [0-5]%.

10 Commission Implementing Regulation (EU) 2023/914 of 20 April 2023 implementing Council Regulation (EC) No 139/2004 on the control of concentrations between undertakings and repealing Commission Regulation (EC) No 802/2004, OJ L 119, 5.5.2023, p. 22.

11 Commission Notice on a simplified treatment for certain concentrations under Council Regulation (EC) No 139/2004 on the control of concentrations between undertakings 2023/C 160/01, OJ C 160, 5.5.2023, p. 1.

12 Commission decision of 8 May 2018 in case M.8770 – *Prysmian / General Cable*, paragraph 22; Commission decision of 9 February 2011 in case M.6092 – *Prysmian / Draka Holding*, paragraph 41.

specifications.[13] Although on the demand side general wiring cables for different applications have different requirements and may not always be used for other applications, on the supply side the design and production of wiring for different types of applications are largely similar, even if some adaptation (including in some instances the purchase of additional machinery) may be required in order to switch to the production of general wiring cables to suit another industrial application.[14] The Commission has previously also noted that, even if smaller suppliers may concentrate on specific types of cables or applications, most mid-sized and large suppliers produce the whole range of general wiring cables for different applications.[15]

(14) The Commission considered, but ultimately left open, whether the market should be further subdivided according to the applications for which the cables are used.[16] Further, the Commission also investigated but left open whether cables with specific technical characteristics (such as flame-retardant and fire-resistant cables) could constitute a separate product market.[17]

4.1.1.2. The Notifying Party's views

(15) The Notifying Party agrees with the Commission's prior decisions according to which the market for the manufacture and supply of general wiring constitutes the relevant product market and that this market should not be further segmented.[18]

(16) Moreover, the Notifying Party submits that a potential segmentation of the market between rigid and flexible general wiring cables is not warranted given that the production of wiring for different types of applications is largely similar. According to the Notifying Party, rigid and flexible general wiring cables are manufactured at the same plants using the same production lines, and the largest cable manufacturers active in the EEA have the required equipment to produce all conductor classes.[19]

4.1.1.3. The Commission's assessment

(17) The Market Definition Notice specifies that the Commission is usually in a position to preliminarily identify the most plausible relevant product market and geographic markets within which a particular conduct or concentration should be assessed. This can be based, for example, on the relevant markets defined in past Commission decisions. "*The Commission then adjusts its initial working hypotheses about the relevant product and geographic markets in the light of the evidence gathered during its investigation, if necessary. In many cases, a cursory examination of the plausible alternative market definitions is sufficient to structure and facilitate the competitive assessment in the Commission's decision, without the*

13 Commission decision of 8 May 2018 in case M.8770 – *Prysmian / General Cable*, paragraph 19.

14 Commission decision of 8 May 2018 in case M.8770 – *Prysmian / General Cable*, paragraph 20. Similarly, on supply-side substitution, see: Commission decision of 9 February 2011 in case M.6092 – *Prysmian / Draka Holding*, paragraph 36.

15 Commission decision of 8 May 2018 in case M.8770 – *Prysmian / General Cable*, paragraphs 19-20; Commission decision of 9 February 2011 in case M.6092 – *Prysmian / Draka Holding*, paragraph 38.

16 Commission decision of 8 May 2018 in case M.8770 – *Prysmian / General Cable*, paragraphs 19-21; Commission decision of 9 February 2011 in case M.6092 – *Prysmian / Draka Holding*, paragraph 41.

17 Commission decision of 9 February 2011 in case M.6092 – *Prysmian / Draka Holding*, paragraph 39.

18 Form CO, paragraph 132.

19 Form CO, paragraphs 128 and 130.

need to carry out a detailed analysis to conclude on the definition of each relevant market".[20]

(18) In light of its past decisions, the Commission starts its assessment on the basis of a product market for the manufacture and supply of general wiring.

