

Anticipated acquisition by ASSA ABLOY Limited of Arran Isle Limited

Decision on relevant merger situation and substantial lessening of competition

ME/6970-21

The CMA's decision on reference under section 33(1) of the Enterprise Act 2002 given on 11 April 2022. Full text of the decision published on 16 May 2022.

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. ASSA ABLOY Limited (**ASSA ABLOY**) has agreed to acquire Arran Isle Limited (**Arran Isle**) (the **Merger**). ASSA ABLOY and Arran Isle are together referred to as the **Parties** and, for statements referring to the market position if the Merger were to be completed, the **Merged Entity**.
2. The Competition and Markets Authority (**CMA**) believes that it is or may be the case that each of ASSA ABLOY and Arran Isle 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 door and window hardware (ie physical equipment attached to a door or window such as a lock, handle or hinge) in the United Kingdom (**UK**). Both Parties manufacture and supply door and window hardware under their own brands. Arran Isle also acts as a distributor for its own and third party brands.
4. These overlaps formed the frame of reference within which the CMA assessed whether the Merger may give rise to a substantial lessening of competition (**SLC**) as a result of horizontal unilateral effects or vertical effects.

5. With regard to horizontal unilateral effects, the CMA focused its investigation on the supply of own brand, re-branded and exclusively distributed products at the manufacturing level (**the manufacturing level**) for five product categories in which the Parties overlap in the UK: mortice locks and latches, residential cylinders, external door hinges, window friction hinges, and window handles (together, **the main overlap product categories**).
6. Both ASSA ABLOY and Arran Isle are two large suppliers of door and window hardware that are able to offer a wide range of these products to UK customers, and that compete closely overall and in the supply of each of the main overlap product categories.
7. In relation to horizontal unilateral effects, the CMA believes that the constraint from alternative suppliers is sufficient to ensure that the Merger does not give rise to a realistic prospect of an SLC in the supply, at the manufacturing level, of each of the main overlap product categories in the UK. In each of the main overlap product categories, similar alternatives to ASSA ABLOY will remain post-Merger. Separately, the presence of contract manufacturers of door and window hardware strengthens the finding that there is sufficient competitive constraint posed by alternative suppliers (since it reduces the barrier to expansion for smaller competitors), although the CMA placed limited weight on the direct constraint from overseas contract manufacturers owing to the mixed evidence on this point.
8. In relation to vertical effects, the CMA believes that the Merger does not give rise to a realistic prospect of an SLC as a result of input foreclosure of distributors of door and window hardware products in the UK. The CMA considered the possibility of input foreclosure of downstream rivals to Arran Isle by the Merged Entity (either by refusing to supply, increasing the price or otherwise worsening the terms of the offering), of one or more door and window hardware product categories supplied by ASSA ABLOY. The CMA found that the Merged Entity would not have the ability to foreclose rival distributors for several reasons including the presence of a number of effective alternative suppliers and the lack of evidence indicating that ASSA ABLOY's supply of door and window hardware products shapes competition among distributors.
9. The Merger will therefore **not be referred** under section 33(1) of the Enterprise Act 2002 (the **Act**).

ASSESSMENT

Parties

10. ASSA ABLOY is the primary UK subsidiary of, and is wholly owned by ASSA ABLOY AB, the ultimate parent company of the ASSA ABLOY group. ASSA ABLOY AB is listed on the Stockholm Stock Exchange.¹ The ASSA ABLOY group manufactures and supplies doors, door and window hardware access solutions, trusted identities and entrance automation for institutional and commercial customers, as well as for the residential market.² The turnover of ASSA ABLOY in financial year 2020 was approximately £7.4 billion worldwide and approximately £[REDACTED] in the UK.³
11. Arran Isle is a private company registered in the UK. It manufactures, supplies and/or distributes branded building products, in particular architectural and fenestration hardware.⁴ It distributes its own brands as well as brands of third parties (including ASSA ABLOY).⁵ The turnover of Arran Isle in financial year 2020 was approximately £99.9 million worldwide and approximately £74.9 million in the UK.⁶ Arran Isle's UK turnover in financial year 2021 was £[REDACTED].⁷

Transaction

12. On 24 September 2021, the Parties entered into an agreement pursuant to which ASSA ABLOY will acquire 100% of the issued share capital of Arran Isle for a consideration of approximately £[REDACTED].⁸ Following the Merger, Arran Isle will be a wholly owned subsidiary of ASSA ABLOY.
13. The Parties informed the CMA that the Merger is also the subject of review by the competition authority in the Republic of Ireland.⁹

Procedure

14. The Merger was considered at a Case Review Meeting.¹⁰

¹ Merger Notice submitted by the Parties to the CMA on 8 February 2022 (**Merger Notice**), paragraph 2.2.

