



NEWS RELEASE

6th January 2005

The Competition Authority clears Grafton's acquisition of Heiton following a full investigation

The Competition Authority announced today (6th January) that it has approved the proposed acquisition by Grafton Group plc of Heiton Group plc with two conditions. Both parties are involved in provision of retail DIY and builders merchandising services. Grafton and Heiton are public limited companies, and are both listed on the Irish and London Stock Exchanges.

The Competition Authority received notification of the proposed acquisition on 10th September 2004. The Authority is required under the Mergers and Acquisitions section of the Competition Act 2002 to determine whether the result of the proposed acquisition will "substantially lessen competition" in markets for goods or services in the State.

On 17th November the Authority announced its decision to carry out a full (Phase 2) investigation in relation to the proposed acquisition. This decision came after a preliminary investigation (Phase 1), where the Authority had been unable to conclude without further investigation that the transaction will not substantially lessen competition.

The Authority's investigation of the proposed acquisition examined the effect on competition in the provision of retail DIY and builders merchandising services. According to Ted Henneberry, Director of the Mergers Division in The Competition Authority, *"These companies operate in important sectors of the economy where any significant reduction in competition could damage individual consumers, construction businesses and related trades. We have reached our decision after several months of intensive investigation. One of the critical factors is that entry and expansion of rivals has already had a significant pro-competitive effect in this industry. Our investigation demonstrated that there will be continued entry and expansion throughout the country."*

Text of The Competition Authority's Determination

Having completed its full investigation, the Competition Authority, in accordance with Section 22(3)(c) of the Competition Act 2002, has made a conditional determination, effective from today's date, that the result of the proposed acquisition will not be to substantially lessen competition in markets for goods or services in the State, if the following specified conditions are complied with.

Condition 1: For three years from the date on which the acquisition is put into effect, the Grafton Group and its successors will inform the Authority in advance of all proposed mergers or acquisitions in the builders' merchants sector in the State, in which it is involved, and will notify such proposed transactions in accordance with Section 18(3) of the Competition Act 2002 when requested to do so by the Authority.

Condition 2: Pursuant to Section 22(6) of the Competition Act 2002, the acquisition must be put into effect within 12 months after the making of the determination.

ENDS

For further information contact:

Mark Garrett, Communications Manager, The Competition Authority
Tel: 01 8045406 Mobile: 086 601 9655 email: mg@tca.ie