



**Determination of the Competition Authority, dated 24 November 2005, under Section 21 of the Competition Act, 2002 in respect of Merger Notification Case No. M/05/068 – United Technologies/ Keystone Ranger Holdings.**

### **Introduction**

1. On 28<sup>th</sup> October 2005, 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 United Technologies Cooperation (“UTC”), would acquire through UTC’s wholly-owned indirect subsidiary “Acquisition Sub” sole control of Keystone Ranger Holdings, Inc (“Keystone”). It is proposed that after completion of the merger, Acquisition Sub will be merged into Keystone and that UTC will own Keystone in its entirety indirectly through a UTC wholly-owned subsidiary.

### **The Parties**

2. UTC, the acquirer, is a United States-based corporation providing high technology products and services worldwide (including Ireland). UTC’s activities are structured in several major business divisions which include:
  - Hamilton Sundstrand – *includes aerospace products and aftermarket services;*
  - Sikorsky Aircraft Corporation – *commercial and military helicopters, aftermarket helicopter and aircraft parts and service;*
  - Otis – *elevators, escalators, moving walkways and service;*
  - Pratt and Whitney - *commercial, general aviation and military aircraft engines, parts and service, industrial gas turbines and space propulsion;*
  - Carrier – *includes commercial residential and industrial heating, ventilation, air conditioning equipment;*
  - UTC Power – *distributed power generation systems (including fuels cells and microturbines; and*
  - UTC Fire and Security – *includes electronic security, fire detection and suppression systems and services.*
3. In 2004, UTC’s consolidated group revenues were approximately €30 billion worldwide. In the European Union, UTC’s revenue in 2004 was approximately €6.8 billion and approximately €87 million in Ireland.



3. Keystone, the acquirer, provides maintenance, repair and overhaul (“MRO”) services primarily for civil and some military helicopters focusing in particular on MRO services for rotor blades and engines and completion and conversion services for helicopters. In addition, Keystone is also active in the design, development and certification of engineering services for aviation applications and also provides flight services.
4. In 2004, Keystone’s consolidated group turnover was approximately €84 million worldwide. In the European Union, Keystone’s turnover in 2004 was approximately €2.2million and in Ireland approximately €26,000.

### **The Transaction**

5. The notified transaction proposes to add to UTC’s existing products and services, in particular to UTC’s civil helicopter product and service line operated by its wholly-owned subsidiary, Sikorsky. Keystone will provide complementary helicopter services: civil helicopter completion civil helicopter conversion<sup>1</sup>, aircraft engineering<sup>2</sup> and flight services businesses<sup>3</sup>.

### **Analysis**

6. The potential for any overlap of the Parties’ activities has been narrowed to the Parties’ activities in the provision of helicopter products and services.
7. In terms of their products and services worldwide, some overlap exists in the Parties’ activities in the provision of: (Type 1) MRO services for civil and military helicopter rotor blades; (Type 2) Civil helicopter MRO services; and (Type 3) MRO services for civil helicopter engines.
8. In Ireland, UTC is only active in provision of civil helicopter MRO services (Type 2). In 2004, of the €87million UTC derived in revenue from its activities in Ireland across all its activities, approximately €110,000 was earned from sales of civil helicopter MRO services (Type 2).
9. In Ireland, Keystone is only active in the provision of MRO services for helicopter rotor blades (Type 1) from which activity it derived approximately €26,000 in 2004. Keystone is not active, in Ireland in the provision of civil helicopter MRO services (Type 3).
10. In the State, therefore, there is no overlap in the activities of UTC or Keystone.

---

<sup>1</sup> Modernising used aircraft through refurbishment and/or replacement of aircraft components and systems..

<sup>2</sup> Design, development and certification of parts for aviation applications.

<sup>3</sup> Air ambulance services on behalf of hospitals throughout the Northeast United States.



**The Competition Authority**  
An tÚdarás Iomaíochta

11. The proposed transaction does, therefore, 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 United Technologies Corporation of Keystone Ranger Holdings Inc., 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 subject to the provisions of Section 23(9)(a) of the Act.

**For the Competition Authority**

**Edward Henneberry**

Member of the Competition Authority