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 Where possible the information omitted has been replaced by ranges of figures or a general description.

PUBLIC VERSION

To the notifying party:

Subject: **Case M.8273 - Standard / Braas Monier**
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 20 February 2017, the European Commission received notification of a proposed concentration pursuant to Article 4 of the Merger Regulation by which Standard Industries Inc. ('Standard', US), controlled by G Holdings Inc., intends to acquire sole control over the Braas Monier Building Group S.A. ('Braas Monier', Luxembourg) by way of a public bid.[3] Standard and Braas Monier are collectively referred to as the 'Parties'.

1. THE PARTIES AND THE OPERATION

(2) Standard is a US based privately held company, active in the manufacture and distribution of commercial and residential roofing products and certain other construction products. Standard has 68 manufacturing sites worldwide. In Europe it is mostly active through its subsidiary, Icopal Holding A/S ('Icopal'), which is primarily focussed on the manufacture and sale of flat roofing products.

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 Publication in the Official Journal of the European Union No C 65, 1.3.2017, p. 5.

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(3) Braas Monier is a Luxembourg based publicly traded company, a manufacturer and supplier of pitched roof products, supplying roof tiles and roofing components in 29 countries worldwide, mainly in Europe, Asia and South Africa. Braas Monier also manufactures chimneys and energy systems.

(4) On 15 September 2016, Standard publicly expressed its intention to launch a public tender offer for shares in Braas Monier. As of 11 January 2017, Standard's tender offer has been accepted for approximately 70% of the issued share capital and the related controlling voting rights in Braas Monier. Standard will thus acquire sole control of Braas Monier.

(5) Therefore, the operation constitutes a concentration pursuant to Art 3(1)(b) of the Merger Regulation.

2. UNION DIMENSION

(6) The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 2 500 million[4] (Standard: EUR […] million, Braas Monier: EUR 1 256 million). The aggregate Union-wide turnover of each of the Parties is above EUR 100 million (Standard: EUR […] million, Braas Monier: EUR […] million). In five Members States ([…]) their combined aggregate turnover is more than EUR 100 million. In each of those five Member States, the aggregate turnover of each of the Parties is more than EUR 25 million. Neither of the Parties achieves more than two-thirds of its aggregate Union-wide turnover within one Member State.

(7) The notified operation therefore has a Union dimension pursuant to Article 1(3) of the Merger Regulation.

3. COMPETITIVE ASSESSMENT

3.1. General

(8) The Parties' activities overlap and give rise to affected markets in (i) small-format pitched roof coverings, (ii) pitched roof underlays, (iii) chimneys, (iv) certain pitched roof accessories and (v) wind barriers.

(9) The proposed transaction would not give rise to any vertically affected markets.

3.2. Product market definitions

3.2.1. Small format pitched roof coverings

(10) The Parties both produce small-format pitched roof coverings. Such coverings come in different forms and materials, such as concrete tiles, clay tiles, bitumen shingles and metal tiles. Braas Monier only produces concrete and clay tiles while Standard (Icopal) is only active in bitumen shingles and metal tiles.

4 Turnover calculated in accordance with Article 5 of the Merger Regulation and the Commission Consolidated Jurisdictional Notice (OJ C 95, 16.4.2008, p. 1).

(11) The Notifying Party submits that small-format pitched roof coverings should be considered separate from other types of pitched roof coverings, including profiled steel construction sheets. According to the Notifying Party, profiled steel construction sheets do not generally compete with small-format pitched roof coverings that the Parties produce.

(12) The Notifying Party further submits that pitched roof coverings of different materials should be considered separate product markets, as their characteristics and application conditions are different: for instance clay and concrete tiles are heavier and require different roof structures than lighter bitumen shingles and metal tiles.

(13) Based on the Notifying Party's suggested segmentation, that is separate markets for small-format pitched roof coverings by type of material, there would be no overlap between the Parties in the EEA. In contrast, affected markets arise if the different types of small-format pitched roof coverings supplied by the Parties are considered to belong to the same relevant product market.