(19) **Potential segmentation by industrial application.** The market investigation has confirmed to a large extent the Commission's previous position that no segmentation by industrial application is appropriate. The Notifying Party explained, as was also set out in the Commission's previous decisions, that general wiring cables are "*generally sold through electrical wholesalers and cable distributors or directly to installers and to OEMs […]*".[21] There are many different industrial applications for general wiring cables each requiring specific features. Indeed, one of the Notifying Party's main customers confirmed that, as a wholesaler, it "*has a catalogue which consists of 1.000 pages of different product used for different applications. These are generally interchangeable*".[22] This has led the Commission previously to consider that "*substitutability considerations do not apply to the single product but rather to the suppliers' ability to adapt their cables to customers' specifications*".[23]

(20) In general, the Commission's primary focus for defining a product market is demand-side substitutability.[24] In line with previous decisions, the market investigation indicates that there is limited demand-side substitutability between the general wiring cables for different applications. The majority of both competitors and customers that expressed a view consider that product characteristics[25], customer preferences[26] and prices[27] for general wiring for different applications vary. One customer explains that "*each individual customer has its own requirements for the cables it buys, depending on the area of application and the associated quality requirements. As a result, the required specifications can differ considerably*".[28] Most customers confirmed that they have not previously switched from using general wiring cables intended for a certain application to those intended for a different application.[29] Moreover, the majority of customers that expressed a view indicated that customers would not be able to switch to general wiring intended for other applications in the event of a permanent price increase of 5-10%[30], while the views of the competitors on the ability of customers to switch were mixed.[31]

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20 Commission Notice on the definition of the relevant market for the purposes of Union competition law (the "Market Definition Notice"), OJ C/2024/1645, paragraph 45.

21 Form CO, paragraph 293.

22 Non-confidential minutes of a conference call with a customer, dated 24 April 2024, paragraph 10.

23 Commission decision of 8 May 2018 in case M.8770 – *Prysmian / General Cable*, paragraph 19.

24 Market Definition Notice, paragraph 47.

25 Replies to Q1 – Questionnaire to competitors, question C.B.3; replies to Q2 – Questionnaire to customers, question C.B.1.

26 Replies to Q1 – Questionnaire to competitors, question C.B.7; replies to Q2 – Questionnaire to customers, question C.B.5.

27 Replies to Q1 – Questionnaire to competitors, question C.B.5; replies to Q2 – Questionnaire to customers, question C.B.3.

28 Replies to Q2 – Questionnaire to customers, question C.B.6.

29 Replies to Q2 – Questionnaire to customers, question C.B.9.

30 Replies to Q2 – Questionnaire to customers, question C.B.11

31 Replies to Q1 – Questionnaire to competitors, question C.B.13.

(21) As in previous decisions, the Commission also takes into account supply-side substitutability considerations.[32] The Market Definition Notice specifies that "*the substitutability of products from the perspective of suppliers (supply substitution) can be relevant for market definition where suppliers use the same assets and processes to produce related products that are not substitutes for customers, and where this leads to similar conditions of competition across the range of such related products. In such cases, it may be appropriate to include such related products in the relevant product market, provided the constraining effect of supply substitution across the range of products is equivalent to that of demand substitution in terms of effectiveness and immediacy.*"[33] That is the case here.

(22) First, producers use the same assets and processes to produce related products. In the first place, in previous decisions, the Commission already found that, even if smaller suppliers may concentrate on specific types of cables or applications, most middle and large suppliers produce a whole range of general wiring cables for different applications.[34] In the second place, the manufacturing process of general wiring cables is similar. One supplier of general wiring cables explained that "*all the reference production process is based on the same manufacturing sequence, which is the following: metal drawing - bunching insulating - laying up - external jacketing - mechanical protection - external sheathing. The insulating and external jacketing manufacturing steps can be performed either with thermoplastic or thermosetting machineries (each suitable for a different insulating/jacketing material); the difference is driven by the specifications required by the final product based on its application. In other words, "General Wiring cables" include all cables with a common production process. The manufacturing sequence is completed in full or in part according to cable design defined by the final customer, specific for the final use/application (e.g. more simple cables like building wire or automotive cables might not require all the manufacturing steps).*"[35] In this regard, not only the manufacturing process is similar for different general wiring cables, but also the assets that are needed. One competitor explained that "*equipment and technology is similar*"[36] while another one noted that "*all the cable manufacturers own the technology to operate all the manufacturing steps.*"[37]

(23) Second, the Commission considers that the conditions of competition across the product range for general wiring are similar. In this regard, the market investigation confirms that according to the majority of competitors a manufacturer of general wiring would be capable to switch production to general wiring for different applications within a reasonably short time-period and without significant investments (i.e. in production processes, human capital, legal/administrative obstacles)".[38] One competitor explains that "*the costs as well as the timing for upgrading a production line or for changing the capabilities of a production line are very limited. There might be constraints for a line to produce some products due to the characteristics of the line and of the machineries within the line (e.g. size, speed, reliability or other technical/performance features). However, the*

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32 Market Definition Notice, paragraph 47.

