

# **Anticipated acquisition by Mitie Group Plc of Interservefm (Holdings) Ltd**

## **Decision on relevant merger situation and substantial lessening of competition**

**ME/6895/20**

The CMA's decision on reference under section 33(1) of the Enterprise Act 2002 given on 17 November 2020. Full text of the decision published on 17 December 2020.

**Please note that [X] indicates figures or text which have been deleted or replaced in ranges at the request of the parties or third parties for reasons of commercial confidentiality.**

### **SUMMARY**

1. Mitie Group plc ('**Mitie**') has agreed to acquire Interservefm (Holdings) Ltd ('**Interserve**') (the '**Merger**'). Mitie and Interserve are together referred to as the **Parties** and, for statements referring to the future, as the **Merged Entity**.
2. The Competition and Markets Authority ('**CMA**') believes that it is or may be the case that each of Mitie and Interserve is an enterprise; that these enterprises will cease to be distinct as a result of the Merger; and that the turnover test is met. Accordingly, arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation.
3. The Parties overlap in the supply of Facilities Management ('**FM**') services in the UK.
4. The CMA has considered whether the product market should be segmented according to individual FM service lines. While customers are unable to substitute between individual service lines (eg cleaning and security), competitors and customers responding to the CMA's investigation indicated that the main suppliers provide most or all of the individual FM service lines. In addition, for the vast majority of the service lines, suppliers are able to start

supplying individual service lines they do not already supply, including by subcontracting or through acquisition. Therefore, the CMA has considered all FM services within a single frame of reference.

5. The CMA has also considered whether the product market should be segmented according to contract type, including single, bundled, and Total Facilities Management ('TFM') services. Evidence from customers indicated that they are able to switch from single to bundled service contracts and vice versa in response to changes in price. Competitors indicated that they are able to deliver individual service lines they do not already supply either by subcontracting or through acquisition.
6. However, evidence from third parties indicated that a significant number of customers are unable to switch from TFM to more disaggregated services, and similarly it is more difficult for competitors to start providing TFM services which is reflected in the lower number of suppliers currently able to provide such services. The CMA has therefore taken a cautious position and assessed the supply of TFM services as a separate product frame of reference from all other FM services.
7. The CMA considered the supply of TFM services to nuclear sites under a separate frame of reference, as customers in the nuclear industry prioritise different factors when selecting TFM suppliers compared to other sectors. Further, competitors submitted that only a few suppliers would have the capability to operate in the nuclear sector.
8. In relation to the geographic frame of reference, the CMA has received evidence that a UK presence was necessary for suppliers, therefore the CMA considers the geographic frame of reference not to be wider than the UK. The CMA received mixed evidence as to the ability of customers to switch from contracts with national coverage to regional contracts, and suppliers of services with national coverage appear to be fewer than for services with regional or local coverage, due to barriers to entry.
9. The CMA has therefore assessed the impact of the Merger in (i) the supply of FM services with national coverage in the UK, excluding TFM contracts; (ii) the supply of TFM services for contracts with national coverage in the UK; and (iii) the supply of TFM services to nuclear sites in the UK.
10. In its competitive assessment the CMA considered whether, as a result of horizontal unilateral effects, the Merger may lead to a substantial lessening of competition (**SLC**).
  - (a) In relation to the supply of FM services with national coverage, the CMA found that the Parties are close competitors. However their combined

share of supply is low and the Merged Entity will continue to be constrained by a significant number of credible alternative suppliers after the Merger.

- (b) In relation to the supply of TFM services with national coverage, the CMA found that the Parties are close competitors with a moderate combined share of supply. The CMA found that a sufficient number of alternative suppliers will continue to constrain the Merged Entity after the Merger.
  - (c) In relation to the supply of TFM services to nuclear sites, the CMA found that the Parties were close competitors, with some evidence from third parties pointing to a weaker performance in recent tenders by Interserve. The CMA found that a sufficient number of credible alternative suppliers will continue to constrain the Merged Entity after the Merger.
- 11. The CMA believes that the constraints in sub-paragraphs 10(a) to 10(c) above are sufficient to ensure that the Merger does not give rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in respect of any frame of reference.
  - 12. The Merger will therefore **not be referred** under section 33(1) of the Enterprise Act 2002 (the **Act**).

## ASSESSMENT

### Parties

- 13. Mitie is a UK FM and professional services company headquartered in London and listed on the London Stock Exchange. Mitie delivers services to private sector customers, who operate in industries such as banking and professional services, retail and leisure, manufacturing, construction, utilities, transport and logistics, healthcare and pharmaceuticals, technology and communications, as well as public sector customers, including central government, local authorities and other public sector bodies and agencies.
- 14. The majority of Mitie's operations are based in the UK with the remaining revenue generated in Ireland, Belgium, Finland, France, Norway, Poland and Sweden.
- 15. Interserve is the FM business of Interserve Group Limited and focuses on providing FM services to the public sector, including to the Ministry of Defence, Central Government, universities, and hospitals.

16. In 2019, Interserve had a UK turnover of [X]. The majority of Interserve's operations are based in the UK with most of its revenue being generated in the UK and the remaining generated in Ireland, Spain and the UAE.

## Transaction

17. The Merger comprises the acquisition by Mitie Group plc of Interservefm (Holdings) Ltd under the terms of a Share Purchase Agreement, entered into on 25 June 2020.

## Jurisdiction

18. Each of Mitie and Interserve is an enterprise. As a result of the Merger, these enterprises will cease to be distinct. The UK turnover of Interserve exceeds £70 million, so the turnover test in section 23(1)(b) of the Act is satisfied. The CMA therefore believes that it is or may be the case that arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation.
19. The initial period for consideration of the Merger under section 34ZA(3) of the Act started on 30 September 2020 and the statutory 40 working day deadline for a decision is therefore 24 November 2020.

## Counterfactual

20. The CMA assesses a merger's impact relative to the situation that would prevail absent the merger (ie the counterfactual). For anticipated mergers the CMA generally adopts the prevailing conditions of competition as the counterfactual against which to assess the impact of the merger. However, the CMA will assess the merger against an alternative counterfactual where, based on the evidence available to it, it believes that, in the absence of the merger, the prospect of these conditions continuing is not realistic, or there is a realistic prospect of a counterfactual that is more competitive than these conditions.<sup>1</sup>
21. Interserve plc (the predecessor of Interserve Group Limited) issued a profit warning in late 2017. Attempts to secure the financial viability of the company were only partly successful and in March 2019 Interserve plc was placed into

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<sup>1</sup> [Merger Assessment Guidelines](#) (OFT1254/CC2), September 2010, from paragraph 4.3.5. The [Merger Assessment Guidelines](#) have been adopted by the CMA (see [Mergers: Guidance on the CMA's jurisdiction and procedure](#) (CMA2), January 2014, Annex D).

administration, as a result of which its former creditors became its shareholders and the company was delisted.