(14) The Commission has not in previous cases considered all possible small-format pitched roof coverings. However, it has previously held that concrete and clay roof tiles each constituted a distinct product market: In the early *Steetley/Tarmac* case, the parties argued that the relevant market was for all roofing tiles; however, the Commission found the relevant product market to be clay tiles and rejected a combined market for clay and concrete tiles.[5] In *Lafarge/Blue Circle (II)* and *CRH/Semapa/Secil JV*, the Commission concluded that concrete roof tiles constituted a separate product market.[6]

(15) The results of the market investigation purport that while some demand-side substitutability may exist, there are some limitations in the interchangeability between different small-format pitched roof coverings. For instance, customers indicated that replacing bitumen shingles or metal tiles with concrete or clay tiles is not always possible due to the heavier weight of the latter products. If faced with a small but significant price increase of a particular type of small-format pitched roof coverings, the majority of customers would also not switch or would only switch very small amounts of their sourcing of that type of small-format pitched roof covering to other types.[7]

(16) From the supply side, competitors responding to the market investigation saw no substitutability between the production of small format pitched roof coverings of different materials, and they also explained that different small-format pitched roof coverings each require different production methods and machinery.[8]

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5 M.180 – *Steetley/Tarmac*, Art 9(3) decision, paragraphs 23–8.

6 M.2317 – *Lafarge/Blue Circle (II)*, paragraph 13; M.3415 – *CRH/ Semapa/Secil JV*, paragraph 10.

7 Replies to questions B.4 – B.8 of Q2 – Questionnaire to customers in Norway. See also confirmed non-confidential minutes of a call with a customer on 2 December 2016, and confirmed non-confidential minutes of a call with a customer on 16 December 2016.

8 Replies to questions B.2 – B.4 of Q1 – Roofing materials - Questionnaire to competitors in Norway.

(17) Nonetheless, it is not necessary for the Commission conclude on the exact product market definition for small-format pitched roof coverings as the proposed transaction does not give rise to serious doubts as to its compatibility with the internal market under any alternative market definition.

3.2.2. Pitched roof underlays

(18) A pitched roof underlay is located between the exterior roof covering (for instance roof tiles) and the roof decking of a pitched roof. It acts as a shield to protect the roof and building structure from the weather. In particular, it is an additional water barrier and prevents external water vapour or precipitation from percolating onto the roofing deck and other structures. Underlays are commonly used under all types of pitched roof coverings. They are typically made of bitumen or plastic.

(19) The Notifying Party submits that pitched roof underlays constitute a distinct market, separate from for instance flat roof membranes. The Notifying Party further submits that the market for pitched roof underlays should not be further segmented according to the type of material into bitumen or plastic.

(20) In particular, the Notifying Party submits that bitumen and plastic pitched roof underlays are interchangeable from a demand side perspective and should be considered to belong to the same relevant product market. According to the Notifying Party, underlays can have the same performance regardless of whether made from bitumen or plastic. The Notifying Party nonetheless acknowledges that there is no supply-side substitutability between bitumen and plastic pitched roof underlays.

(21) The results of the market investigation do not fully support the Notifying Party's submissions. In particular, the results purport that, contrary to the Notifying Party's submissions, (i) demand-side substitutability between plastic and bitumen pitched roof underlays could be limited and that (ii) bitumen flat roof membranes and bitumen pitched roof underlays may have at least supply-side substitutability.

(22) With regard to the demand-side substitutability between plastic and bitumen pitched roof underlays, a number of customers and competitors indicated that there is technical interchangeability between the products, though the view was not shared by all.[9] However, a clear majority of customers indicated that they would not switch or would only make a small switch if faced with a small but significant relative price increase of one of the products. The reasons cited for not switching included, for instance, the requirements of their own customers and quality differences between the products.[10]

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9 See, for instance replies to question B.14 of Q2 – Questionnaire to customers in Norway; replies to question B.6 of Q4 – Questionnaire to EEA underlay customers; replies to questions B.14 and B.15 of Q1 – Questionnaire to competitors in Norway; and replies to questions B.11 and B.12 of Q3 – Questionnaire to EEA underlay competitors. See also confirmed non-confidential minutes of a call with a customer on 1 December 2016 and confirmed non-confidential minutes of a call with a customer on 2 December 2016.

10 Replies to questions B.15 and B.16 of Q2 – Questionnaire to customers in Norway, and replies to questions B.8 and B.9 of Q4 – Questionnaire to EEA underlay customers.

(23) The results of the market investigation support the Notifying Party's submission that there is no supply-side substitutability between plastic and bitumen pitched roof underlays.[11]

(24) With regard to the distinction between pitched roof underlays and flat roof membranes, the results of the market investigation indicate that demand-side substitutability is limited. The majority of customers and competitors replied that the products are not interchangeable except in some limited occasions.[12] The majority of customers would also not not switch their purchases or would only switch small amounts if faced with a small but significant relevant price increase of one of the products.[13] On the other hand, there might be some supply side substitutability in bituminous products. In particular, some competitors indicated that bitumen pitched rood underlays and bitumen flat roof membranes could be produced on the same production lines.[14]

(25) It is not necessary for the Commission to conlude on the exact product market definition for pitched roof underlays as the proposed transaction does not give rise to serious doubts as to its compatibility with the internal market under any alternative market definition.