33 Market Definition Notice, paragraph 32.

34 Commission decision of 9 February 2011 in case M.6092 – *Prysmian / Draka Holding*, paragraph 38. See further: Commission decision of 8 May 2018 in case M.8770 – *Prysmian / General Cable*, paragraph 20.

35 Replies to Q1 – Questionnaire to competitors, question C.B.2.

36 Replies to Q1 – Questionnaire to competitors, question C.B.16.

37 Replies to Q1 – Questionnaire to competitors, question C.B.16.

38 Replies to Q1 – Questionnaire to competitors, question C.B.15.

underlying technology does not change significantly and the cost to source the proper equipment is not substantially different from the cost of sourcing a similar machinery of the same family."[39]

(24) For the reasons set out above, the Commission considers that, in line with its previous decisions, no segmentation by industrial application is appropriate.

(25) **Potential segmentation between flexible and rigid general wiring.** During the Commission's investigation, one market participant explained that there is a difference between flexible and rigid general wiring and that not all manufacturers would be able to produce both type of cables.[40] [41] In previous decisions, the Commission did not consider whether a segmentation between flexible and rigid general wiring would be appropriate.

(26) As regards demand-side substitutability, the results of the market investigation are mixed. One the one hand, the majority of competitors who expressed a view consider that rigid and flexible general wiring function as substitutes based on their characteristics, price, intended use and/or customer preferences.[42] According to competitors, the main difference between rigid and flexible cables relate to their installation. One competitor explained that "*rigid and flexible general wiring have the same function. Preference between the two options is driven by the requirements of their installation*" while another one noted that "*various standards and regulations (international, European and/or national) allow the use of flexible and rigid cables for the same applications, as long as certain installation conditions are met and the appropriate checks are carried out*".[43] However, a slight majority of customers who expressed a view consider that rigid and flexible general wiring do not function as substitutes.[44] One customer explained that "*the flexibility may impact installation process and not be substituted depending on installation constraints*" while another one noted that "*technically rigid and flexible general wiring are substitutable in vast majority of cases but commercially this is not the case due to installation habits or preference, which may vary from a country to another*".[45]

(27) As regards supply-side substitutability, the majority of competitors who expressed a view consider that flexible and rigid general wiring are different so that switching from the production of rigid to flexible general wiring (or vice versa) would imply significant technical difficulties, cost and time.[46] Competitors indicated that the

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39 Replies to Q1 – Questionnaire to competitors, question C.B.16.

40 Non-confidential minutes of a conference call with a customer, dated 24 April 2024, paragraph 11.

41 According to the Notifying Party, the flexibility of a conductor is one of the many features of a cable. The required flexibility is primarily determined by the applicable standard and end application. In order to improve flexibility, wires are stranded together. The thinner the stranded wires are, the more flexible the conductor will be. When wires are stranded together, they are easier to bend and move during installation than a single wire. The maximum diameter (cross-sectional area) of each wire and the resistance for each class is determined in relevant standards. There are six classes of conductors, but most conductors fall under Classes 1, 2 or 5. The simplest conductor is a single, solid wire (Class 1; solid or rigid conductors). Class 2 (stranded or semi-rigid conductors) conductors include more than one wire and are also referred to as semi-rigid conductors. Class 5 (flexible conductors) conductors include even more and thinner wires than Class 1 or Class 2 conductors. See Form CO, paragraphs 120-123.