22. The Parties submitted that the appropriate counterfactual is one where, absent an alternative purchaser, Interserve would have continued to operate as a weaker competitor (ie the pre-merger conditions of competition), [X]. However, the Parties clarified that they were not asserting that Interserve is a 'failing firm', and that the prevailing conditions of competition are the appropriate counterfactual.
23. The CMA considers the prevailing conditions of competition to be the relevant counterfactual, with the extent of Interserve's weakened status to be taken into account in the competitive assessment.

## **Background**

24. The Parties' activities overlap in the supply of outsourced FM services. FM refers to the provision by an operator of single or several services on behalf of a customer, which are necessary for the operation and maintenance of a building, property or a specific business.
25. FM services provided by the Parties cover a broad range of services and activities, including cleaning, security, office services (collectively also known as 'soft' FM services), and electrical/mechanical maintenance, energy, and projects work (collectively also known as 'hard' FM services). The Parties submitted that where they do not offer a particular service themselves, they can subcontract those services to third parties.
26. Contracts for FM services can be for a single service, a bundle of services or for all facilities-related services (Total Facilities Management or 'TFM' contracts). TFM contracts are FM contracts where the majority or all of the FM services are procured in a single contract, including both hard and soft services. Further, the service can be delivered at a single site or multiple sites, with contract geographic coverage ranging from local and regional coverage (ie contracts covering a single site or multiple sites in close proximity) to national coverage (ie contracts covering the whole or a large part of the UK, where the customer procures FM services for all sites from a single supplier) .
27. FM contracts range from short term (two to three years) to longer term contracts (more than five years). Short term contracts are more common in the private sector, and long term contracts in the public sector.

### ***Bidding for FM contracts***

28. FM contracts are mostly procured by way of competitive tender. Although there is no 'standard' bid process, the phases of a typical FM service tender are similar (ie qualification,<sup>2</sup> bidding phase,<sup>3</sup> offer capable of acceptance<sup>4</sup> and final phase<sup>5</sup>).
29. Public sector customers typically have to advertise each tender publicly through a call for competition and follow statutory procedures. Alternatively, they may choose to deploy a framework, whereby the customer provides details of several tender opportunities in the near future ('call-offs') to pre-qualified suppliers who have signed up to the framework agreement. Once the customer determines that a FM supplier is suitable for the framework, the supplier can bid for any contracts procured under the framework. Public sector customers subject to public procurement regulations include central and local government, NHS trusts, higher education institutions, and other bodies governed by public law. Private sector customers are not obliged to publicly advertise the tender opportunity and they can choose which FM suppliers to invite to tender. FM suppliers can also approach smaller private sector companies directly with an offer.

### ***Subcontracting relationships***

30. It is common practice for large suppliers of FM services to subcontract to specialist suppliers services that they do not offer themselves. The Parties submitted that they can easily subcontract services required in TFM and bundled contracts where they are not active. At the same time, the Parties also act as subcontractors for other suppliers.
31. This practice allows large FM suppliers to participate in tenders where they would not have been viable bidders because they did not provide the full services required under the TFM or bundled arrangements. They can propose to use subcontractors for the missing services, who in turn would not have had the opportunity to participate in the tender otherwise. At the same time, customers have access to specialised services that the main supplier cannot provide directly. Most customers that expressed a view told the CMA that they do not consider bidders with subcontracting relationships as weaker candidates.

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<sup>2</sup> This is where FM suppliers are assessed against some base criteria from the customer.

<sup>3</sup> This is where bidders are asked to provide details of technical solutions to the service requirements.

<sup>4</sup> The shortlisted bidders are invited to provide final technical solutions, commentary on contractual terms and proposed prices.

<sup>5</sup> This is where the customer notifies its decision to the winning bidder and to the unsuccessful ones.

32. The decision on the use of subcontractors will be driven by the customer's procurement strategy. Customers that mainly outsource FM services will tend to delegate the management of subcontractors to the main suppliers. In these cases, unless the customer has any specific preference, the choice of subcontractor is left to the main supplier and it will be made on the basis of the subcontractor's pricing and ability to deliver the relevant service. Subcontractors have a contractual relationship with the main supplier, who is responsible for their remuneration.

## **Frame of reference**

33. Market definition provides a framework for assessing the competitive effects of a merger and involves an element of judgement. The boundaries of the market do not determine the outcome of the analysis of the competitive effects of the merger, as it is recognised that there can be constraints on merging parties from outside the relevant market, segmentation within the relevant market, or other ways in which some constraints are more important than others. The CMA will take these factors into account in its competitive assessment.<sup>6</sup>
34. The Parties overlap in the supply of (i) facilities management services with local, regional, or national coverage (excluding TFM contracts), (ii) TFM services for contracts with local, regional, or national coverage, and (iii) TFM services to nuclear sites in the UK.

## **Product scope**

35. The CMA has previously considered all FM services (including TFM) within a single frame of reference, and also, on a cautious basis, considered narrower segments where it had received evidence that the competitive conditions in narrower segments may potentially differ from those for all FM services as a whole.<sup>7</sup>
36. The Parties submitted that the appropriate product frame of reference is the provision of all FM services. The Parties submitted that customer requirements for core FM services are similar across all service types. Further, the Parties argued that all major FM suppliers are able to supply all key FM services on a single, bundled or TFM basis, either themselves or by subcontracting any services they do not offer, and that these should not be considered separate segments of the FM services market, as services are

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<sup>6</sup> [Merger Assessment Guidelines](#), paragraph 5.2.2.

<sup>7</sup> *Completed acquisition by Interserve plc of the facilities management business of Rentokil Initial plc (Initial Facilities)*, CMA, 29 May 2014.

often contracted and supplied together, and the conditions of competition are generally similar across service types. Finally, the Parties submitted that the market for FM services should also include in-house FM, where customers self-supply an equivalent service to that of the Parties.

