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 Where possible the information omitted has been replaced by ranges of figures or a general description.

Rhaegal Topco B.V.
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Amsterdam 1077
The Netherlands

Subject: **Case M.11656 - ENSTALL / SCHLETTER**
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 8 November 2024, the European Commission received notification of a proposed concentration pursuant to Article 4 of the Merger Regulation by which Rhaegal Topco B.V. ('Enstall' or the 'Notifying Party', the Netherlands) acquires within the meaning of Article 3(1)(b) of the Merger Regulation sole control of Schletter International B.V. ('Schletter', Germany) (the 'Transaction')[3]. Enstall and Schletter are hereinafter referred to 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/2024/6977, 18.11.2024.

1. THE PARTIES

(2) Enstall, headquartered in the Netherlands, is mainly a developer and supplier of solar panel mounting systems primarily for rooftop installation in Europe and in the USA. Enstall is jointly controlled by funds advised and / or managed by affiliates of Blackstone Inc. ('Blackstone', United States) and by funds advised and / or managed by Rivean Capital B.V. ('Rivean', the Netherlands).

(3) Schletter, headquartered in Germany, mainly manufactures and supplies solar panel mounting systems for rooftop and ground installation in Europe. Schletter is currently controlled by a Luxembourg fund jointly controlled by funds advised and / or managed by Avenue Capital Group ('Avenue', United States) and funds advised and / or managed by Robus Capital Management ('Robus', the UK).

2. THE CONCENTRATION

(4) Pursuant to the Merger Agreement dated 31 July 2024, Enstall will merge with Arin NewCo B.V., a newly formed Dutch holding company that will hold all the shares in Schletter. Arin NewCo B.V. will cease to exist. Enstall will continue as the sole surviving company. As part of the consideration for the Transaction, Avenue and Robus will acquire collectively but separately a combined share of approximately 24% in Enstall. The remainder will be held by Blackstone (approximately 33%), Rivean (approximately 33%), and [Enstall's management (approximately 9%)].

(5) Pursuant to the Shareholders' Agreement dated 31 July 2024, Blackstone and Rivean will continue to jointly control Enstall that will in turn solely control Schletter. Only Blackstone and Rivean will be able to block strategic commercial decisions in relation to Enstall, such as in relation to […]. None of Avenue, Robus, FGR Renard or Enstall's management will be able to determine or block strategic commercial decisions, such as […] in respect of Enstall or Schletter.

(6) Enstall is to be considered as the acquiring undertaking concerned for the purposes of the Transaction. Enstall constitutes a full-function joint venture and the Transaction's rationale flows from Enstall's corporate strategy. Enstall, independently of Blackstone and Rivean, identified Schletter as an acquisition target and had a number of contacts with Schletter's majority owners over several months. Negotiations around the Transaction involved Enstall's CEO and CFO as well as representatives of Blackstone and Rivean. Multiple representatives of Enstall have been involved in the Transaction. The Transaction is intended as an add-on acquisition by Enstall. Enstall has been responsible for the design and financing of the Transaction.

(7) The Transaction therefore results in the acquisition of sole control by Enstall of Schletter pursuant to Article 3(1)(b) of the Merger Regulation.

3. UNION DIMENSION

(8) The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 5 000 million[4] (Enstall: EUR […] in 2023; and Schletter: EUR […] in 2023). Each of them has a Union-wide turnover in excess of EUR 250

[4] Turnover calculated in accordance with Article 5 of the Merger Regulation.

million (Enstall: EUR […] in 2023; and Schletter: EUR […] in 2023), and none of them achieve more than two-thirds of their aggregate Union-wide turnover within one and the same Member State. The notified operation therefore has a Union dimension within the meaning of Article 1(2) of the Merger Regulation.

4. MARKET DEFINITION

4.1. Introduction

(9) The Transaction only gives rise to one horizontally affected market, i.e. the market for rooftop solar mounting systems in the Netherlands.

(10) The Transaction also results in horizontal overlaps for a number of other markets. However, none of these overlaps give rise to affected markets within the meaning of recital 25(g) Annex I to Regulation (EU) 2023/914[5], 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[6]. Therefore, these overlaps will not be further discussed in this decision.