42 Replies to Q1 – Questionnaire to competitors, question C.B.9.

43 Replies to Q1 – Questionnaire to competitors, question C.B.10.

44 Replies to Q2 – Questionnaire to customers, question C.B.7.

45 Replies to Q2 – Questionnaire to customers, question C.B.8.

46 Replies to Q1 – Questionnaire to competitors, question C.B.11.

differences mainly relate to the drawing and stranding / bunching machinery and procedures but had mixed views on the significance of such differences. Competitors explained that that "*flexible wires require different drawing and conductor stranding machinery than rigid"* and that *"drawing and bunching of conductors should be adapted*".[47] One competitor who indicated that switching would not imply significant technical difficulties, cost and time, noted however that "*in order to switch from rigid to flexible general wiring production, it is required to implement certain investments. This includes investments for fine drawing process, stranding/bunchers process and building/utilities. The know-how, required for switching from the production of rigid to flexible general wiring (or vice versa), is not significant*".[48] The Notifying Party argued that, in any event, the largest cable manufacturers active in the EEA have the required equipment to produce all conductor classes (for both rigid and flexible general wiring.[49] However, the Commission notes that its market investigation provided some indications that the conditions for competition across rigid and flexible general wiring are not similar. In any event, the Commission considers that it is not necessary to conclude on whether a segmentation between rigid and flexible general wiring would be appropriate given that the Transaction does not raise serious doubts as to its compatibility with the internal market, even on the narrowest possible market definition.

(28) **Potential segmentation between branded and non-branded general wiring.** In the Form CO, the Notifying Party explained that Gruppo LTC not only manufactures and sells its own branded general wiring cables, but that it also supplies non-branded general wiring cables to other cable manufacturers. For this reason, the Commission investigated whether a segmentation between branded and non-branded general wiring is warranted. First, the Commission notes that this segmentation has not been considered in previous decisions. More generally, there is no third-party source that recognizes a similar potential segmentation. Second, the market investigation confirmed that branded and non-branded general wiring are generally substitutable. The majority of competitors and customers that expressed a view consider that branded general wiring and non-branded (i.e. generic) general wiring are substitutes based on their characteristics, price, intended use and/or customer preferences.[50] One customer explains that "*Cables characteristics and fabrication process remains the same. It has to fulfil norms for dedicated applications"* while another one notes that *"non-branded and branded general wiring must above all meet the same product standards and are therefore entirely substitutable.*"[51] In any event, as the Commission considered above, the manufacturing process and assets needed to produce general wiring cables are similar (see paragraphs (22)-(23) above). This applies equally to branded and non-branded general wiring cables.

(29) For these reasons, the Commission considers that a segmentation between branded and non-branded general wiring is not appropriate.

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47 Replies to Q1 – Questionnaire to competitors, question C.B.12.

48 Replies to Q1 – Questionnaire to competitors, question C.B.12.

49 Form CO, paragraphs 128 and 130.

50 Replies to Q1 – Questionnaire to competitors, question C.B.17; replies to Q2 – Questionnaire to customers, question C.B.13.

51 Replies to Q2 – Questionnaire to customers, question C.B.14.

(30) In view of the foregoing and in line with its prior decisions, the Commission concludes that the manufacture and supply of general wiring constitutes a single product market. As regards a potential segmentation between rigid and flexible general wiring, the Commission considers that the exact product market definition can be left open given that the Transaction does not raise serious doubts as to its compatibility with the internal market, even on the narrowest possible market definition.

4.1.2. Geographic market definition

4.1.2.1. Past Commission decisions

(31) The Commission has previously considered that the geographic scope of the market for the manufacture and supply of general wiring is at least EEA-wide, taking into account specifically that cable specifications have been harmonised, that multinational actors on the market operate at a European level and that customers purchase general wiring from other EEA countries as well as from outside the EEA.[52]

4.1.2.2. The Notifying Party's views

(32) The Notifying Party agrees with the Commission's prior decisions and considers that the market for general wiring is at least EEA-wide for the following reasons.