37. The CMA has considered whether the product market should be segmented according to:

- (a) individual service lines; and/or
- (b) contract type, including single, bundled, and TFM services; and/or
- (c) in-house and outsourced FM services.

*Supply of all FM services (excluding TFM contracts)*

38. The CMA has received evidence consistent with the inclusion of individual service lines within the same product frame of reference. Customers are not able to substitute between individual service lines (eg cleaning and security). However, the majority of customers and suppliers responding to the CMA's investigation indicated that they are able to switch between contract types, ie from single to bundled service contracts or vice versa.
39. Further, the majority of competitors responding to the CMA's investigation indicated that they are able to deliver individual service lines they do not already supply either by subcontracting or through acquisition. In addition, larger suppliers told the CMA that they generally have the ability to provide all the key services, if required by the contract.
40. The CMA found mixed evidence on whether the frame of reference should include in-house supply. The majority of customers responding to the CMA's investigation indicated that they are unlikely to bring the services in-house, in part or in full, in response to an increase in price. Therefore, on a cautious basis, the CMA has excluded in-house supply from the frame of reference. However, in-house supply was taken into account in the competitive assessment as an out-of-market constraint.
41. For the reasons set out above, the CMA's competitive assessment considers all FM within a single frame of reference. However, the CMA received evidence that there are some differences between TFM services and all other FM services, and between TFM services to nuclear sites and all other TFM services. The CMA has therefore assessed whether those two services should be treated as separate product frames of reference from all other FM services.



### *Supply of TFM services*

42. The CMA has considered whether the supply of TFM services should be treated as a separate frame of reference.<sup>8</sup>
43. The Parties submitted that TFM contracts should not be considered as a separate frame of reference from the FM services market, as services are often contracted and supplied together, and the conditions of competition are generally similar across service types.
44. The CMA received mixed evidence on the ability of customers to switch from TFM contracts to more disaggregated contracts, with almost half of the customers who responded to the CMA indicating that they would be unlikely or unable to switch to individual FM contracts in response to a price increase in TFM contracts. The majority of customers responding to the CMA's investigation also indicated that the set of suppliers able to offer TFM services is more limited than those able to offer single or bundled services.
45. The CMA further notes that, for the reasons set out in further detail in paragraph 130(b) below, competitors, and in particular specialised companies that only supply single services and would have to subcontract most other services, would find it challenging to start providing TFM services.
46. For these reasons, the CMA has taken a cautious approach and assessed the supply of TFM services as a separate product frame of reference from all other FM services.

### *Supply of TFM services to nuclear sites*

47. The CMA has considered whether the supply of TFM services to nuclear sites should be treated as a separate frame of reference.<sup>9</sup>
48. The Parties submitted that they do not consider that a separate frame of reference for FM services supplied to nuclear sites would be appropriate, as they submitted that all FM services are part of the same market and requirements across sectors are largely homogeneous.
49. Third parties told the CMA that customers in the nuclear industry prioritise different factors when selecting FM suppliers compared to other sectors. While customers in other sectors indicated that they prioritise price and

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<sup>8</sup> In *Completed acquisition by Interserve Plc of the facilities management business of Rentokil Initial Plc (Initial Facilities)* the CMA looked at both FM services as a whole and narrower segments including TFM and did not conclude on the appropriate frame of reference (see paragraph 17).

<sup>9</sup> The CMA has not considered TFM services for nuclear customers in any previous decision.

quality, most customers in the nuclear sector submitted that their priority when selecting a FM supplier were health and safety on their sites. Some of these customers expressed concerns about the limited availability of suppliers providing TFM services to nuclear sites.

50. Competitors submitted that only a few suppliers would have the capability to operate in the nuclear sector, citing the specific requirements, lack of experience, and relevant references as barriers to entry that were particularly significant for the supply of TFM services in the nuclear industry.<sup>10</sup> A few third parties also indicated that some suppliers were not interested in getting involved with the nuclear industry and the associated reputational risks.
51. For the reasons set out above, and on a cautious basis, the CMA assessed the supply of TFM services to nuclear sites as a separate product frame of reference from all other TFM services.

### *Customer segmentation*

52. The CMA further considered whether the above product frames of reference should be further segmented according to the type of customer (public and private).
53. The CMA has found that the factors customers consider when selecting suppliers are similar between public and private sector customers. In addition, it is equally straightforward for public and private sector customers to switch between procuring single and bundled services.
54. The CMA has received mixed evidence on the ability of suppliers to switch service provision from private to public customers. However, while some evidence indicated that the public sector may be slightly more difficult to enter due to the need for experience and public procurement requirements, the largest suppliers are active in both sectors. Moreover, the CMA has received evidence of competitors previously only focusing on private sector customers who succeeded in winning public sector tenders.
55. In relation to nuclear sites, the CMA considers that the nuclear sector is highly regulated. Private entities which operate nuclear sites are supervised to a large extent by public agencies (eg the ONR or the NDA) and those operators (eg EDF) are obliged to follow public tender rules. The CMA therefore

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<sup>10</sup> The Parties' internal documents further indicate that the nuclear sector is a 'key market' or a 'focus sector', and the Parties assess their competitors' 'nuclear capability' in bid assessments for the provision of TFM services to nuclear sites.

considers it is not necessary to further segment the provision of TFM services to nuclear sites between private and public customers.

56. The CMA will therefore not segment the three product frames of reference by public and private sector but will consider the extent to which competitive constraints may differ between the public and private sector in its competitive assessment.

### ***Geographic scope***

#### *Supply of FM services (excluding TFM contracts)*

57. In previous decisions, the CMA has considered the provision of FM services on a UK-wide basis, but did not find it necessary to conclude on the geographic frame of reference.<sup>11</sup>
58. The Parties argued that the appropriate geographic frame of reference for FM services is UK-wide, as all major competitors have national capability and compete for contracts regardless of the location of the customer, either by delivering services themselves or by subcontracting. Further, the Parties explained that customers do not consider that geographic proximity to a provider is important. Moreover, the Parties argued that customers have homogeneous requirements across the UK in terms of service provision.
59. The Parties' internal documents consistently track the FM market and individual FM services on a UK-wide basis, including competitors and market shares.<sup>12</sup> Most competitors confirmed that UK presence is necessary for suppliers. Therefore the CMA considers the geographic frame of reference not to be wider than the UK.
60. However, third party evidence suggests that there are fewer suppliers of FM services for contracts with national coverage due to higher barriers to providing national services, as discussed further in paragraphs 129 to 131. Third parties indicated that local suppliers find it challenging to supply at national level. National contracts are typically larger and more demanding, and local suppliers would struggle to scale or maintain their level of service, due to the infrastructure and resources required for simultaneous nationwide delivery of services.