3.2.3. Chimneys

(26) The Parties supply chimneys made of steel and concrete/ceramic. The Notifying Party submits that those constitute distinct product markets.

(27) The Notifying Party explains that steel chimneys and concrete/ceramic chimneys are not substitutable with each other. According to the Notifying Party, they are not only made of different materials but have different characteristics: Concrete/ceramic chimneys are heavy, must be built on a foundation and must usually be either fabricated on-site or at least installed using a crane which increases costs. On the other hand, concrete/ceramic chimneys can have more than one stove connected to them and they are more durable than steel chimneys. They are typically only used in new builds. In contrast, steel chimneys tend to be smaller and lighter, they do not require a foundation to hold their weight and can be flexibly installed. They can be used in existing buildings that do not previously have a chimney installed. On the other hand, they typically can only accommodate one stove.

(28) The results of the market investigation were largely inconclusive as regards the substitutability between steel and concrete/ceramic chimneys.

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11 Replies to questions B.17 – B.19 of Q1 – Questionnaire to competitors in Norway and replies to questions 13 – 15 of Q3 – Questionnaire to EEA underlay competitors.

12 Replies to questions B.9 and B.10 of Q1 – Questionnaire to competitors in Norway, replies to questions 6 and 7 of Q3 – Questionnaire to EEA underlay competitors, replies to question 10 of Q2 – Questionnaire to customers in Norway, replies to question B.2 of Q4 – Questionnaire to EEA underlay customers.

13 Replies to questions B.11 and B.12 of Q2 – Questionnaire to customers in Norway, and replies to questions B.3 and B.4 of Q4 – Questionnaire to EEA underlay customers.

14 Replies to questions B.11 – B.13 of Q1 – Questionnaire to competitors in Norway, and replies to questions 8 – 10 of Q3 – Questionnaire to EEA underlay competitors.

(29) Nonetheless, it is not necessary for the Commission to conclude on the exact product market definition for chimneys as the proposed transaction does not give rise to serious doubts as to its compatibility with the internal market under any alternative market definition.

3.2.4. Certain pitched roof accessories

(30) Both of the Parties supply a variety of pitched roof accessories, including rainwater systems, snow and safety equipment, valleys as well as ridges and hips.

(31) According to the Notifying Party, affected markets arise with respect to (i) valleys and (ii) ridges and hips if those products are to be considered as distinct markets and separate from other types of roofing products.

(32) The results of the market investigation were largely inconclusive as to whether those products constitute distinct markets.

(33) It is not necessary for the Commission to conclude on the exact product market definition for valleys or ridges and hips as the proposed transaction does not give rise to serious doubts as to its compatibility with the internal market under any alternative market definition.

3.2.5. Wind barriers

(34) The Parties' activities overlap in the manufacture and sale of wind barriers. The Parties only sell plastic foil / membrane style wind barriers and are not active in other types of wind barriers such as those based on wood particle boards.

(35) The Notifying Party submits that all types of wind barriers belong to the same relevant product market.

(36) Results of the market investigation support the Notifying Party's submission in that customers considered plastic foil / membrane style wind barriers to have substitutability with other types of wind barriers.[15] On the other hand, no supplier indicated that there would be any supply-side substitutability.[16]

(37) Nonetheless, it is not necessary for the Commission to conclude on the exact product market definition for wind barriers as the proposed transaction does not give rise to serious doubts as to its compatibility with the internal market under any alternative market definition.

3.3. Geographic market definitions

3.3.1. Pitched roof coverings

(38) The Notifying Party submits that the relevant markets for small-format pitched roof coverings are at least national, and potentially EEA-wide. The Notifying Party nonetheless acknowledges that it sets the prices for pitched roof coverings nationally and not on a pan-European level.

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15 Replies to question B.27 of Q2 – Questionnaire to customers in Norway.

16 Replies to question B.30 of Q1 – Questionnaire to competitors in Norway.

(39) In previous decisions, the Commission has considered the market for pitched roofing tiles to be national in scope, in particular because of transport cost and national distribution patterns.[17]

(40) The proposed transaction would only give rise to affected markets if the relevant markets are considered to be national.

(41) The results of the market investigation support the finding of national markets. For instance, the majority of customers replying indicated that they agree on the prices at a national level. Some customers also indicated that brands and customer preferences differ between countries.[18]

(42) Nonetheless, it is not necessary for the Commission to conclude on the exact geographic market definition as the proposed transaction does not give rise to serious doubts as to its compatibility with the internal market under any alternative market definition.

