



## **DETERMINATION OF MERGER NOTIFICATION M/08/006 - CRH/ANCON**

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### **Section 21 of the Competition Act 2002**

#### **Proposed acquisition of the Ancon Group by CRH plc**

**Dated 26/03/08**

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### **Introduction**

1. On 28 February 2008 the Competition Authority ("the Authority"), in accordance with sections 18(1) and 18(3) of the Competition Act, 2002 ("the Act") was notified, on a mandatory basis, of a proposal whereby CRH plc ("CRH") (through wholly-owned indirect subsidiaries)<sup>1</sup> would acquire the Ancon Group ("Ancon") through the acquisition of the issued share capital of the Ancon companies<sup>2</sup> which are currently controlled by Tyco International Group Limited.

### **The Undertakings Involved**

#### ***The Acquirer***

2. CRH is the ultimate parent company of the CRH group, which is an international group, headquartered in Ireland. CRH's operations focus on three core businesses: primary building materials, value-added building products and specialist building materials distribution.
3. In the State, CRH's production activities are limited to the production of the following materials, which are mainly primary building materials: cement, high quality seaweed magnesia, burnt and hydrated lime, aggregates, readymixed concrete, concrete blocks and pipes, asphalt, agricultural and chemical limestone, contract surfacing, clay brick, mortar, coated macadam, rooftiles, pre-cast concrete walls, EPS insulation and packaging.
4. CRH, through various subsidiaries located outside the State, namely Halfen, Demu, Plakabeton, Coffratel SAS, Cofratec SAS, Coffratel SLR, Sodeco, Forsite, Syncotec, Plastybeton, DisTech, Reuss-Seifert, SDEP, Mavotrans, Aschwanden, and Hammerl<sup>3</sup>, manufactures and distributes construction accessory products in a number of countries in Europe. CRH does not manufacture any construction accessory products in the State. However, CRH, through its subsidiary, Construction Accessories Limited ("CAL"), distributes construction accessory products in the State.

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<sup>1</sup> CRH would acquire, through local wholly-owned indirect subsidiaries, namely CRH (UK) Limited (UK), CRH Deutschland GmbH (Germany) and CRH Österreich GmbH (Austria).

<sup>2</sup> The Ancon companies comprise the following companies and their subsidiaries: Ancon Limited (UK), Ancon GmbH (Germany), Ancon Building Products GesmbH (Austria) and Ancon Building Products Pty Limited (Australia).

<sup>3</sup> Hammerl, which is a German company, was acquired by CRH on 26 February, 2007. This transaction was not notifiable in Ireland, but was notified in Germany.

5. In 2007, CAL generated turnover of [ ] in respect of sales of construction accessory products in the State.

### **The Target**

6. Ancon is headquartered in Sheffield in the UK. Ancon is active in the UK, Ireland, mainland Europe, Australia and the Middle East. Ancon designs, manufactures and distributes building accessory products primarily made from stainless steel for the construction industry. These products perform support, restraint and fixing functions for masonry and concrete building structures.
7. Ancon has three manufacturing sites in the UK (two in Sheffield and one in Greenfield, North Wales) and light manufacturing operations in Australia and Switzerland. Ancon does not manufacture any construction accessory products in the State. However, Ancon, through a third party distributor, Long Construction Services Limited ("LCS"), distributes construction accessory products in the State.
8. For the financial year ended 30<sup>th</sup> September 2007, Ancon generated turnover of [ ] in respect of sales of construction accessory products in the State.

### **Analysis**

9. The undertakings involved submit that construction accessory products include all accessory products used in the construction sector such as anchoring systems, waterproofs, formworks (moulds used to create concrete products), profiles, systems for the avoidance of thermal or acoustic bridges, spacers, lifting systems and similar products.
10. Neither CRH nor Ancon manufactures construction accessory products in the State. However, there is a horizontal overlap in the activities of the undertakings involved in respect of the distribution of certain construction accessories products in the State. Specifically, the activities of the undertakings involved overlap in relation to the distribution of, albeit to different type of customers in the State, steel anchoring accessories. Steel anchoring accessories are broadly separated into reinforced and non-reinforced steel anchoring accessories, based on their different functions. Reinforced accessories are used to maintain the continuity of reinforcement through various construction elements (for instance, reinforcing joints will pass through a concrete floor and a concrete column), or between two other elements of reinforced concrete. Non-reinforced products are used principally to support or restrain masonry cladding on buildings.