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<sup>11</sup> Completed acquisition by Interserve plc of the facilities management business of Rentokil Initial plc (Initial Facilities), CMA, 29 May 2014, paragraphs 19-21.

<sup>12</sup> See Annex RF11.32.09, page 5, and Annex S1094.1.02 pages 53, 86, 117, 133, 149.

61. The CMA received mixed evidence as to the ability of customers to switch from contracts with national coverage to regional or local contracts, in response to a price increase. Some customers indicated that they would consider switching to regional or local contracts in response to a price increase. However, around half of the customers who provided evidence indicated that they would be unlikely or unable to switch to regional or local contracts. Some of these customers submitted that switching to local contracts would likely be expensive as local suppliers lack scale and are more complicated to manage, causing higher in-house management costs.
62. Therefore, on a cautious basis, the CMA has considered FM contracts with national coverage as a separate frame of reference to regional or local FM contracts.<sup>13</sup>

### *Supply of TFM services*

63. The Parties' internal documents track the TFM market on a UK-wide basis, including competitors and market shares.<sup>14</sup> Most competitors confirmed that a UK presence was necessary for suppliers. Therefore the CMA considers the geographic frame of reference not to be wider than the UK.
64. In addition to the evidence on customers described in paragraph 61 above, third party evidence suggests that suppliers of TFM services to contracts with national coverage are even more limited than for national FM services, while more suppliers are active in local TFM services. Further, opportunities for TFM contracts with national coverage are few, and contracts tend to be long, particularly those with public sector customers. A number of third parties responding to the CMA's investigation indicated that the trend is to move away from single national-coverage contracts towards multiple regional-coverage contracts.
65. Therefore, on a cautious basis, the CMA has considered TFM contracts with national coverage as a separate frame of reference to regional or local TFM contracts.<sup>15</sup>

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<sup>13</sup> As no concerns arise on a national basis (see the competitive assessment below) where fewer suppliers are active than on a regional level, the CMA believes that the Merger will not give rise to any SLC on a regional level. This is therefore not discussed further in this decision.

<sup>14</sup> See Annex S1094.1.02, page 149.

<sup>15</sup> As no concerns arise on a national basis (see the competitive assessment below) where fewer suppliers are active than on a regional level, the CMA believes that the Merger will not give rise to any SLC on a regional level. This is therefore not discussed further in this decision.

### *Supply of TFM services to nuclear sites*

66. The evidence received by the CMA shows that contracts for the supply of TFM services to nuclear sites tend to cover multiple sites in various locations the UK. Customers procuring these services told the CMA that they considered their TFM services to require suppliers capable of supplying throughout the UK. The CMA has also found that the suppliers able to supply TFM services to nuclear sites are able to bid for these services throughout the UK.
67. In light of the above, the CMA does not consider a distinction between national and local contracts to be relevant for TFM services supplied to nuclear sites. Thus, the CMA will assess the supply of TFM services to the nuclear sector in the UK.

### ***Conclusion on frame of reference***

68. For the reasons set out above, the CMA has considered the impact of the Merger in the following frames of reference:
- (a) the supply of all FM services with national coverage in the UK (excluding TFM contracts);
  - (b) the supply of TFM services for contracts with national coverage in the UK; and
  - (c) the supply of TFM services to nuclear sites in the UK.

## **Competitive assessment**

### ***Horizontal unilateral effects***

69. Horizontal unilateral effects may arise when one firm merges with a competitor that previously provided a competitive constraint, allowing the merged firm profitably to raise prices or to degrade quality on its own and without needing to coordinate with its rivals.<sup>16</sup> Horizontal unilateral effects are more likely when the merging parties are close competitors. The CMA assessed whether it is or may be the case that the Merger has resulted, or may be expected to result, in an SLC in relation to horizontal unilateral effects in the supply of FM services for contracts with national coverage, TFM services for contracts with national coverage and TFM services to nuclear sites in the UK, and in any plausible subsegments.

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<sup>16</sup> [Merger Assessment Guidelines](#), from paragraph 5.4.1.

***Horizontal unilateral effects in the supply of FM services with national coverage in the UK (excluding TFM contracts)***

70. In assessing whether the Merger will lead to an SLC in the supply of FM services with national coverage in the UK excluding TFM contracts, the CMA considered (i) shares of supply; (ii) closeness of competition between the Parties; and (iii) competitive constraints from alternative suppliers.

***Shares of supply***

71. Table 1 below sets out the Parties' and third parties' estimated shares of supply for the supply of FM services with national coverage in the UK. The CMA calculated these estimates based on the Parties' and their competitors' actual sales.

**Table 1: UK FM services with national coverage (excluding TFM contracts)**

	Estimated share of supply by revenue (%)
Mitie	[10-20]%
Interserve	[0-5]%
<b>Combined</b>	[10-20]%
CBRE	[30-40]%
ENGIE	[10-20]%
OCS	[10-20]%
Emcor	[5-10]%
Securitas	[5-10]%
ISS	[0-5]%
NG Bailey	[0-5]%
Arcus	[0-5]%
Others	[0-5]%
<b>Total</b>	100%

Source: The CMA's analysis of third-party submissions.

72. Table 1 shows that the Parties' combined share of supply is modest at around [10-20]% and that they face several competitors that have a larger or similar share of supply in the provision of FM services (excluding TFM contracts) with national coverage in the UK.

***Closeness of competition***

73. The Parties submitted that they are not particularly close competitors in the supply of FM services and that their activities are complementary in terms of type of customer and relative strengths in different services. Furthermore,

they submitted that even if the CMA were to consider national contracts as a separate market, the Parties would not be particularly close competitors.

74. The Parties' internal documents indicate that the Parties consider each other to be a 'key competitor', alongside others, in the overall FM market in the UK.<sup>17</sup>
75. The majority of third parties identified each Party as being among the other's main competitors in FM services with national coverage in the UK.
76. On the basis of the above evidence, the CMA believes that the Parties are close competitors.