² Merger Notice, paragraph 3.1.

³ Merger Notice, paragraph 6.1.

⁴ Merger Notice, paragraph 3.7.

⁵ Merger Notice, paragraph 3.6.

⁶ Merger Notice, paragraph 6.1.

⁷ Email from Pinsent Masons LLP on behalf of Arran Isle sent to the CMA on 9 March 2022.

⁸ Merger Notice, paragraph 2.5.

⁹ Merger Notice, paragraph 2.10.

¹⁰ See [Mergers: Guidance on the CMA's jurisdiction and procedure](#) (CMA2 revised), January 2021 as amended on 4 January 2022, from paragraph 9.29.

Jurisdiction

15. The CMA believes that the Merger (as described in paragraph 12) is sufficient to constitute arrangements in progress or contemplation for the purposes of the Act.¹¹
16. Each of ASSA ABLOY and Arran Isle is an enterprise. As a result of the Merger, these enterprises will cease to be distinct.
17. The UK turnover of Arran Isle exceeds £70 million, so the turnover test in section 23(1)(b) of the Act is satisfied.
18. 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 15 February 2022 and the statutory 40 working day deadline for a decision is therefore 11 April 2022.

Counterfactual

20. The CMA assesses a merger's impact relative to the situation that would prevail absent the merger (ie the counterfactual).¹² For anticipated mergers, the counterfactual may consist of the prevailing conditions of competition, or conditions of competition that involve stronger or weaker competition between the merger firms than under the prevailing conditions of competition.¹³
21. In this case, there is no evidence supporting a counterfactual other than the prevailing conditions of competition, and the Parties¹⁴ and third parties have not put forward arguments in this respect. Therefore, the CMA believes the prevailing conditions of competition to be the relevant counterfactual.

Industry background

22. Manufacturers sell door and window hardware to end users through three main customer segments in the UK:¹⁵

¹¹ Section 33(1)(a) of the Act.

¹² [Merger Assessment Guidelines \(CMA129\)](#), March 2021, paragraph 3.1.

¹³ [Merger Assessment Guidelines \(CMA129\)](#), March 2021, paragraph 3.2.

¹⁴ Merger Notice, paragraph 11.1.

¹⁵ The CMA considered whether there should be separate frames of reference for different customer segments, as discussed at paragraph 39 below.

- (a) Directly to door and window original equipment manufacturers (**OEMs**) who purchase hardware components and incorporate them into the finished timber, aluminium, steel, composite and uPVC doors and windows they manufacture (eg Anglian);
 - (b) To OEM distributors (**distributors**) who in turn re-sell the products to OEMs (eg Carl F Groupco). Unlike OEMs, distributors do not make doors or windows themselves; and
 - (c) To trade and retail resellers (**TRRs**) (eg Screwfix), including wholesalers, builders' merchants, architectural ironmongers and DIY stores, who re-sell the products to non-OEM end customers such as builders, locksmiths and DIY enthusiasts.¹⁶
23. Companies may be active as both distributor and TRR. This would include, for example, Lloyd Worrall.¹⁷ Companies may also be active as both manufacturer and distributor of their own and third party products, such as Arran Isle, UAP and Avocet.¹⁸
24. The CMA understands that there is a distinction to be made between the products supplied, namely these can be:¹⁹
- (a) **Own brand products**, which are produced either by a manufacturer in its own production facilities or on its behalf by a contract manufacturer to specifications set by the manufacturer, and then sold by the latter under its own brand;
 - (b) **Re-branded products**, which are generic products purchased 'as is' and where the same product may be sold to multiple different manufacturers for sale under their respective own brands; and
 - (c) **Exclusively distributed products**, which are products manufactured by a third party and carrying the brand of that third party, but which are sold by another supplier that has exclusive distribution rights for the product. In this decision, the CMA has focused on exclusive distribution in the UK.