3.3.2. Pitched roof underlays

(43) The Notifying Party submits that the market for pitched roof underlays is at least EEA-wide. The Notifying Party notes that the products are largely undifferentiated and that the Parties supply them to numerous EEA countries from a limited set of production sites. The Notifying Party nonetheless acknowledges that it sets the prices for pitched roof underlays on a national basis because product specifications and national market preferences differ.

(44) The Commission observes that the Parties' market shares differ significantly between different EEA countries, although affected markets are in general found in Northern Europe.

(45) The results of the market investigation support the finding of national markets. For instance, the majority of both customers and competitors replying indicated that they agree on the prices at a national level.[19] A number of both customers and competitors also indicated that factors such as national brands, national customer preferences and national technical standards are obstacles or at least challenges for expanding activities between Member States.[20]

(46) Nonetheless, it is not necessary for the Commission to conclude on the exact geographic market definition as the proposed transaction does not give rise to serious doubts as to its compatibility with the internal market under any alternative market definition.

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17 M.180 – *Steetley / Tarmac*, paragraphs 29–30; M.2317 – *Lafarge/Blue Circle (II)*, paragraph 13; M.3415 – *CRH/Semapa/Secil JV*, paragraph 16.

18 See, for instance replies to questions C.1 and C.3 of Q2 – Questionnaire to customers in Norway.

19 See, for instance replies to question C.1 of Q1 – Questionnaire to competitors in Norway; replies to question 18 of Q3 – Questionnaire to EEA underlay competitors; replies to question C.1 of Q2 – Questionnaire to customers in Norway; and replies to question C.1 of of Q4 – Questionnaire to EEA underlay customers.

20 See, for instance replies to questions 20 and 21 of Q3 – Questionnaire to EEA underlay competitors; replies to question C.3 of Q2 – Questionnaire to customers in Norway; and replies to question C.3 of Q4 – Questionnaire to EEA underlay customers.

3.3.3. Chimneys

(47) The Notifying Party submits that the relevant market for chimneys would be at least EEA-wide.

(48) The proposed transaction would only give rise to affected markets if the markets are considered to be national.

(49) The results of the market investigation support the finding of national markets. For instance, the majority of customers replying indicated that they agree on the prices at a national level.[21] Some market participants also referred to different national brands and different customer preferences.[22]

(50) Nonetheless, it is not necessary for the Commission to conclude on the exact geographic market definition as the proposed transaction does not give rise to serious doubts as to its compatibility with the internal market under any alternative market definition.

3.3.4. Certain pitched roof accessories

(51) The Notifying Party submits that the relevant market is at least EEA-wide.

(52) The proposed transaction would only give rise to affected markets if the markets are considered to be national.

(53) Nonetheless, it is not necessary for the Commission to conclude on the exact geographic market definition as the proposed transaction does not give rise to serious doubts as to its compatibility with the internal market under any alternative market definition.

3.3.5. Wind barriers

(54) The Notifying Party submits that the relevant market is at least EEA-wide.

(55) The proposed transaction would only give rise to affected markets if the markets are considered to be national.

(56) Nonetheless, it is not necessary for the Commission to conclude on the exact geographic market definition as the proposed transaction does not give rise to serious doubts as to its compatibility with the internal market under any alternative market definition.

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21 Replies to question C.1 of Q2 – Questionnaire to customers in Norway; and replies to question C.1 of Q6 – Questionnaire to chimney customers Poland.

22 Replies to question C.2 of Q5 – Questionnaire to chimney competitors Poland; and replies to question C.2 of Q6 – Questionnaire to chimney customers Poland.

3.4. Horizontal effects

3.4.1. Affected markets

(57) None of the products concerned by the proposed transaction give rise to affected markets at the EEA-level. On a national level, the following markets are affected:

i. Small-format pitched roof coverings (all types combined): Bulgaria, Germany and Norway;

ii. Pitched roof underlays (all types combined): Austria, the Czech Republic, Denmark, Finland, France, Italy, Norway, Sweden and the United Kingdom;

iii. Pitched roof underlays (plastic only): Austria, Denmark, Estonia, France, Italy, Norway, Sweden and the United Kingdom;

iv. Pitched roof underlays (bitumen only): Norway and Sweden;

v. Chimneys: Norway and Poland;

vi. Certain pitched roof accessories and wind barriers: Norway

3.4.2. Small-format pitched roof coverings

(58) Should different small-format pitched roof coverings be considered to constitute distinct markets, there would be no overlap between the Parties' activities. However, if different small-format pitched roof coverings are considered to belong to one and the same market, affected markets arise in Bulgaria, Germany and Norway. The Parties' market shares in the affected markets in those countries are included in Table 1.