(33) *First*, there are general wiring cable trade flows within the EEA, with high levels of imports and exports between regions. Most of the production capacity for general wiring in the EEA is concentrated in Germany, Italy and Poland, which produce more than their domestic needs. By way of example, Gruppo LTC, which produces exclusively in Italy, sells […]% of its general wiring production domestically. The Notifying Party further argues that, when focusing on four broad regions (Eastern, Northern, Western and Southern Europe), the majority of consumption for general wiring cables is imported from outside each region.[53]

(34) *Second*, general wiring is easy to transport, and no special precautions are required. It is typically transported in regular sized trucks across Europe and manufacturers rely on third party logistics providers for delivery. Further, transport costs are low, accounting on average for […]% of the sales price and delivery times are short for cross-border sales. Transport costs and delivery ties are therefore no obstacle for customers to purchase products across the EEA.[54]

(35) *Third*, the general wiring segment is not subject to significant regulatory barriers as the harmonization of the specifications between the EU Member States makes it easy for manufacturers to sell, and for customers to purchase the same products across the EEA. Even when national specifications exist, they require very marginal adaptation to the product designs and no specific investment (including R&D). For general wiring cables, type testing to obtain certifications last

52 Commission decision of 8 May 2018 in case M.8770 – *Prysmian / General Cable*, paragraphs 47-50; Commission decision of 9 February 2011 in case M.6092 – *Prysmian / Draka Holding*, paragraphs 50-52.

53 Form CO, paragraphs 156-165.

54 Form CO, paragraphs 166-172.

approximately 3-6 months. By way of example, Nexans complies with national specifications for general wiring cables in […] and Gruppo LTC in […].[55]

4.1.2.3. The Commission's assessment

(36) The market investigation confirmed the Commission's previous findings that the geographic scope of the market for the manufacture and supply of general wiring is at least EEA-wide.

(37) The majority of competitors and the vast majority of customers that expressed a view agree that the market for the manufacture and supply of general wiring is at least EEA-wide.[56] While the majority of competitors that expressed a view consider that customers in different EEA countries have different preferences for general wiring[57], the majority of customers that expressed a view indicated that their company purchases general at a regional (EEA-wide) or global level.[58]

(38) As regards the extent to which the specifications for general wiring are similar in the EEA, the vast majority of competitors that expressed a view responded that specifications for general wiring are only partially harmonized across the EEA.[59] However, while customers also acknowledged the existence of specifications, they do not consider that these are a decisive factor in their purchasing decisions.[60] Rather, the previous use of a supplier's power cables play a role in a customer's choice, but according to the results of the market investigation this is not a decisive factor.[61]

(39) Moreover, the majority of customers that expressed a view indicated that the geographic location does not play any role in their choice for a supplier or that the geographic location plays a role in their choice for a supplier but it is not a decisive factor.[62] One customer explained that "*The manufacturer's performance takes precedence over its location*" while another one noted that they "*source at all times where we have the best conditions*" and that "*geographic location does not matter*".[63] Similarly, in response to what extent does the geographic location of the supplier's power cable manufacturing plants and their distance to the location where general is installed by the customer affect the company's ability to win tenders/contracts and supply customers, the vast majority of competitors that expressed a view indicated that geographic location plays a role, but is not decisive for winning tenders/contracts.[64] One competitor noted that "*other aspects are more important, e.g. product characteristics*" while another one explains that "*the cost of logistics is not a significant percentage of the total costs*".[65]

55 Form CO, paragraphs 173-175.
56 Replies to Q1 – Questionnaire to competitors, question D.B.9; replies to Q2 – Questionnaire to customer, question D.B.7.
57 Replies to Q1 – Questionnaire to competitors, question D.B.3.
58 Replies to Q2 – Questionnaire to customers, question D.B.1.
59 Replies to Q1 – Questionnaire to competitors, question C.B.5.
60 Replies to Q2 – Questionnaire to customers, question D.B.5.
61 Replies to Q2 – Questionnaire to customers, question D.B.5.
62 Replies to Q2 – Questionnaire to customers, question D.B.3.
63 Replies to Q2 – Questionnaire to customers, question D.B.4.
64 Replies to Q1 – Questionnaire to competitors, question D.B.7.
65 Replies to Q1 – Questionnaire to competitors, question D.B.8.

(40) In view of the foregoing and in line with its prior decisions, the Commission concludes that the market for the manufacture and supply of general wiring is at least EEA-wide.

5. COMPETITIVE ASSESSMENT

5.1. Horizontally Affected Markets

(41) The Transaction gives rise to one affected market within the EEA, namely the market for general wiring. The affected market will be discussed below.