¹⁶ Merger Notice, paragraph 15.19.

¹⁷ *Ibid.* See Lloyd Worrall [website](#), last accessed on 11 April 2022.

¹⁸ Merger Notice, paragraph 3.6; and [X]'s response to the CMA's Manufacturer Questionnaire; and [X]'s response to the CMA's Distributor Questionnaire.

¹⁹ Merger Notice, paragraphs 15.21-15.23.

25. ASSA ABLOY and Arran Isle each manufacture own brand products, but also source approximately [X]%²⁰ and [X]%²¹ (by sales revenue), respectively, of the overlap product categories they supply to UK customers (as set out in Table 1 below) from contract manufacturers (excluding smart locks, door accessories, window accessories, and fire and acoustic seals).²²
26. In recent years, some UK distributors and TRRs have directly sourced some products from contract manufacturers. For example, [X] switched from sourcing its own lock cylinders from Arran Isle to a Chinese manufacturer.²³
27. One factor in customers' decisions when sourcing door and window hardware is the requirement for testing and certification, which is needed for certain products and uses. The Parties submitted that certification can sometimes be achieved through a process called 'mirror certification', which can be relatively low cost. Mirror certificates are issued where a manufacturer (including a contract manufacturer) has been granted certification from a relevant standards authority for a particular product and then registers additional third party customer brands in relation to that product under the same certification (for a nominal administrative fee).²⁴
28. The CMA found that there are several other door and window hardware suppliers of different sizes and capabilities operating in the UK. Many of these are large, international suppliers who provide a comprehensive range of door and window hardware products, and service the whole of the UK. The most notable of these suppliers is Tyman, whose portfolio covers all aspects of the hardware and sealing solutions required for doors and windows, and a full suite of solutions for roof, wall and floor access in residential and commercial buildings.²⁵ Other examples include Allegion,²⁶ Avocet,²⁷ Caldwell,²⁸ Dorma Kaba,²⁹ and VBH.³⁰ There are also a number of national suppliers who

²⁰ Including own brand products manufactured according to ASSA ABLOY's specification as well as re-branded products.

²¹ Including own brand products manufactured according to Arran Isle's specification as well as re-branded products. An additional [X]% of Arran Isle's sales comprise exclusively distributed products (made by another manufacturer and sold under its brand, with Arran Isle having exclusive distribution rights in the UK).

²² Parties' response to the CMA's RF16 dated 16 February 2022 (**RF16 Response**), Tables 1 and 2.

²³ Merger Notice, paragraphs 15.12 and 19.15.

²⁴ Merger Notice, paragraph 15.8. Third parties did not comment on the use of mirror certification as a means of meeting testing and certification requirements. However, given the existence of several similar alternatives to the Parties already active in each of the main overlap product categories (as discussed below from paragraph 79), the CMA did not need to place any weight on the importance of mirror certification and this is therefore not discussed further in this Decision.

²⁵ Tyman [website](#), last accessed on 11 April 2022.

²⁶ Allegion [website](#), last accessed on 11 April 2022.

²⁷ Avocet [website](#), last accessed on 11 April 2022.

²⁸ Caldwell [website](#), last accessed on 11 April 2022.

²⁹ Dorma Kaba [website](#), last accessed 11 April 2022.