Table 1 - Small-format pitched roof coverings (all types combined), affected markets

	Coverings all, value (EUR)			Coverings all, volume (sqm)		
	Standard	Braas Monier	**Combined**	Standard	Braas Monier	**Combined**
Bulgaria				[0-5]%	[20-30]%	**[20-30]%**
Germany	[0-5]%	[10-20]%	**[20-30]%**			
Norway	[10-20]%	[10-20]%	**[30-40]%**	[10-20]%	[10-20]%	**[20-30]%**

Source: The Notifying Party

(59) In Bulgaria the proposed transaction only gives rise to an affected market on the basis of volume market shares while in Germany an affected market only arises on the basis of value market shares. In both Bulgaria and Germany the market share increment brought by the proposed transaction remains very limited, less than [0-5]%-point. It is thus unlikely that the proposed transaction would significantly change the market structure or limit competition in those countries.

(60) In Norway, the Parties achieve a higher market share based based on value, [30-40]%. The market share increment is also not insignificant at [10-20]%-points. Nonetheless, the merged entity would continue to be

challenged by a number of not insignificant competitors including Skarpnes ([10-20]%), Benders ([10-20]%), Isola ([5-10]%) and Lindab ([5-10]%).[23]

(61) In addition, as set out in paragraph (15), there appear to be limits to the interchangeability of different types of small-format pitched roof coverings. Therefore, the fact that the Parties are offering different types of small-format pitched roof coverings likely means that they are not particularly close competitors to each other even if all those different types of products were considered to belong to the same (differentiated) relevant product market.

(62) The market investigation, which was limited to Norway, has not revealed any substantiated competition concerns. In particular, customers and competitors replying did not consider that the proposed transaction would have significant negative effects on competition in small-format pitched roof coverings.[24]

(63) Therefore, on balance and in light of the evidence available to it, the Commission concludes that the proposed transaction does not give rise to serious doubts as to its compatibility with the internal market with regard to small-format pitched roof coverings.

3.4.3. Pitched roof underlays

(64) The Parties' market shares in the affected markets are included inTable 2, Table 3 andTable 4.

Table 2 - Pitched roof underlays (plastic + bitumen combined), affected markets

	Underlays all, value (EUR)			Underlays all, volume (sqm)		
	Standard	Braas Monier	**Combined**	Standard	Braas Monier	**Combined**
Austria	[20-30]%	[5-10]%	**[20-30]%**	[10-20]%	[5-10]%	**[20-30]%**
Czech Republic				[0-5]%	**[20-30]**%	**[20-30]%**
Denmark	[20-30]%	[5-10]%	**[30-40]%**	[20-30]%	[5-10]%	**[30-40]%**
Finland	[10-20]%	[5-10]%	**[20-30]%**	[10-20]%	[10-20]%	**[20-30]%**
France	[10-20]%	[10-20]%	**[20-30]%**	[10-20]%	[10-20]%	**[20-30]%**
Italy				[0-5]%	[10-20]%	**[20-30]%**
Norway	[20-30]%	[5-10]%	**[30-40]%**	[20-30]%	[10-20]%	**[30-40]%**
Sweden	[20-30]%	[0-5]%	**[30-40]%**	[20-30]%	[0-5]%	**[30-40]%**
UK	[5-10]%	[20-30]%	**[20-30]%**	[10-20]%	[10-20]%	**[30-40]%**

Source: The Notifying Party

23 All market shares are the Notifying Party's best estimates.

24 See, for instance replies to question E.2 of Q1 – Questionnaire to competitors in Norway; and replies to question E.2 of Q2 – Questionnaire to customers in Norway.

Table 3 - Pitched roof underlays (plastic only), affected markets

	Underlays all, value (EUR)			Underlays all, volume (sqm)		
	Standard	Braas Monier	**Combined**	Standard	Braas Monier	**Combined**
Austria	[5-10]%	[20-30]%	**[20-30]%**	[5-10]%	[10-20]%	**[20-30]%**
Denmark	[20-30]%	[10-20]%	**[30-40]%**	[20-30]%	[10-20]%	**[30-40]%**
Estonia	[0-5]%	[20-30]%	**[20-30]%**	[0-5]%	[20-30]%	**[20-30]%**
France	[10-20]%	[10-20]%	**[20-30]%**	[10-20]%	[10-20]%	**[20-30]%**
Italy	[0-5]%	[20-30]%	**[20-30]%**	[0-5]%	[20-30]%	**[20-30]%**
Norway	[20-30]%	[10-20]%	**[30-40]%**	[10-20]%	[10-20]%	**[30-40]%**
Sweden	[10-20]%	[10-20]%	**[20-30]%**			
UK	[5-10]%	[20-30]%	**[30-40]%**	[10-20]%	[20-30]%	**[30-40]%**