5.2. Market shares

(42) According to the Horizontal Merger Guidelines and the Non-Horizontal Merger Guidelines[66], in the assessment of the effects of a merger, market shares constitute a useful first indication of the structure of the markets at stake and of the competitive importance of both the merging parties and their competitors.

(43) **Table 1** provides an overview of the Parties and their main competitors' market shares for 2021, 2022 and 2023 for general wiring.

Table 1: General wiring – EEA market shares by revenue – 2021-2023

	2023		2022		2021	
	Sales (m €)	**Market shares**	**Sales (m €)**	**Market shares**	**Sales (m €)**	**Market shares**
Nexans	[…]	[10-20]%	[…]	[10-20]%	[…]	[10-20]%
Gruppo LTC	[…]	[5-10]%	[…]	[5-10]%	[…]	[5-10]%
Combined	***[…]***	***[10-20]%***	***[…]***	***[20-30]%***	***[…]***	***[20-30]%***
Prysmian	[…]	[10-20]%	[…]	[10-20]%	[…]	[10-20]%
Tele-Fonika Kable	[…]	[5-10]%	[…]	[5-10]%	[…]	[5-10]%
General Cavi	[…]	[5-10]%	[…]	[5-10]%	[…]	[5-10]%
Baldassari Cavi	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Romcab	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Miguélez	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Top Cables	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Alcobre	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
NKT	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Waskönig+Walter	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
IRCE	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
ICEL	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Ascables	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Pecso cavi	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Italian Cable Company	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Mondini Cavi	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Cabelte	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%

[66] Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings ("**Horizontal Merger Guidelines**"), OJ C 31, 05.02.2004, paragraph 14; Guidelines on the assessment of non-horizontal mergers under the Council Regulation on the control of concentrations between undertakings, OJ C 265, 18.10.2008, paragraph 24.

	2023		2022		2021	
	Sales (m €)	**Market shares**	**Sales (m €)**	**Market shares**	**Sales (m €)**	**Market shares**
Revi	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Elpar	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Hellenic Cables	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Elettro Brescia	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Lapp Kabel	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Specialcavi Baldassari	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Tecnikabel	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Leoni	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Eupen	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Ariston Cavi	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Metallurgica Bresciana	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Bitner	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Tunisie Cable	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Solidal	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Salcavi	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Cunext	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Imacab	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
B-Cables	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Omerin	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Amokabel	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
RCT	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
TT Cables	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Koronakis	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
TKH	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
SKB	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Wilms Group	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Helukabel	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Enco	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Ramcro	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Others	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Market size	[…]	**100%**	[…]	**100%**	[…]	**100%**

Source: Parties' internal data – Annex A to Annex 5.3

(44) Based on the Parties' internal data for 2022 and 2021, the Parties' combined market share by revenue is around [20-30]% at the EEA level in the market for general wiring, giving rise to a horizontally affected market. [67]

[67] According to the Parties, their combined market shares in the EEA amounted to [20-30]% in 2021 and to [10-20]% in 2022, see Form CO paragraph 78.

(45) As regards a potential segmentation of the market between rigid and flexible general wiring, the Notifying Party submits that there is no reliable third-party data available as regards the size of these hypothetical markets as these are not recognized. Moreover, the Parties do not have visibility on the categorization and sales of other manufacturers active in the EEA. To the best of the Parties' knowledge, their combined market share in the EEA on both a hypothetical market for rigid and flexible general wiring remains below 20%.[68]

5.3. Horizontal effects

5.3.1. Legal framework

(46) The Horizontal Merger Guidelines[69] describe two main ways in which horizontal mergers may significantly impede effective competition. In particular, the proposed concentration might be creating or strengthening a dominant position: (i) 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); or (ii) by changing the nature of competition in such a way that firms that previously were not coordinating their behaviour, are significantly more likely to coordinate and raise prices or otherwise harm effective competition (coordinated effects).