4.2. Product market definition

4.2.1. The Notifying Party's view

(11) The Commission has not considered a market for rooftop solar mounting systems or ground-mount systems in its past decisional practice. Rooftop solar mounting systems are structures used to fix solar panels on roofs. Ground-mount systems are used to fix solar panels on the ground.

(12) The Notifying Party submits that a distinction can be made between rooftop solar mounting systems and ground-mount systems for several reasons. Ground-mount systems are installed on the ground in open areas and predominantly as part of larger projects. Rooftop solar mounting systems are installed on roofs and predominantly used for smaller projects. Moreover, ground-mount systems are typically more complex, customised for each project, comprise fewer different components, and are associated with ancillary services, such as geological surveys, design, project management, installation, and training. Rooftop solar mounting systems are simpler and more standardised, and do not include a similar set of support services.[7]

(13) The Notifying Party submits that further segmentations of the market for rooftop solar mounting systems based on roof types, or customer groups is not warranted. Suppliers typically offer a broad range of products for different roof types. The production process and inputs are effectively identical. All rooftop solar mounting systems are sold to all types of customers. Different customer types represent only

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5 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.

6 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.

7 Form CO, paragraph 95.

different ways of the solar mounting system reaching the customer. The end user requirements, and functionality are similar across rooftop solar mounting systems.[8]

4.2.2. The Commission's assessment

(14) Market participants confirmed that there are separate relevant product markets for rooftop solar mounting systems and ground-mount systems. These respective systems have different product characteristics, intended use, suppliers, and customers. Ground-mount systems are typically much larger and require different type of construction compared to rooftop solar mounting systems. Customers of ground-mount systems are typically engineering, procurement, and construction ('EPC') contractors, whereas the customers of rooftop solar mounting systems are typically wholesalers.[9]

(15) Market participants confirmed that further segmentations of the markets for rooftop solar mounting systems, e.g. based on surface or types of customers, are not warranted. Overall, there are no material differences between rooftop solar mounting systems for different surfaces and customers, in particular, in terms of used materials, and design. Rooftop solar mounting systems across surfaces and customer groups are typically very similar and offered by the same suppliers.[10]

(16) For the purposes of this decision, the Commission will carry out its competitive assessment on the basis of the product market for rooftop solar mounting systems.

4.3. Geographic market definition

4.3.1. The Notifying Party's view

(17) The Commission has not considered a market for rooftop solar mounting systems in its past decisional practice.

(18) The Notifying Party submits that the market for rooftop solar mounting systems is at least EEA-wide for several reasons. Prices charged to customers do not vary significantly across the EEA. Transport costs are limited, and local presence is not required to successfully compete. There are few - if any - national customer preferences. The majority of certifications for solar mounting systems are international standards applicable in several jurisdictions. Within the EEA, there are no material formal regulatory requirements affecting suppliers' ability to compete across Member States.[11]

4.3.2. The Commission's assessment

(19) Market participants suggested that the markets for rooftop solar systems are rather national in scope. Customers procure these systems mostly from suppliers at national level, especially because these suppliers' products need to comply with national technical and regulatory requirements which differ across EEA countries,

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8 Form CO, paragraphs 97 et seq.

9 Non-confidential minutes of a call with a customer, 16 October 2024, paragraph 6; non-confidential minutes of a call with a customer, 14 October 2024, paragraph 13; non-confidential minutes of a call with a competitor, 21 October 2024, paragraph 5.

10 Non-confidential minutes of a call with a customer, 16 October 2024, paragraph 7; non-confidential minutes of a call with a customer, 14 October 2024, paragraphs 7, 13; non-confidential minutes of a call with a competitor, 21 October 2024, paragraphs 6 et seq.

11 Form CO, paragraph 104.

and in addition to that are readily available, and the brands are well-known. Moreover, it is important for suppliers to have a national presence, in particular, to be able to offer customers trainings, technical support, and aftersales services in their local language. Transport costs can play a material role. Prices vary to a considerable degree across EEA countries.[12]

(20) As the Transaction does not give rise to serious doubts under any plausible geographic market definition (i.e. EEA-wide or national), it is not necessary to conclude on the exact scope of the geographic market. For the purposes of this decision, the Commission will carry out its competitive assessment on the basis of the narrowest plausible geographic market, i.e. the national level.