Source: The Notifying Party

Table 4 - Pitched roof underlays (bitumen only), affected markets[25]

	Underlays all, value (EUR)			Underlays all, volume (sqm)		
	Standard	Braas Monier	**Combined**	Standard	Braas Monier	**Combined**
Norway	[20-30]%	[0-5]%	**[30-40]%**	[20-30]%	[5-10]%	**[30-40]%**
Sweden	[30-40]%	[0-5]%	**[30-40]%**	[30-40]%	[0-5]%	**[30-40]%**

Source: The Notifying Party

(65) In all underlays combined, the merged entity's market shares remain modest and in any case below 30% in all countries except in Denmark, Sweden, Norway and the United Kingdom. In the Czech Republic, Italy and Sweden, the market share increment brought by the proposed transaction also remains low and at most [5-10]%-points.

(66) The merged entity would continue to be challenged by a number of not insignificant competitors in all countries where affected markets arise. This includes the countries where the merged entity would reach its highest market shares, namely in Denmark, Sweden, Norway and the United Kingdom:

a. In Denmark, competitors include Isola ([10-20]% volume, [10-20]% value), Kompro ment ([5-10]% volume, [5-10]% value) and Nordic Waterproofing ([0-5]% volume, [5-10]% value).

b. In Sweden, competitors include Nordic Waterproofing ([20-30]% volume and value), T-Emballage ([10-20]% volume and value) and Isola ([10-20]% volume and value).

c. In Norway, competitors include Isola ([30-40]% volume and value), Glava ([5-10]% volume and value) and Nordic Waterproofing ([5-10]% volume and value).

d. In the United Kingdom, competitors include Dupont ([5-10]% volume and value), Glidevale ([5-10]% volume and value) as well as Wienerberger and Eternit (both [5-10]% volume and value).[26]

25 The Notifying Party has confirmed that the Parties' market shares would not be materially different even if bitumen flat roof membranes were considered to be part of the same relevant product market.

(67) In plastic underlays only, the merged entity's market shares remain modest and in any case below 30% in all countries except in Denmark, Norway and the United Kingdom. In Estonia and Italy, the market share increments brought by the proposed transaction also remain small and at most [0-5]%-points.

(68) The merged entity would continue to be challenged by a number of not insignificant competitors in all countries where affected markets arise. This includes the countries where the merged entity would reach its highest market shares, namely Denmark, Norway and the United Kingdom:

a. In Denmark, competitors include Isola ([10-20]% volume and value), Kompro ment ([5-10]% volume and value) and Nordic Waterproofing ([5-10]% volume and value).

b. In Norway, competitors include Isola ([20-30]% volume and value), Glava ([5-10]% volume and value) and BMC ([5-10]% volume and value).

c. In the United Kingdom, competitors include Dupont ([5-10]% volume and value), Glidevale ([5-10]% volume and value) as well as Wienerberger and Eternit (both [5-10]% volume and value).[27]

(69) In bitumen underlays only, affected markets would only arise in Norway and Sweden. Market share increments in Sweden remain small at [0-5]%-points. In Norway, the value market share increment would only be [0-5]%-points while the value market share would be [5-10]%-points.

(70) The merged entity would continue to be challenged by a number of not insignificant competitors in Norway and Sweden. In Norway competitors include Isola ([30-40]% volume, [30-40]% value) and Nordic Waterproofing ([10-20]% volume, [5-10]% value). In Sweden, the competitors include Nordic Waterproofing ([20-30]% volume and value), T-Emballage ([20-30]% volume and value) and Isola ([10-20]% volume, [10-20]% value).[28]

(71) The market investigation has not revealed any significant competition concerns related to the horizontal overlaps in pitched roof underlays. While some negative comments were expressed in particular with regard to markets in Austria, Denmark, France and Italy, negative comments were not in the majority in those countries.[29] In addition, even in the countries where some negative comments were expressed, market participants did not in general consider the Parties as particularly close competitors to each other.[30] Moreover, in Austria a

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26 All marker shares are the Notifying Party's best estimates.

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28 All marker shares are the Notifying Party's best estimates.

29 Replies to question E.2 of Q1 – Questionnaire to competitors in Norway; replies to question E.2 of Q2 – Questionnaire to customers in Norway; replies to questions 32 and 33 of Q3 – Questionnaire to EEA underlay competitors; and replies to questions E.2 and E.3 of Q4 – Questionnaire to EEA underlay customers.