(47) A merger giving rise to horizontal non-coordinated effects might 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. Moreover, also mergers that do not lead to the creation or the strengthening of a single firm's dominant position may create competition concerns under the substantive test set out in Article 2(2) and Article 2(3) of the Merger Regulation. Regarding mergers in oligopolistic markets, the Merger Regulation clarifies that "*under certain circumstances, concentrations involving the elimination of important competitive constraints that the merging parties exerted upon each other, as well as a reduction of competitive pressure on the remaining competitors, may, even in the absence of a likelihood of coordination between the members of the oligopoly, result in a significant impediment to effective competition*".[70]

(48) The Horizontal Merger Guidelines list a number of factors which may influence whether or not significant horizontal non-coordinated effects are likely to result from a merger, such as the large market shares of the merging firms, the fact that the merging firms are close competitors, the limited possibilities for customers to switch suppliers, or the fact that the merger would eliminate an important

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68 To calculate these hypothetical market share estimates, the Notifying Party relies on the Parties' estimates of their general wiring cables sales split by conductor flexibility. In particular, the Notifying Party considers (i) sales of general wiring cables in Class 1 and Class 2 to be part of the hypothetical subsegment of rigid general wiring cables, while it considers (ii) sales of general wiring cables in Class 5 to be part of the hypothetical subsegment of flexible general wiring cables. While no reliable data on market sizes for the hypothetical subsegments is available, the Notifying Party estimates to the best of its knowledge that the hypothetical general wiring subsegments for (i) rigid and (ii) flexible cables are of roughly equal size in the EEA in 2023. This would imply a hypothetical market size of circa […] in each such hypothetical subsegment. Response to RFI 6, p. 2.

69 Horizontal Merger Guidelines, paragraph 22.

70 Merger Regulation, recital 25. Similar wording is also found in paragraph 25 of the Horizontal Merger Guidelines.

competitive force. Not all those factors need to be present to make significant non-coordinated effects likely and it is not an exhaustive list.[71]

5.3.2. General wiring

5.3.2.1. The Notifying Party's view

(49) The Notifying Party considers that the Transaction will not give rise to competition concerns in the general wiring market for the following reasons.

(50) First, the Notifying Party submits that their combined market share in the EEA in 2023 was moderate ([10-20]%) with a low increment by Gruppo LTC ([5-10]%).[72]

(51) Second, the Notifying Party submits that the market is fragmented and that several competitors are present. In 2023, Prysmian had a market share of [10-20]%, Tele-Fonika Kable a market share of [5-10]% and General Cavi a market share of [5-10]%.[73]

(52) Third, the Notifying Party considers that the Parties are not close competitors, which is evidenced by the fact that, […].[74] Further, companies active in the market for general wiring manufacture standardised products with low differentiation. According to the Notifying Party, general wiring is considered a commodity product produced in compliance with national or international standards in large volumes. The production process, comprising of drawing, cabling and extrusion, does not vary across manufacturers. No particular technology or know-how is required. As such, there is little room for differentiation between manufacturers in terms of technology or production method.[75]

(53) Fourth, the Notifying Party considers that it is relatively easy for market players to enter or expand given the material trade flows within the EEA and material imports into the EEA.[76] Further, standards are largely harmonized within the EU and facilitate the entry of manufacturers as there are no country-specific regulations.[77] Moreover, entry is supported by the strong position of large wholesalers who facilitate the growth of manufacturers by providing services to end-customers and managing storage.[78]

(54) Lastly, the Notifying Party submits that customers are large, sophisticated and international companies that exercise buyer power, which will significantly restrain the combined entity's behaviour and pricing.[79] These customers are able to influence prices and price terms during negotiations and can refuse to buy other products from the Parties.[80] Moreover, customers can credibly switch to alternatives suppliers and wholesalers can expand in-house production.[81]

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71 Horizontal Merger Guidelines, paragraph 26.
72 Form CO, paragraph 296.
73 Form CO, paragraph 297.
74 Form CO, paragraph 318.
75 Form CO, paragraph 320.
76 Form CO, paragraphs 322-323.
77 Form CO, paragraph 324.
78 Form CO, paragraph 325.
79 Form CO, paragraphs 327-330.
80 Form CO, paragraphs 331-333.
81 Form CO, paragraphs 334-336.

5.3.2.2. The Commission's assessment

(55) The Commission considers that the Transaction is unlikely to raise serious doubts as to its compatibility with the internal market as a result of horizontal effects in the general wiring market at EEA level.