### *Competitive constraints*

77. The Parties submitted that they are constrained by over 20 strong competitors in the large and fragmented FM services market and will continue to be post-merger. Further, the Parties submitted that competitors offering FM services who bid for national contracts, include ISS, CBRE, ENGIE, JLL, Sodexo and Serco.
78. In their internal documents, the Parties identify a significant number of alternative suppliers, both in the overall FM market in the UK and in individual service lines, suggesting that the FM market in the UK is competitive.<sup>18</sup> A number of suppliers are identified as 'key competitors', including ISS, Sodexo, CBRE, Engie, Serco, and NG Bailey for Mitie, and Serco, ISS, Sodexo, CBRE, Amey, and Engie for Interserve.<sup>19</sup>
79. Third party submissions confirmed that the market for the supply of FM services with national coverage is competitive. The majority of third parties who expressed concerns focused on the reduction of suppliers in the market, but also considered that alternatives would remain in the market. Third parties identified more than twenty alternatives to the Parties with at least seven of the alternative suppliers rated to be as strong as the Parties. These alternatives also include the suppliers identified as 'key competitors' in the Parties' internal documents.
80. The CMA also considers that the evidence from third parties further indicates that opportunities for contracts with national coverage do not arise as frequently as contracts with multi-regional, regional or local coverage. Many

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<sup>17</sup> See Annex RF11.31.01 and Annex I039.

<sup>18</sup> See for example Annex S1094.1.03 and Annex RF11.31.01.

<sup>19</sup> See Annex RF11.31.01 and Annex I039.

competitors who already supply services across several regions of the UK are capable and willing to bid for contracts with national coverage, should the opportunity arise.

81. Finally, the vast majority of customers and competitors were of the view that each individual FM service line was highly competitive.

***Conclusion on horizontal unilateral effects in the supply of FM services with national coverage in the UK (excluding TFM contracts)***

82. For the reasons set out above, the CMA believes that the Parties' shares of supply are low and the Merged Entity remains subject to competitive constraints from a number of alternative suppliers after the Merger. Accordingly, the CMA found that the Merger does not give rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in the supply of FM services with national coverage in the UK (excluding TFM contracts).

***Horizontal unilateral effects in the supply of TFM services for contracts with national coverage in the UK***

83. In order to assess the likelihood of the Merger resulting in unilateral effects, the CMA is considering: (i) shares of supply; (ii) tender data; (iii) closeness of competition between the Parties; and (iv) competitive constraints from alternative suppliers.

***Shares of supply***

84. The Parties submitted that they do not track market share information for TFM contracts with national coverage. The Parties estimated that their overall combined shares of supply for TFM contracts in the UK (including both local/regional and national contracts) were [10-20]%, with an increment of [5-10]%.<sup>20</sup> The Parties submitted that they estimated their combined shares for all FM contracts with a national coverage to be below 20%.
85. However, the Parties did not provide shares of supply for TFM contracts with national coverage. The CMA therefore sought to estimate shares of supply based on revenue data gathered directly from the suppliers that the Parties indicated as their largest competitors for TFM contracts with national coverage. Table 2 below sets out the Parties' and third parties' estimated shares of supply for the supply of TFM services with national coverage in the UK.

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<sup>20</sup> As the Parties sourced the TFM market size from industry reports, the CMA considers it to be a reasonable reflection of the size of the market.



**Table 2: UK TFM services with national coverage**

	Estimated share of supply by revenue (%)
Mitie	[10-20]%
Interserve	[10-20]%
<b>Combined</b>	<b>[30-40]%</b>
ENGIE	[20-30]%
ISS	[10-20]%
Sodexo	[10-20]%
JLL	[10-20]%
Arcus	[0-5]%
CBRE	[0-5]%
Compass	[0-5]%
Mace	[0-5]%
OCS	[0-5]%
<b>Total</b>	<b>100%</b>

Source: The CMA's analysis of third-party submissions.

86. Table 2 shows that the Parties' combined share is [30-40]%, with an increment from the Merger of [10-20]%. There is one other competitor with [20-30]% and three with [10-20]%.
87. The CMA considers that these shares are significant and indicate that the Merged Entity would be the largest player post-Merger.

#### *Tender data*

88. The Parties submitted an analysis of tender participation by competitors for the provision of TFM services, based on the information recorded in the Parties' internal documents. The Parties submitted that this analysis supports their argument that the Parties do not compete closely in respect of TFM tenders, and that there are many other credible competitors which are similarly close, if not closer, to each of the Parties.
89. The CMA identified three main issues with this analysis:
- (a) As the analysis is based on the Parties' internal documents providing information on competitors, it will not have a full and objective picture of bidders that participated in the tenders.

(b) The tenders analysed are less than a third of the TFM tenders where the Parties participated in the last three years. Mitie analysed [REDACTED] tenders and Interserve [REDACTED] tenders.

(c) The analysis does not distinguish between TFM contracts with national and local coverage. Thus, it is not informative on how closely the Parties are competing for TFM contracts with national coverage.

90. The CMA requested data from customers and potential customers that had tendered the largest 30 TFM opportunities (by contract value) in which each of the Parties participated in the last three years. Although the CMA's analysis does not cover all tenders for TFM contracts with national coverage, the CMA considers that the data better reflects the competition, as the data was collected directly from customers.

91. The CMA received tender data for 23 opportunities where Mitie participated. Information about the identities of the other bidders was available for 17 tenders.<sup>21</sup>

92. Table 3 below summarises participation information for Mitie's bids.

**Table 3: Participants in Mitie's bids for TFM contracts with national coverage**

Participant	Number of opportunities <sup>22</sup>	% Opportunities
<b>Interserve</b>	[REDACTED]	<b>[50-60]%</b>
ISS	[REDACTED]	[50-60]%
Sodexo	[REDACTED]	[40-50]%
CBRE	[REDACTED]	[40-50]%
JLL	[REDACTED]	[30-40]%
ENGIE	[REDACTED]	[20-30]%
Emcor	[REDACTED]	[10-20]%
G4S	[REDACTED]	[10-20]%
Serco	[REDACTED]	[5-10]%
Amey	[REDACTED]	[5-10]%
Bouygues	[REDACTED]	[5-10]%
BAM	[REDACTED]	[5-10]%
City FM	[REDACTED]	[5-10]%
Servest	[REDACTED]	[5-10]%
OCS	[REDACTED]	[5-10]%
<b>Total</b>	<b>17</b>	<b>100%</b>

Source: The CMA's analysis of third-party submissions.