30 Replies to questions 28 and 29 of Q3 – Questionnaire to EEA underlay competitors; and replies to questions D.4 and D.5 of Q4 – Questionnaire to EEA underlay customers.

competitor and a customer even considered that the proposed transaction could result in price decreases.[31]

(72) Therefore, on balance and in light of the evidence available to it, the Commission concludes that the proposed transaction does not give rise to serious doubts as to its compatibility with the internal market with regard to pitched roof underlays, including its potential sub-segments of plastic and bitumen pitched roof underlays.

3.4.4. Chimneys

(73) The proposed transaction would lead to affected markets for chimneys in Norway and Poland. The Parties' market shares in the affected markets are included in Table 5 and Table 6.

Table 5 - Chimneys, affected markets in Poland

	Chimneys (steel), value (EUR)		
	Standard	Braas Monier	**Combined**
All chimneys	[0-5]%	[20-30]%	**[30-40]%**
Concrete /ceramic chimneys	[5-10]%	[30-40]%	**[40-50]%**

Source: The Notifying Party

Table 6 - Chimneys, affected markets in Norway

	Chimneys all, value (EUR)		
	Standard	Braas Monier	**Combined**
All chimneys	[5-10]%	[30-40]%	**[40-50]%**
Steel chimneys	[5-10]%	[30-40]%	**[40-50]%**
Concrete /ceramic chimneys	[10-20]%	[20-30]%	**[30-40]%**

Source: The Notifying Party

(74) In Poland, there is no overlap in steel chimneys as neither of the Parties supply them in Poland. In concrete/ceramic chimneys, Braas Monier has a notable market position prior to the proposed transaction which is also reflected in the market shares for that potential segment of the market. The market share increment brought by the proposed transaction would nonetheless be small at [5-10]%-points.

(75) The market for concrete/ceramic chimneys in Poland is relatively fragmented. However, the merged entity would continue to be challenged by a number of not insignificant competitors whose market shares are also higher than the market

31 Replies to questions 32 and 33 of Q3 – Questionnaire to EEA underlay competitors; and replies to questions E.2 and E.3 of Q4 – Questionnaire to EEA underlay customers

share increment brought by the proposed transaction. These include, for instance, Leier ([5-10]%) as well as Tona, Plewa and IBF (each [5-10]%).[32]

(76) The market investigation has not revealed any significant competition concerns related to chimneys in Poland. In particular, no customer expressed negative views about the transaction. One customer even saw the transaction as a positive development for themselves. While some competitors drew attention to the size of the merged entity, they did not refer to clear negative effects such as increased prices.[33]

(77) In Norway, potential markets for both steel chimneys and concrete/ceramic chimneys would be affected as well as the potential overall market. Braas Monier has a notable market position prior to the proposed transaction which is also reflected in the market shares. The Parties achieve their highest combined market share in steel chimneys but the market share increment brought by the proposed transaction would remain modest at [5-10]%-points.

(78) The merged entity would continue to be challenged in Norway by a number of not insignificant competitors. In steel chimneys those include Nordpeis ([20-30]%), Peisselskabet [10-20]% and Jotul ([10-20]%) and in concrete/ceramic chimneys Weber ([40-50]%) and BMC ([10-20]%). In steel and concrete/ceramic chimneys together the most important competitors are Weber ([20-30]%), Nordpeis ([10-20]%) and Peisselskabet ([5-10]%).[34]

(79) The market investigation has not revealed any significant competition concerns related to chimneys in Norway. While one customer referred to potential price increases in steel chimneys, that view was not shared by other market participants. One customer also explained that there is constant pressure in Norway even from suppliers located outside of the country.[35]

(80) Therefore, on balance and in light of the evidence available to it, the Commission concludes that the proposed transaction does not give rise to serious doubts as to its compatibility with the internal market with regard to chimneys, including its potential sub-segments of steel and concrete/ceramic chimneys.

3.4.5. Certain pitched roof accessories

(81) The proposed transaction would give rise to affected markets with regard to certain pitched roof accessories in Norway. The Parties' market shares in the affected markets are included in Table 7.

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32 All market shares are the Notifying Party's best estimates.

33 Replies to questions E.1 and E.2 of Q5 – Questionnaire to chimney competitors Poland; and replies to questions E.1 and E.2 of Q6 – Questionnaire to chimney customers Poland.

34 All market shares are the Notifying Party's best estimates.

35 Replies question E.2 of Q3 – Questionnaire to EEA underlay competitors, and replies to question E.2 of Q4 – Questionnaire to EEA underlay customers.

