



Determination No. M/04/053 of the Competition Authority, dated 15th October 2004, under Section 21 of the Competition Act, 2002

Notification No. M/04/053 – Proposed acquisition by Applied Materials of certain subsidiaries and assets of Metron Technology N.V.

Introduction

1. On 16th September 2004 the Competition Authority, in accordance with Section 18 (1) of the Competition Act, 2002 (“the Act”) was notified, on a mandatory basis, of a proposal whereby Applied Materials Inc. (“Applied Materials”) would acquire all or substantially all of the assets of Metron Technology N.V. (“Metron”) through the purchase of all of the issued share capital of Metron’s operating subsidiaries and certain other assets of Metron.

The Parties

2. Applied Materials develops, manufactures, markets and services semiconductor production equipment and related spare parts for the worldwide semiconductor industry. Applied Material has an Irish subsidiary, Applied Materials Ireland Limited. In the most recent financial year, Applied Materials generated sales of c. €[more than 100] million in the island of Ireland.
3. Metron is a global outsourcing solutions provider primarily for the semiconductor industry. Metron refurbishes and manufactures legacy equipment tools, i.e. older products which are no longer marketed by their original manufacturers. It also acts as a distributor of equipment, spare parts and materials for the production of semiconductors. In addition it provides service solutions for semiconductor equipment. Through its Irish subsidiary, Metron Technology (Ireland) Limited, Metron had total Irish revenues of c. €[under 5]m in the most recent financial year, generated from the provision of services to semiconductor manufacturers.

Analysis

4. The first relevant industry is the supply of legacy products. Unlike Applied Materials, Metron is not active in the development and production of new generation semiconductor processing equipment. Neither does it sell any older systems originally developed and manufactured by Applied Materials. Applied Materials does not manufacture and sell older systems that were not developed by it. Thus as the parties’ activities do not overlap and the proposed transaction does not give rise to competition concerns with regard to Metron’s legacy products. In any event Metron’s sales in Ireland are not generated from these products.
5. The second relevant industry is the provision of services to semiconductor manufacturers. There is some overlap in the activities of the parties with regard to the provision of maintenance services and supply of gas and fluid handling products. With respect to maintenance services, both parties almost exclusively



provide services to their own installed equipment. The bulk of Metron's maintenance services revenues in Ireland of €[less than 500,000] were for services supplied to equipment it had installed itself and in any event its share of revenue for maintenance services is estimated by Metron to be de minimis. With regard to the supply of gas and fluid handling products, these parties' respective revenues are under €1m each. Applied Materials estimates that the parties' combined share is well below 10% in Ireland for the supply of gas and fluid handling products. Thus, the transaction will not give rise to competition concerns.

Determination

The Competition Authority, in accordance with Section 21(2) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed acquisition by Applied Materials Inc. of Metron Technology N.V. will not be to substantially lessen competition in markets for goods and services in the State and, accordingly, that the acquisition may be put into effect.

For the Competition Authority

Edward Henneberry
Member of the Competition Authority

15th October 2004