(56) First, the Parties' combined 2023 market shares in the general wiring are moderate and even below [10-20]% (19% in the EEA in 2023). While the combined market share exceed the 20% threshold in previous years, […] (e.g., [20-30]% in 2021).

(57) Second, Gruppo LTC's offering in general wiring will only increase modestly Nexans' position in the market. The increment contributed by Gruppo LTC in the market for general wiring amounts to [5-10]% in the EEA in 2023.

(58) Third, the merged entity will continue to compete with a large number of other suppliers in the market for general wiring. The Parties will continue to face competition at the EEA level from a number of established players such as Prysmian ([10-20]% market share in 2023), Tele-Fonika Kable ([5-10]% market share in 2023), and General Cavi ([5-10]% market share in 2023).

(59) This was also confirmed by the market investigation. The majority of competitors that expressed a view consider Prysmian, General Cavi and Tele-Fonika Kable as credible alternatives to Nexans' and Gruppo LTC's general wiring in the EEA.[82] Similarly, on a scale of 1 (which implies that the company is a very close competitor and a suitable alternative to the Parties) to 5 (which implies that the company is a distant competitor), customers who expressed a view gave an average rating of 1.87 to Prysmian, 2.62 to Tele-Fonika Kable and 2.93 to General Cavi.[83] Further, the vast majority of customers and competitors that expressed a view describe the current level of competition on a potential market for the manufacturing and supply of general wiring in the EEA to be high or very high.[84] Both customers and competitors explained that this is largely due to the commoditized nature of the product. Customers explained that "*Very high competition is explained by the commoditized characteristics of these products and the standardized offerings*", and that "*These are cables with a low cost, so margins are very small and competition high. Everyone can produce them*".[85] Similarly, competitors explained that *"Big purchasers buying commoditized products*", that "*general wiring products are relatively simple products with low entry barriers*" and that "*general wiring cables are increasingly considered a "commodity" product where price is the main factor influencing the purchasing decision of customers, while technology plays a secondary role. The general wiring cables market is rather "atomized" with many suppliers based in the EU and outside the EU*".[86]

(60) Fourth, even though the Parties' products appear to compete closely, customers have several alternative general wiring suppliers to switch to. While the majority of competitors that expressed a view consider that Nexans and Gruppo LTC are close competitors on the market for the manufacturing and supply general wiring in the

82 Replies to Q1 – Questionnaire to competitors, question E.B.1.

83 Replies to Q2 – Questionnaire to customer, question E.B.1.

84 Replies to Q1 – Questionnaire to competitors, question E.B.4; replies to Q2 – Questionnaire to customer, question E.B.5.

85 Replies to Q2 – Questionnaire to customer, question E.B.6.

86 Replies to Q1 – Questionnaire to competitors, question E.B.5.

EEA[87], the vast majority of customers that expressed a view consider that, post-Transaction, there will remain a sufficient number of general wiring suppliers on the market to maintain a similar level of competition in the market today.[88] One customer explained that "*We are regularly approached by different manufacturers who are able to offer us the same products that we buy from Nexans or LTC*", while another one noted that "*We are convinced that there is keen competition between the various providers; And that the number of players is large enough*".[89] Further, the majority of competitors that expressed a view consider that other companies could increase their output of power cables if the Parties were to increase their prices and demand for the products of competitors increases.[90]

(61) Fifth, the vast majority of competitors and the majority of customers expressing an opinion considered that the impact of the Transaction in the market for general wiring would be positive or neutral.[91]

5.3.2.3. Conclusion

(62) For all the above reasons, the Commission concludes that the Transaction would not raise serious doubts as to its compatibility with the internal market as a result of horizontal effects in the market for general wiring at EEA level.

6. CONCLUSION

(63) For the above reasons, the European Commission has decided not to oppose the notified operation 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

87 Replies to Q1 – Questionnaire to competitors, question E.B.11.
88 Replies to Q2 – Questionnaire to customer, question E.B.12.
89 Replies to Q2 – Questionnaire to customer, question E.B.13.
90 Replies to Q1 – Questionnaire to competitors, question E.B.13.
91 Replies to Q1 – Questionnaire to competitors, question F.5; replies to Q2 – Questionnaire to customer, question F.5.