



## **DETERMINATION OF MERGER NOTIFICATION M/06/013 – HONEYWELL/GARDINER**

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Section 21 of the Competition Act 2002

Proposed acquisition by Honeywell International Inc. of Gardiner Security

DATED 06/04/06

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### **Introduction**

1. On 6<sup>th</sup> March 2006 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 Honeywell International Inc. (“Honeywell”) would acquire Gardiner Security (“Gardiner”).

### **The Undertakings Involved**

2. Honeywell is a diversified US industrial group with activities ranging from aerospace products to speciality materials. It operates world-wide through four divisions: (i) Automation and Control Solutions; (ii) Aerospace Solutions; (iii) Transportation & Power Systems; and (iv) Specialty Materials. Honeywell’s worldwide turnover in 2004 was €20,581million and its turnover in the State for the same period was €[<100] million. Honeywell is active in the upstream manufacture of security and fire alarm and detection systems. Honeywell’s wholly-owned subsidiary, ADI International (“ADI”) is active in the distribution of security and fire alarm and detection systems. In Europe, ADI is currently present in 11 European countries, with export sales to Ireland of security systems in the amount of €[<1] million.
3. Gardiner distributes primarily building control, security and fire alarm systems mainly in the UK, Scandinavia, Benelux and France. In Ireland Gardiner sells through its Dublin office as well as through a branch in Cork. Gardiner is only active in the distribution of equipment and does not produce any products. Gardiner’s turnover in the State for the year ended 30 April 2005 was €[<10] million, of which c.€[<10]m relates to security systems and c.€[<10] relates to fire alarm and detection systems.

### **Analysis**

4. The proposed transaction gives rise to a limited horizontal overlap in the distribution of security systems. It also gives rise to a limited vertical relationship through Honeywell’s activities in the up-stream manufacture and supply of security and fire alarm and detection systems and Gardiner’s downstream distribution of security and fire alarm and detection systems.

### *Horizontal overlap*

5. There is minimal overlap in the downstream distribution of security systems. The total sales of distribution of security systems in Ireland is cited by the parties at €87 million. Honeywell – through ADI - achieves sales of €[<1m] and Gardiner achieves sales of €[<10m] million. Due to the minimum increase in concentration the proposed transaction does not give rise to competition concerns. There is no horizontal overlap in fire alarm and detection systems, since Honeywell does not distribute these products in the State.

### *Vertical overlap*

6. At the vertical level, there is small overlap in the parties' activities in the State, accounted for by the fact that some intrusion systems sold in Ireland by Gardiner include Honeywell products. Of the Honeywell products sold by Gardiner, these account for approx. €[ ], i.e. only [less than 5]% of Gardiner's sales of intrusion systems in Ireland. Honeywell's turnover in the State for security systems (which it achieves through ADI) is only €[<1], out of a total market value of €[50-100] million. Given the limited vertical overlap, the proposed transaction does 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 Honeywell International Inc. of Gardiner Security 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