<sup>21</sup> Given the small number of tenders available, the CMA did not analyse private and public sector tenders separately.

<sup>22</sup> The CMA did not collect information on contract values.

93. Table 3 indicates that Interserve is the competitor with the highest participation rate, having participated in [50-60]% of Mitie's opportunities. ISS participated in a similar number of tenders ([50-60]%), followed by Sodexo and CBRE ([40-50]%), JLL ([30-40]%) and ENGIE ([20-30]%). Other competitors participated in tenders in competition with Mitie in fewer occasions.
94. The CMA analysed the competitors Mitie lost tenders to. Mitie lost [X] of the tenders where it participated. Interserve won [X] of these tenders, CBRE won [X], Engie won [X], and ISS, City FM and BAM [X] each.
95. This analysis indicates that Mitie competes closely with Interserve in the supply of TFM contracts with national coverage. It also indicates that a number of other credible competitors participate frequently and have won at least one of the opportunities analysed by the CMA. Interserve and CBRE appear to be the most frequent winners of Mitie's lost tenders.
96. The CMA also received tender data for 17 opportunities where Interserve participated. Information about the identities of the other bidders was available for 16 tenders.
97. Table 4 below summarises participation information for Interserve's bids.

**Table 4: Participants in Interserve's bids for TFM contracts with national coverage**

Participant	Number of opportunities <sup>23</sup>	% Opportunities
<b>Mitie</b>	[X]	<b>[60-70]%</b>
ISS	[X]	[30-40]%
Sodexo	[X]	[30-40]%
Bouygues	[X]	[30-40]%
ENGIE	[X]	[20-30]%
CBRE	[X]	[10-20]%
G4S	[X]	[10-20]%
JLL	[X]	[10-20]%
Emcor	[X]	[10-20]%
Amey	[X]	[5-10]%
City FM	[X]	[5-10]%
Vinci	[X]	[5-10]%
OCS	[X]	[5-10]%
Servest	[X]	[5-10]%
<b>Total</b>	<b>16</b>	<b>100%</b>

Source: The CMA's analysis of third-party submissions.

98. Table 4 indicates that Mitie is the competitor with the highest participation rate, having participated in [60-70]% of Interserve's opportunities. ISS,

<sup>23</sup> The CMA did not collect information on contract values.

Sodexo, Bouygues and Engie were the competitors participating most often after Mitie, although with lower frequency (ie [20-30]% to [30-40]% of tenders). Other competitors participated in tenders with Interserve in fewer occasions.

99. Interserve lost [X] of the tenders where it participated. Mitie won [X] of these tenders, Engie won [X], and ISS, City FM and Vinci won [X] each.
100. This analysis indicates that Mitie is Interserve's closest competitor in the supply of TFM contracts with national coverage. It also indicates that a number of other competitors participate in tenders frequently and have won at least one of the opportunities analysed by the CMA.
101. The CMA's analysis of tender data indicates that although the Parties are close competitors, a number of credible alternatives would still be available, such as ISS, Sodexo, CBRE, Engie, JLL and Bouygues.

### *Closeness of competition*

102. The Parties argued that Interserve had been a material competitor to Mitie in the supply of TFM services (in particular to public sector customers), but, due to the [X] mentioned at paragraph 21 above, has been less competitive in the last 12 months and is no longer considered by Mitie as a competitor for new TFM contracts.
103. The Parties' internal documents indicate that the Parties consider each other to be a 'key competitor' alongside others, in the overall FM market in the UK, however, there is very limited evidence relating specifically to the supply of TFM services with national coverage in the UK.<sup>24</sup> A Mitie 2019 internal document shows Interserve to be the only competitor offering all ten service lines in the UK.<sup>25</sup>
104. The majority of third parties responding to the CMA's investigation identified each Party as being among the other Party's main competitors in TFM services with national coverage in the UK. Further, third parties indicated that the Parties compete closely in contracts with public sector customers.
105. In light of the sufficient competitive constraints remaining on the Parties post-Merger discussed below at paragraphs 107 to 109, it was not necessary for the CMA to assess the impact of the [X] of Interserve on its ability to compete effectively for TFM contracts.

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<sup>24</sup> See Annex RF11.31.01 and Annex I039.

<sup>25</sup> See Annex RF11.31.01, page 73.

### *Competitive constraints*

106. The Parties submitted that they are constrained by many competitors in the TFM services segment, including ISS, CBRE, ENGIE, JLL, Sodexo, Compass, Serco and Amey.
107. Evidence from the Parties' internal documents identifies multiple competitors for TFM contracts, including CBRE, Engie, ISS, JLL, OCS, Sodexo, and Emcor.<sup>26</sup>
108. The majority of third parties who expressed concerns focused on the reduction of suppliers in the market. However, most competitors responding to the CMA's investigation confirmed that the above competitors are equally strong alternatives to the Parties for TFM services with national coverage. All of the third parties responding to CMA's investigation said that there were various alternative suppliers with nationwide capabilities to constrain the Merged Entity with regard to both private and public sector TFM contracts.
109. With regard to the supply of TFM services with national coverage to public sector customers, where the Parties compete more closely, the CMA considers that there will be a sufficient number of alternative suppliers following the Merger constraining the Merged Entity to prevent any SLC from arising:
- (a) The CMA considers that Engie will pose a strong constraint. The Parties' internal documents identify Engie as a supplier who pursues government contracts and is already a 'top supplier' to the public sector.<sup>27</sup> Third party evidence indicated that Engie is a supplier as credible as the Parties for public sector contracts. Similarly the tender data (discussed in paragraphs 88 to 101 above) shows that Engie participated in a significant number of tenders in which the Parties participated.
  - (b) The CMA has also identified a number of quite strong competitors, namely ISS, Sodexo, and Serco. These suppliers are all identified in the Parties' internal documents as 'key competitors', as top suppliers to the public sector, and as competitors for TFM contracts.<sup>28</sup> The majority of third parties identified these to be only slightly weaker than the Parties, if not as strong. In addition, these suppliers frequently participated in the tenders in which the Parties participated as well.

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<sup>26</sup> See Annex S1094.1.03 and Annex S1094.1.02.

<sup>27</sup> See Annex RF11.31.01, page 78, and Annex I021, page 22.

<sup>28</sup> See Annex RF11.31.01, pages 75, 76, 79, and Annex I021 pages 19 to 22.

