



**BEFORE THE
COMPETITION COMMISSION OF PAKISTAN**

IN THE MATTER OF

FIRST PHASE REVIEW

**ACQUISITION OF ASSETS FOR THE PRODUCTION OF PRESS
PLATES OF SANDVIK MATERIALS TECHNOLOGY DEUTSCHLAND
GMBH, DUSSELDORF BY BERNDORF AKTIENGESELLSCHAFT
THROUGH HUECK ENGRAVING GMBH & CO. KG & HUECK
RHEINISCHE GMBH.**

CASE: 853/Merger-CCP/16

Commission:

Ms. Vadiyya Khalil
Chairperson

Mr. Ikram Ul Haque Qureshi
Member



ORDER

I Background

- 1 On 4 November 2016, Berndorf Aktiengesellschaft ("BAG") (the "Applicant"), submitted a pre-merger application (the "application") to the Commission, for the intended acquisition of assets, machinery and equipment inventory including intellectual property rights ("IPP") for production of "Press Plates" used to manufacturing Medium Density Fiberboard (MDF) of Sandvik Materials Technology Deutschland GmbH ("Target" or "SMTD") at its plant in Ennepetal, Germany by Berndorf Aktiengesellschaft ("Acquirer" or "BAG") *vide* its indirect subsidiaries Hueck Engraving GmbH & Co. KG ("Hueck Engraving") and Hueck Rheinische GmbH ("Hueck Rheinische"), along with the applicable fee and necessary information as per the Competition (Merger Control) Regulations 2007 (the "Merger Regulations").

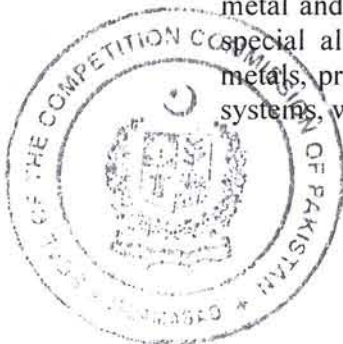
II Merger Parties

Acquirer

- 2 BAG is an Austrian holding company with 60 subsidiaries around the world. Hueck Engraving and Hueck Rheinische are 100% owned indirect subsidiaries of BAG. It is involved in the production of a diverse range of products used by the automotive industry, plastic processing industry, metal processing industry, electrical and heavy engineering industries, etc.
- 3 Hueck Engraving is a private limited company restricted to administering the participations in the press plates and endless press belts business and production of chrome-plated press plates for laminating coating of wood boards in the furniture and flooring industry.
- 4 Hueck Rheinische is a private limited company responsible for the distribution of press plates produced by Hueck Engraving. It also overhauls press plates and re-processes used press plates. Its services also include the production of customized press plates.
- 5 Total Assets of BAG for the year 2015 is EUR- [PKR million (@1EUR=PKR 111.42)]. Worldwide Turnover for 2015 remained at EUR [PKR (@ 1EUR=PKR111.42)]. BAG had a Turnover of EUR [PKR (@1 EUR=PKR 111.42)] in Pakistan through sale of belts to the chemical industry and sale of other products but not the Press Plates.

Target

- 6 SMTD is a private limited company. It is a 100% owned subsidiary of Sandvik Holdings GmbH, Germany. Among other things SMTD manufactures products made from stainless steel, special alloys, titanium, metal and ceramic resistance materials, bar steel, hollow structural sections, special alloyed sheet and belt steel tools and tooling systems for cutting metals, products for industrial furnaces thermal process systems and heating systems, weld additives and seamless and welded pipes.



[Handwritten signature]

- 7 Assets, machinery, and equipment inventory including intellectual property rights ("IPP") for the production of "Press Plates" from a plant at Ennepetal of SMTD is the Target of the proposed transaction.
- 8 Total Assets of SMTD for the year 2015 was PKR [redacted] while the worldwide Turnover for the above mentioned period remained at PKR [redacted] million. The worldwide Turnover of the Target (Plant at Enepetal) was EUR [redacted] [PKR [redacted] (@1EUR=PKR111.42)] while in Pakistan the Turnover was EUR [redacted] [PKR [redacted] (@1EUR=PKR111.42)] for the year 2015.

III Transaction

- 9 This is a cross-border merger in which BAG intends to acquire assets, machinery, and equipment inventory including intellectual property rights ("IPP") for the production of "Press Plates" from SMTD at one of its plant at Ennepetal *vide* its indirect subsidiaries Hueck Engraving and Hueck Rheinische. The value of transaction is EUR [redacted] [PKR [redacted] (@ IEUR=PKR 111.42)].
- 10 The transaction meets the notification thresholds prescribed in Regulation 4(2) (a) (b) & (c) of the Merger Regulations, by acquirer having assets valuing more than PKR 300 million and combined assets of the merging parties being more than PKR 1 billion and turnover of Acquirer more than PKR 500 million and combined turnover of the merging parties being more than PKR 1 billion. The transaction value is more than PKR 100 million.

IV Relevant Market:

- 11 The Relevant Product Market, in this case, is "Press Plates", which are used to manufacture decorative laminates with smooth or structured surfaces and to produce High-Pressure laminates (HPL) as compact boards. The Target in the proposed transaction has no presence in Pakistani market, however, through its sales of the Press Plates it has an indirect presence in Pakistan.
- 12 This is cross-border acquisition, however, the Target is doing business in Pakistan, hence the relevant geographic market for the purposes of this notification includes Pakistan.

V Findings of the Phase I investigation on the competition assessment

- 13 The competition assessment in Phase I have resulted in the following findings:



The proposed transaction involves the acquisition of assets, machinery and equipment inventory including intellectual property rights ("IPP") for the production of "Press Plates" from SMTD at one of its plant at Ennepetal, *vide* its indirect subsidiaries Hueck Engraving and Hueck

[Handwritten signature]

Rheinische. Post acquisition, the Target will exit the relevant product market.

- The Acquirer has no presence in the relevant product and geographic market. The Target has indirect presence in the relevant product and geographic market, but its sales amount to PKR only. The worldwide market share of the Target in the relevant product market is estimated to be
- In Pakistan, the product is imported from various sources to be used as an input to manufacturing Medium Density Fiberboard (MDF). The undertakings using the product in Pakistan are around 12 in number. There are no entry barriers and consumer of the relevant product can procure it from other sources as well.
- Since, the Acquirer has no presence in Pakistan; the market share held by the Target through its sales to Pakistan will not change.
- The transaction is not likely to result in creation or strengthening of a dominant position in the relevant market. The intended merger does not meet the presumption of dominance as determined under Section (2) (1) (e) read with Section 3 of the Competition Act 2010 ("the Act").

VI Conclusion

14 In conclusion, there is no evidence that suggests a substantial lessening of competition by creating or strengthening of a dominant position in the relevant market. The proposed transaction is hereby authorized under Section 31(1) (d) (i) of the Act.

15 It is so ordered.

Vadiyya Khalil

Vadiyya Khalil
(Chairperson)

Ikram Ul Haque Qureshi

Ikram Ul Haque Qureshi
(Member)



Islamabad 19th January, 2017