<b>Table 1 Overlapping construction accessories products of CRH and Ancon</b>	
<b>Product</b>	<b>Description</b>
<b>Non-reinforced steel anchoring accessories</b>	
(a) Brickwork support systems	Generally, on a building of three storeys and higher, where brick cladding is used, it will be necessary to use a brickwork support system to fix the brickwork "outer skin" of the building to the structural framework. A stainless brickwork support system can be used to support the brickwork at each or every other floor. Brickwork support systems can also be used to support brickwork above door and window openings in buildings.  Brickwork support systems include angle support systems, which are designed to suit specific site conditions. These systems create a continuous length to support the outer leaf of masonry.
(b) Wall ties	Wall ties are used to attach the brickwork to the building structure or to windposts, in order to restrain the brickwork from falling in or away from the building.
(c) Masonry restraint channels	These accessories are used with wall ties to provide the necessary restraint to the outer leaf of masonry and provide a strong connection from the masonry wall to the rest of the building's structure (e.g. a concrete column). Wall ties can be inserted at any point along the channel length and built into the masonry bed joints.
(d) Cast-in channels	Cast-in channels are rolled steel sections with anchors attached which, when used with bolts, allow for structural connections to concrete. They are 'cast in' to concrete elements when the concrete is wet, rather than using an alternative product such as an expansion bolt, which would be drilled in when the concrete is set.
<b>Reinforced steel anchoring accessories</b>	
(a) Bar couplers	A bar coupler is a system to connect reinforcement bars in concrete elements. The range of reinforcing bar couplers includes tapered threaded, parallel threaded and mechanically bolted couplers.
(b) Re-bend reinforcement	These are anchoring systems which perform the function of linking a construction element to another construction element by connecting reinforcement in one element to adjoining reinforcement - re-bend reinforcement provides a 'starter bar' which is lapped with adjoining reinforcement.
(c) Balcony connection systems	These connectors join external concrete balconies to internal floor slabs. They provide continuity to the reinforcement between balcony and floor slab without interruption of insulation, thereby minimising cold bridging. Standard systems, comprising rigid CFC-free polystyrene insulation and duplex stainless steel shear reinforcement, suit most depths of cantilevered and simply supported balconies. Conventional reinforcing bars are used to provide the tension and compression reinforcement.

Source: Notification of the undertakings involved

11. Table 1 above summarises the various uses of steel anchoring accessories where the parties overlap. Generally, they are used for anchoring the structure of a building by linking and/or reinforcing various construction elements. They allow a constructive link to be

made between different construction elements to increase the stability of the structure, for example, between an outside masonry (brick or stone) wall and an inner wall or between two pre-cast concrete wall or floor elements. Anchoring systems will have different shapes and sizes, depending on the intended use and the elements to be fixed. For example, an anchoring system used to attach a balcony to a floor element will be provided with insulation material for the avoidance of thermal bridges.

12. The undertakings involved estimate their combined market share of the overall construction accessory products market in the State to be [less than 20%]. In respect of a market for:
  - (i) all steel anchoring accessories, the undertakings involved estimate that they would have a combined market share of [less than 10%];
  - (ii) reinforced steel anchoring accessories, the undertakings involved estimate that they would have a combined market share of [less than 30%]; and,
  - (iii) non-reinforced steel anchoring accessories, the undertakings involved estimate that they would have a combined market share of [less than 10%].
  
13. The Authority considers that the proposed transaction does not raise competition. The market enquiries<sup>4</sup> and site visits<sup>5</sup> carried out by the Authority confirm the submission of the undertakings involved that:
  - (i) in general, there is supply side substitutability in the production of steel anchoring products. Producers of steel anchoring products offer a wide range of anchoring products and can easily extend their range of products to new products with different sizes and shapes.
  - (ii) the merged entity will continue to face competition from a number of suppliers who would continue to offer alternative sources of supply.

### **Determination**

The Competition Authority, in accordance with section 21(2)(a) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed acquisition by CRH Limited of Ancon Limited 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

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<sup>4</sup> Based on telephone discussions with competitors and customers.

<sup>5</sup> The Authority visited CAL's depot in Naas and LCS's offices in Rathcoole.