



DETERMINATION OF MERGER NOTIFICATION M/06/012 – CRH(SKS)/Halfen

Section 21 of the Competition Act 2002

Proposed acquisition of Halfen GmbH & Co. Kommanditgesellschaft and Halfen GmbH by CRH plc through SKS Drahtgitter Beteiligungs- GmbH

Dated 30/03/06

Introduction

1. On 3rd March 2006, the Competition Authority (“the Authority”), in accordance with Section 18(1) of the Competition Act, 2002 (“the Act”), was notified on a mandatory basis of the proposed acquisition by CRH plc (“CRH”), through SKS Drahtgitter Beteiligungs-GmbH (“SKS”), of all the limited partnership interests shares in Halfen GmbH & Co. Kommanditgesellschaft (“Halfen KG”) and all interests in Halfen GmbH (“Halfen GmbH”).

Undertakings Involved

2. SKS is a wholly-owned subsidiary of CRH Deutschland GmbH which is a wholly-owned indirect subsidiary of CRH. SKS is a shell company organised for the purpose of integrating Halfen into CRH. Until recently, SKS was involved in the security fencing business.
3. CRH, the acquirer, is the ultimate parent of the CRH group which is globally active in three core businesses: (a) primary building materials, (b) value added building products and (c) specialist building materials distribution. In Ireland, CRH's activities are limited to the production of mainly primary building materials, including but not limited to, cement, burnt and hydrated lime, aggregates, readymixed concrete, concrete pipes and blocks, rooftiles, pre-cast concrete walls and EPS insulation. CRH is not active in construction accessory business in Ireland.¹ In 2005, however, The Syncotec Group of companies (“Syncotec”),² a wholly-owned subsidiary of CRH, exported a small amount of construction accessory products into Ireland.
4. Syncotec mainly produce and market concrete and steel spacers for reinforcement concrete structures. Spacers are used to keep reinforcing steel in a stable position during its being set in concrete and to ensure the

¹ Prior to 2003 CRH was not active in the construction accessory products business. CRH started its construction accessory products business in 2003 following its acquisition of Plakabeton, a Belgian company. Since then it has acquired a number of companies, including Syncotec, which are involved in the construction accessory business. The acquisition of each of (a) Plakabeton in 2003; (b) Mavotrons, a Dutch company, in 2004; and (c) Aschwanden, a Swiss company in 2005, was not notified in the Ireland because none of these companies had physical presence nor made sales into the island of Ireland.

² The acquisition of The Syncotec Group of companies is the subject of Notification M/05/017-CRH(Deutschland)/Syncotec.

necessary distance between the reinforcing steel and the formwork. In 2005, Syncotec supplied construction accessories valued at [less €1 million] to Construction Accessories Limited, an independent distributor, which resells the products directly to customers in Ireland.

5. Halfen KG and Hafen GmbH, the targets, are both organised under German law. They are the parent companies of the Halfen Group of companies ("Halfen"). Halfen, a German-based company, is an international group that is active in the production and distribution of construction accessory products, in particular, fixing, framing and anchoring products. In 2005, Halfen exported a number of construction accessory products to Ireland excluding formwork, accessories to formworks or spacers. In 2005, Halfen generated turnover of [€2-5 million] in Ireland.

Analysis

6. Neither CRH nor Halfen nor any company within CRH has any production, supply or distribution facilities for construction accessory products in Ireland. Although both CRH (through Syncotec) and Halfen sell construction accessory products in the State, those products do not directly overlap. All of the Halfen products sold in the State either perform anchoring or reinforcement function. In contrast, Syncotec's construction accessory products are used as accessories to formworks and spacers; they do not perform the function of anchoring or reinforcement.
7. Even if the Authority considers that there is direct substitutability between the products supplied by CRH and Halfen, the proposed transaction will only lead to a minimal overlap in the State. Therefore, the proposed transaction does not raise 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 CRH plc, through SKS Drahtgitter Beteiligungs-GmbH, of all the limited partnership interests shares in Halfen GmbH & Co. Kommanditgesellschaft and all interests in Halfen GmbH 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

Dr Paul K Gorecki
Member of the Competition Authority