- (c) Further, there will remain a number of moderate constraints, including OCS, Atalian Servest and Emcor. These suppliers are not identified as 'key competitors' in internal documents, however they are identified as top suppliers to certain public sector customers [X].<sup>29</sup> Further, the tender data (paragraphs 88 to 101 above) shows participation in the same tenders in which the Parties participated as well, and customers responding to the CMA's investigation identified these competitors as alternative suppliers to the Parties, albeit not as strong.
- (d) Finally, the CMA has concluded that a number of competitors will exert a weak competitive constraint on the Merged Entity, including Bouygues, Amey, CBRE and JLL. According to the Parties' internal documents, these are competitors who are either already active with public sector customers, or in TFM in the private sector and could pose a threat to the Parties should they decide to pursue more TFM opportunities with public sector customers.<sup>30</sup>

110. Evidence from third parties responding to the CMA's investigation indicates that opportunities for contracts with national coverage do not arise as frequently as contracts with regional or local coverage. Many competitors who already supply services across several regions of the UK told the CMA that they are capable and willing to bid for contracts with national coverage, should the opportunity arise, including competitors who were identified by customers as equally strong alternatives to the Parties for TFM services with national coverage. The CMA therefore considers that competitors with a presence across the UK who do not currently have national contracts, as well as competitors with smaller market shares, would also present a competitive constraint to the Merged Entity.
111. Finally, the CMA also notes that more than a third of customers that responded to the CMA's merger investigation indicated that they would consider switching to in-house supply of the services in response to a price increase. Half of those customers would split contracts regionally, showing that these options will pose some additional constraint on the Parties.

*Conclusion on horizontal unilateral effects in the supply of TFM services for contracts with national coverage in the UK*

112. For the reasons set out above, the CMA believes that the Merged Entity remains subject to several competitive constraints from alternative suppliers after the Merger. Accordingly, the CMA concluded that the Merger does not

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<sup>29</sup> See Annex I021 page 18 and Annex S1092.1.23, page 8.

<sup>30</sup> See Annex S1094.1.02, page 149, Annex I021, pages 21 to 22, and Annex S1092.1.23, page 8

give rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in relation to horizontal unilateral effects in the supply of TFM services for contracts with national coverage.

***Horizontal unilateral effects in the supply of TFM services to nuclear sites in the UK***

113. In order to assess the likelihood of the Merger resulting in unilateral effects, the CMA is considering (i) shares of supply; (ii) closeness of competition between the Parties; and (iii) competitive constraints from alternative suppliers.

***Shares of supply***

114. The Parties submitted that there are no market reports that provide data for FM services to nuclear sites, nor do they in the ordinary course of their respective businesses report on data for FM services to nuclear sites separately. As such, the Parties were not able to estimate their share of supply to customers in this market segment.
115. The CMA therefore has estimated shares of supply based on revenue data gathered directly from the suppliers that the Parties indicated as their largest competitors for TFM contracts to nuclear sites.

**Table 6: UK TFM services to nuclear sites**

	<b>Estimated share of supply by revenue (%)</b>
Mitie	[30-40]%
Interserve	[10-20]%
<b><i>Combined</i></b>	<b><i>[40-50]%</i></b>
ENGIE	[40-50]%
G4S	[10-20]%
BAE	[0-5]%
<b><i>Total</i></b>	<b>100%</b>

Source: The CMA's analysis of third-party submissions.

116. Table 6 shows that the Parties' combined share is [40-50]%, with an increment from the Merger of [10-20]%. The Merged Entity will face one other competitor with [40-50]% and one with [10-20]%.
117. However, the CMA has found that the market consists only of a small number of long-term, high-value contracts and therefore shares can vary significantly year-on-year depending on the outcome of a limited amount of tenders.

Further, the shares do not fully reflect the set of likely tender participants or of suppliers capable and willing to provide TFM services. In particular, the shares of supply do not reflect the constraint from suppliers who do not currently hold a TFM contract but are credible alternatives as discussed further below (paragraphs 124(a) to 124(f)).

### *Closeness of competition*

118. The Parties submitted that they are no closer competitors to each other than to any other competitors that provide FM and TFM services to nuclear sites in the UK.
119. Both Parties' internal documents relating to nuclear sites identify each other as a competitor with relevant experience, indicating that the Parties compete closely in the supply of TFM services to nuclear sites.<sup>31</sup>
120. However, evidence from a recent tender indicates that Interserve [X] which means that, [X], it was ranked lower [X] in the overall final bid scores than Mitie. Mitie finished [X] and another competitor [X]. [X].
121. In addition, Mitie's [X] TFM contract is currently being re-tendered as it is nearing its expiry date.<sup>ii</sup> The CMA received information on the ongoing tender which indicates that there are credible alternative suppliers participating in the tender, as discussed further below (paragraphs 124(a) to 124(f)).

### *Competitive constraints*

122. The Parties submitted that their competitors in the nuclear industry do not materially differ from those identified as competitors for the provision of FM services generally. According to the Parties, competitors with prior experience in servicing nuclear sector customers include Serco, EMCOR, G4S, Babcock, Compass, Turner Harris, BAE and Sodexo, which are active across a broad range of FM services. Finally, the Parties submitted that competitors vary depending on whether a contract comes to market as a TFM, bundled, or single service contract.
123. Third party submissions regarding the impact of the Merger on the supply of TFM services to nuclear sites were mixed, with some customers expressing concerns about the number of remaining alternative suppliers and the fact that the Parties have competed in tenders in the past.

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<sup>31</sup> See Annex I176, page 6, and Annex S1092.1.10, page 17.