5. COMPETITIVE ASSESSMENT

5.1. Legal framework

(21) The Commission's Guidelines on the assessment of horizontal mergers under the Merger Regulation (the 'Horizontal Merger Guidelines') distinguish two main ways in which mergers between actual or potential competitors on the same relevant market may significantly impede effective competition, namely non-coordinated effects and coordinated effects.[13]

(22) Non-coordinated effects may significantly impede effective competition by eliminating the competitive constraint imposed by one merging party on the other, as a result of which the merged entity would have increased market power without resorting to coordinated behaviour.[14] The Horizontal Merger Guidelines list a number of factors, which may influence the rise of substantial non-coordinated effects from a merger, such as the large market shares of the merging firms. Not all of these factors need to be present to make significant non-coordinated effects likely and the list itself is not an exhaustive list.[15]

5.2. Rooftop solar mounting systems in the Netherlands

5.2.1. Introduction

(23) The Transaction gives rise to a horizontally affected market in relation to rooftop solar mounting systems in the Netherlands. In 2023, in terms of value, Schletter's market share amounted to below 0.5% and Enstall's to approximately [70-80]%, i.e. the Parties' combined market share would amount to below [70-80]%.[16]

5.2.2. The Notifying Party's view

(24) The Notifying Party submits that despite the Parties' high combined market share, the Transaction does not give rise to horizontal concerns, mainly because the

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12 Non-confidential minutes of a call with a customer, 16 October 2024, paragraphs 8 et seq.; non-confidential minutes of a call with a customer, 14 October 2024, paragraphs 10 et seq., 17 et seq.; non-confidential minutes of a call with a competitor, 21 October 2024, paragraphs 12 et seq.

13 Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings, OJ C 31, 5.2.2004, p. 5–18. The remainder of this decision focuses on non-coordinated effects.

14 Horizontal Merger Guidelines, paragraphs 24 et seq.

15 Horizontal Merger Guidelines, paragraphs 27 et seq.

16 Form CO, Annex 11.

increment resulting from the Transaction is minimal, and the Parties will continue to face significant competitive pressure from well-established suppliers.[17]

5.2.3. The Commission's assessment

(25) For the reasons set out below, the Commission considers that the Transaction does not give rise to serious doubts in respect of the horizontally affected market for rooftop solar mounting systems in the Netherlands.

(26) First, the Transaction brings about only a very limited increment of well below 1% in terms of market share. Schletter's share has remained […] over the past three years.[18]

(27) Second, the Parties will continue to face competition by established competitors in respect of rooftop solar mounting systems in the Netherlands (market shares for 2023 in terms of value), i.e. Van der Valk (approximately [10-20]%); and Sunbeam (approximately [0-5]%)[19] which, according to customers, are viable alternatives.[20]

(28) Third, Schletter and Enstall are not close competitors, not least in terms of market share (see above). Schletter is not considered a relevant supplier, a viable competitor, an important competitive force, or to become one in the foreseeable future in the Netherlands.[21]

(29) Fourth, the Parties consider that Schletter's brands are not particularly well-established or recognisable by Dutch customers. Moreover, Schletter […].[22]

(30) Finally, none of the market players raised substantiated competitive concerns in relation to the impact of the Transaction on rooftop solar mounting systems in the Netherlands.[23]

(31) In light of the foregoing, the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market as a result of horizontal non-coordinated effects in respect of the market for rooftop solar mounting systems in the Netherlands.

17 Form CO, paragraphs 122 et seq.
18 Form CO, Annex 11.
19 Form CO, Annex 11.
20 Non-confidential minutes of a call with a customer, 16 October 2024, paragraphs 8 et seq.; non-confidential minutes of a call with a customer, 14 October 2024, paragraphs 8 et seq.
21 Non-confidential minutes of a call with a customer, 16 October 2024, paragraph 15; non-confidential minutes of a call with a competitor, 21 October 2024, paragraphs 26; non-confidential minutes of a call with a customer, 14 October 2024, paragraph 21.
22 Form CO, paragraph 222.
23 Non-confidential minutes of a call with a customer, 16 October 2024, paragraphs 17 et seq.; non-confidential minutes of a call with a customer, 14 October 2024, paragraph 22 et seq.; non-confidential minutes of a call with a competitor, 21 October 2024, paragraphs 28 et seq.

6. CONCLUSION

(32) 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)
Teresa RIBERA
Executive Vice-President