Table 7 - Pitched roof accessories, affected markets

	Valleys, value (EUR)			Ridges and Hips, value (EUR)		
	Standard	Braas Monier	**Combined**	Standard	Braas Monier	**Combined**
Norway	[20-30]%	[0-5]%	**[20-30]%**	[5-10]%	[20-30]%	**[20-30]%**

Source: The Notifying Party

(82) The Commission observes that the combined market shares in both of the affected markets remain modest and the market share increments remain small and at most at [5-10]%-points.

(83) The market investigation has not revealed any significant competition concerns related to pitched roof accessories in Norway. None of the market participants responding referred to any effects related to valleys or ridges and hips.[36]

(84) Therefore, on balance and in light of the evidence available to it, the Commission concludes that the proposed transaction does not give rise to serious doubts as to its compatibility with the internal market with regard to valleys or ridges and hips.

3.4.6. Wind barriers

(85) The proposed transaction would give rise to an affected market with regard to wind barriers in Norway. The Parties' market shares in the affected market are included in Table 8.

Table 8 - Wind barriers, affected markets

	Wind Barriers, value (EUR)			Wind Barriers, volume (sqm)		
	Standard	Braas Monier	**Combined**	Standard	Braas Monier	**Combined**
Norway	[20-30]%	[0-5]%	**[20-30]%**	[20-30]%	[0-5]%	**[20-30]%**

Source: The Notifying Party

(86) The Commission observes that the market share increment brought by the proposed transaction would be small, less than [0-5]%. It is thus unlikely that the proposed transaction would significantly change the market structure or the Parties' market positions.

(87) The Notifying Party has explained that the market shares only include plastic foil / membrane –style wind barriers. Should other types of wind barriers be considered to belong to the same relevant market, that would decrease the Parties' market shares as they do not supply those types of wind barriers.

(88) The results of the market investigation support the absence of competition concerns related to wind barriers. None of the market participants responding referred to any effects related to wind barriers.[37]

36 Replies to question E.2 of Q1 – Questionnaire to competitors in Norway; and replies to question E.2 of Q2 – Questionnaire to customers in Norway.

(89) Therefore, on balance and in light of the evidence available to it, the Commission concludes that the proposed transaction does not give rise to serious doubts as to its compatibility with the internal market with regard to wind barriers.

3.4.7. Non-Horizontal effects

(90) The Commission has further investigated whether the proposed transaction could give rise to portfolio effects, in particular due to the combination of Standard's flat roof offering and Braas Monier's pitched roof offering.

(91) The Commission recalls that conglomerate mergers do not in the majority of the cases lead to any competition problems even if they in certain specific cases may be harmful to competition.[38]

(92) The most common competition problem related to conglomerate mergers is that of foreclosure. The combination of products in related markets may confer on the merged entity the ability and incentive to leverage a strong market position form one market to another by means of tying or bundling or other exclusionary practices.[39]

(93) The Notifying Party has submitted that the proposed transaction would not give rise to portfolio effects. According to the Notifying Party, there are also other suppliers that have product portfolios spanning both pitched roof and flat roof products in countries where the proposed transaction gives rise to affected markets.

(94) A limited number of competitors have noted that the merged entity would have a significant product portfolio.[40]

(95) Nonetheless, the market investigation has not revealed that either of the Parties would have a definite 'must have' product or otherwise such a market position in any roofing products that would confer it a clear ability to engage in significant exclusionary bundling or tying. In all of the roofing markets considered in this decision, the Parties will continue to be challenged by a number of competitors.

(96) Further, and with regard to pitched roof underlays and flat roof membranes, the results of the market investigation suggest that it is not uncommon for the same suppliers to supply them both even if some suppliers specialise.[41]

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37 Replies to question E.2 of Q1 – Questionnaire to competitors in Norway; and replies to question E.2 of Q2 – Questionnaire to customers in Norway. See also replies to question A.4 of Q1 – Questionnaire to competitors in Norway.

38 See, for instance the Commission Guidelines on the assessment of non-horizontal mergers under the Council Regulation on the control of concentration between undertakings, OJ C 265, 18.10.2008, p. 6 ('Non-Horizontal Guidelines'), paragraph 91.

39 See, for instance Non-Horizontal Guidelines, paragraphs 93 and 94.

40 See, for instance replies to question 35 of Q3 – Questionnaire to EEA underlay competitors.

41 Replies to question B.9 of Q2 – Questionnaire to customers in Norway, and replies to question B.1 of Q4 – Questionnaire to EEA underlay customers.

(97) Therefore, on balance and in light of the evidence available to it, the Commission concludes that the proposed transaction does not give rise to serious doubts as to its compatibility with the internal market with regard to non-horizontal effects.

4. CONCLUSION

(98) 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
Member of the Commission