124. Evidence received by the CMA from third parties indicated that there is sufficient, albeit a smaller number of, alternative suppliers constraining the Parties in the supply of TFM services to nuclear sites, with at least two competitors considered to be as good as the Parties.
- (a) The CMA considers that Engie is a strong competitor in this segment. The Parties' internal documents identify Engie as a competitor with relevant TFM experience in the nuclear sector, and 'proven delivery capabilities'.<sup>32</sup> Most competitors and customers indicated that they consider Engie to be as good as the Parties, and evidence from tenders indicates [REDACTED].
  - (b) The evidence received by the CMA indicates that Emcor is another equally strong competitor. A Mitie internal document identifies Emcor as the only alternative for one of the major TFM contracts in the nuclear sector.<sup>33</sup> Most customers who responded to the CMA's investigation identified Emcor to be as good as the Parties, and most competitors considered Emcor to be only slightly weaker than the Parties. [REDACTED].
  - (c) The CMA has received evidence from customers and tender data which suggests that Atalian Servest is a relatively strong competitive constraint on the Parties. Atalian Servest has relevant nuclear experience in France, and has been identified by around half of the customers to be as good as the Parties. [REDACTED]. However, competitors have not identified Atalian Servest as an alternative supplier to the Parties.
  - (d) The CMA considers that G4S poses a moderate constraint. The Parties' internal documents identify G4S as a relevant competitor in this segment with some potentially relevant TFM experience.<sup>34</sup> Two third parties, a competitor and a customer, [REDACTED] submitted that G4S is a strong competitor in this segment and one of the few with relevant experience. However, several other third parties did not consider G4S to be a strong competitor, [REDACTED].
  - (e) Amey is another alternative supplier, which the CMA considers a moderate competitive constraint on the Parties. Around half of the customers have identified Amey to be weaker than the Parties, and competitors have not identified Amey as an alternative to the Parties. A third party [REDACTED] has indicated that [REDACTED].

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<sup>32</sup> See Annex I176, page 6, and Annex S1092.1.10, page 16.

<sup>33</sup> See Annex S1092.2.017, page 16.

<sup>34</sup> See Annex I176, page 6, and Annex S1092.1.10, page 15.

- (f) In addition to the above, the CMA has received evidence from a small number of competitors and customers indicating a few weak alternative suppliers posing a weak competitive constraint, such as ISS, Serco and CBRE, for lack of experience [§<] in this sector.

*Conclusion on horizontal unilateral effects in the supply of TFM services to nuclear sites in the UK*

125. For the reasons set out above, the CMA believes that there is a sufficient number of other credible competitors in tenders for contracts for TFM services to nuclear sites. Accordingly, the CMA concluded that the Merger does not give rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in relation to the supply of TFM services to nuclear sites in the UK.

***Non-horizontal effects***

126. The CMA considered whether an SLC may arise as a result of the Parties bringing together bundles of complementary services, or through vertical (subcontracting) relationships between the parties and their competitors. A small number of third parties expressed concerns for the potential non-horizontal effects arising from the Merger.
127. In view of the above findings in relation to horizontal effects and that the Parties do not have the ability to unilaterally raise prices in any individual service line, and face significant competition in all service lines at both a national and a regional level, the CMA does not consider that it is or may be the case that the Merger may be expected to result in an SLC on the basis of non-horizontal effects in the supply of FM and TFM services for contracts with national coverage and TFM services to nuclear sites in the UK, and in any plausible subsegments.

***Barriers to entry and expansion***

128. Entry, or expansion of existing firms, can mitigate the initial effect of a merger on competition, and in some cases may mean that there is no SLC. In assessing whether entry or expansion might prevent an SLC, the CMA considers whether such entry or expansion would be timely, likely and sufficient.<sup>35</sup>

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<sup>35</sup> [Merger Assessment Guidelines](#), from paragraph 5.8.1.

### *FM and TFM services for contracts with national coverage*

129. The Parties submitted that while barriers to entry across all FM services types supplied by the Parties are low, barriers to entry are slightly higher for TFM contracts, due to the various requirements, and because customers can be more focussed on brand and track record before awarding the work. The Parties explained that TFM contracts are more complex due to size, scale and service mix involved.
130. Third parties that responded to the CMA investigation identified barriers to entry in the supply of TFM services and in the provision of services with national coverage:
- (a) Most customers and competitors explained that supplying at national level is challenging due to the scale and size of these contracts. This limits the number of suppliers able to bid, excluding suppliers with no pre-existing multi-regional or nationwide capabilities. Some third parties specified that credible alternatives were even more limited for national TFM contracts.
  - (b) Most competitors submitted that it would be difficult for an FM supplier to start providing TFM services, in particular for specialized companies that only supply single services and would have to subcontract most. Competitors cited lack of experience and reputation, the accreditations and skills, as well as time and effort required to establish subcontracting partnerships as barriers to starting to provide TFM services.
131. The CMA considers that there is evidence of some barriers in place for local and regional suppliers, for the supply of TFM contracts with national coverage. However, it was not necessary to conclude on barriers to entry or expansion as the Merger does not give rise to competition concerns on any basis.

### *TFM services to nuclear sites*

132. The Parties submitted that the nuclear sector is characterized by a high degree of complexity, mainly concerning security clearances. However, the Parties were of the view that these sector specificities were minor and competitors in the wider FM services could easily provide services to customers in this sector. Although customers might prefer a supplier with an existing understanding of the nuclear sector, the Parties argued that they were awarded nuclear TFM contracts with very little prior experience.
133. Further, the Parties explained that the regulatory requirements in this sector would not act as a barrier to entry, as they are not difficult to satisfy and

common to other sectors, such as defence, central and local government, banking, energy and telecommunications.

134. Third party views, in particular views of customers, were not aligned with the Parties' views and identified significant impediments for FM suppliers to serve the nuclear industry, including the heavily regulated environment, the perception of entry being costly, time-consuming, and difficult, and the associated reputational risks involved when being associated with the nuclear sector.
135. Suppliers that responded to the CMA market testing submitted that it would be difficult for a supplier not active in the nuclear sector to start providing FM services to nuclear sites. These barriers to entry are particularly significant for the supply of TFM services in the nuclear industry. Suppliers explained that very few suppliers (including the Parties) have the qualifications, certifications and skills to deliver in these highly regulated and secure environments. Furthermore, significant compliance efforts are required, and specific insurance. Finally, suppliers submitted that specific expertise is required to work in the nuclear industry and suppliers managing to comply with the requirements would still be at disadvantage compared to those with clear experience, knowledge and capability that are already working in the nuclear industry.
136. The CMA considers that there is evidence of some barriers for the supply of TFM services to nuclear sites. However, it was not necessary to conclude on barriers to entry or expansion as the Merger does not give rise to competition concerns on any basis.

## Decision

137. Consequently, the CMA does not believe that it is or may be the case that the Merger may be expected to result in an SLC within a market or markets in the United Kingdom.
138. The Merger will therefore **not be referred** under section 33(1) of the Act.

**Eleni Gouliou**  
**Director**  
**Competition and Markets Authority**  
**17 November 2020**