³⁰ VBH [website](#), last accessed on 11 April 2022.

likewise offer a wide-range of window and door hardware products, such as DGS,³¹ Total Hardware,³² and UAP.³³

Frame of reference

29. Market definition is an analytical tool that forms part of the analysis of the competitive effects of the merger and should not be viewed as a separate exercise from the competitive assessment.³⁴ It involves identifying the most significant competitive alternatives available to customers of the merger firms and includes the sources of competition to the merger firms that are the immediate determinants of the effects of the merger.³⁵
30. While market definition can be an important part of the overall merger assessment process, the CMA's experience is that in most mergers, the evidence gathered as part of the competitive assessment, which will assess the potentially significant constraints on the merger firms' behaviour, captures the competitive dynamics more fully than formal market definition.³⁶ There may be no need for the CMA's assessment of competitive effects to be based on a highly specific description of any particular market definition (including, for example, descriptions of the precise boundaries of the relevant markets and bright-line determinations of whether particular products or services fall within the relevant market).³⁷
31. In the UK, the Parties overlap in the supply of door and window hardware. Both Parties manufacture and supply door and window hardware under their own brands (eg Yale and UNION for ASSA ABLOY, and Carlisle Brass and Mila for Arran Isle). Arran Isle also acts as a distributor for its own and third party brands (including ASSA ABLOY) through its standalone businesses Mila and Window Ware.³⁸
32. The CMA considered whether the frame of reference for the assessment of horizontal unilateral effects should be defined at the manufacturing level or should also encompass the distribution level, ie take account of any potential loss of competitive constraint posed by Arran Isle's activities in the distribution of third party products.³⁹ Based on the available evidence from third parties,

³¹ DGS [website](#), last accessed on 11 April 2022.

³² Total Hardware [website](#), last accessed on 11 April 2022.

³³ UAP [website](#), last accessed on 11 April 2022.

³⁴ [Merger Assessment Guidelines \(CMA129\)](#), March 2021, paragraph 9.1.

³⁵ [Merger Assessment Guidelines \(CMA129\)](#), March 2021, paragraph 9.2.

³⁶ *Ibid.*

³⁷ [Merger Assessment Guidelines \(CMA129\)](#), March 2021, paragraph 9.5.

³⁸ Merger Notice, paragraphs 3.1-3.10.

³⁹ The CMA notes that while the frame of reference for assessing horizontal unilateral effects is defined at the manufacturing level, in the assessment of vertical effects, the CMA has considered the manufacturing (upstream)

the CMA believes that distributors selling third party products (as opposed to own brand products) typically act as a channel for manufacturers to reach smaller OEMs and generally do not pose a significant competitive constraint on manufacturers independently of the manufacturer whose products they are distributing.⁴⁰ The CMA therefore assessed horizontal unilateral effects at the manufacturing level. This approach is also in line with a previous OFT decision.⁴¹

33. Table 1 below sets out those door and window hardware product categories that are supplied by both of the Parties in the UK (**the overlap product categories**):⁴²

Table 1: Overlap product categories

Door hardware	<i>Locks</i>	- Door multipoint locks - Rim locks - Mortice locks and latches - Masterkey cylinders - Residential cylinders - Smart locks
	<i>Handles</i>	- External door handles - Internal door handles
	<i>Hinges</i>	- External door hinges - Internal door hinges
	<i>Other</i>	- Door closers/controls - Emergency exit bolts and latches - Letterplates - Fire and acoustic seals - Door accessories
Window hardware	<i>Locks</i>	- Window multipoint locks
	<i>Handles</i>	- Internal window handles
	<i>Hinges</i>	- Window friction hinges - Reversible window hinges - Turn and tilt window hinges
	<i>Other</i>	- Window accessories

Source: Parties' submissions

34. In relation to the product frame of reference, the CMA has not received evidence on demand-side substitutability or supply-side substitutability that would justify widening the product scope beyond looking at each of the product categories individually. Therefore, the CMA has not widened the product scope to include other categories of door and window hardware products or to group any of the product categories together. This is consistent with previous OFT decisions⁴³ and the submissions made by the Parties.⁴⁴

and distribution (downstream) levels of the supply chain as part of the frame of reference, given that this theory of harm focuses on input foreclosure of rival distributors by the Merged Entity through the supply of its manufactured products (for further detail, see paragraph 38 below).

⁴⁰ Note of call with [§], dated 20 January 2022; note of call with [§], dated 6 January 2022; and [§], [§] and [§]'s responses to the CMA's Manufacturer Questionnaire.

⁴¹ ASSA ABLOY AB/Paddock Holdings Limited (2010).

⁴² Merger Notice, paragraphs 12.1-12.81.

⁴³ ASSA ABLOY AB/Paddock Holdings Limited (2010) and ASSA ABLOY Limited/Securistyle Limited (2012).

⁴⁴ Merger Notice, paragraphs 13.9-13.12.

35. Given the large number of overlap product categories, the CMA sought to focus its investigation by identifying overlaps that the CMA considered more likely to give rise to the realistic prospect of an SLC as a result of horizontal unilateral effects. The CMA did so by taking into account a range of factors including: (i) the Parties' combined share of supply (for each overlap product category overall and also with regard to each of the main customer segments); (ii) the increment brought about by the Merger;⁴⁵ and (iii) any product category-specific concerns raised by third parties during the CMA's merger investigation.
36. The CMA has considered in detail whether the Merger may give rise to horizontal unilateral effects in relation to the following overlap product categories (referred to in this Decision as the main overlap product categories):
- (a) **Mortice locks and latches:** a mortice lock is a single point mechanism that needs to fit inside a pocket cut into the edge of the door in order for it to work. Mortice latches are used to close but not secure a door;
 - (b) **Residential cylinders:** a component fitted into a multipoint locks (**MPLs**) or mortice lock into which a key is inserted to unlock a door;
 - (c) **External door hinges:** a mechanism by which the external door (ie door allowing for entry to a building) leaf is connected to a door frame and which allows the door leaf to open and close within the frame as part of the doorset;
 - (d) **Window friction hinges:** the standard type of hinge used on aluminium, timber and uPVC casement windows. One of their main features is that they prevent the window, whilst in an open position, from being blown open further or closed by the wind. They are commonly used in all residential applications on 'open out' windows; and
 - (e) **Window handles:** a component that attaches to a window connected internally to a locking mechanism in order to engage or disengage the lock to open or close the window.
37. Given the lack of other evidence submitted by the Parties or third parties that pointed to competition concerns in product categories other than those listed above, the CMA took the view at an early stage in its investigation that no

⁴⁵ Given the potential inaccuracies in the shares of supply estimates provided by the Parties (and the lack of reliable third party market data), the CMA took a cautious approach and considered conservative thresholds for the Parties' combined shares of supply and increment brought about by the Merger when considering whether certain overlap product categories should be investigated further insofar as they may constitute areas in which the Merger could give rise to a realistic prospect of an SLC.

plausible competition concerns on the basis of horizontal unilateral effects would arise in any of the other overlap product categories, which are therefore not discussed further in this Decision (with the exception of door MPLs per the next paragraph).

38. In its assessment of vertical effects (input foreclosure), the CMA has considered the Merged Entity's anticipated overall position in door and window hardware supplied to distributors (ie including any product categories for which ASSA ABLOY may potentially hold upstream market power in the supply to distributors, which it may be able to use to foreclose these distributors). As explained below from paragraph 98, one product category that the CMA included in its assessment of input foreclosure (which is not included in the assessment of horizontal unilateral effects) is door MPLs. Door MPLs bolt a door into a frame and lock at multiple points when an attached door handle is lifted; they are mainly installed on PVC, composite and aluminium doors.⁴⁶
39. Finally, the CMA also considered whether it was appropriate to segment the product scope according to the type of customer, namely: (i) OEMs; (ii) distributors; and (iii) TRRs. Based on the available evidence, the CMA reached no final conclusion as to whether there are separate frames of reference for different customer segments. However, the available evidence indicates there may be some important differences between the respective customers and, on that basis, the CMA believes it is appropriate to consider the possible effects of the Merger on these customer segments.⁴⁷ This is consistent with previous OFT decisions⁴⁸ and the submissions made by the Parties.⁴⁹ In its assessment of horizontal unilateral effects, the CMA has therefore considered the impact of the Merger both overall within the supply of each of the main overlap product categories as well as within particular customer segments for each main overlap product category.
40. In relation to the geographic scope, the CMA has not seen evidence to suggest that conditions of competition vary materially across the UK at the manufacturing level, in line with the Parties' submissions.⁵⁰ The CMA has therefore assessed the Merger (both in relation to horizontal unilateral and vertical effects) on a UK-wide basis, and took into account in the competitive

⁴⁶ Merger Notice, paragraph 12.2

⁴⁷ These differences pertain, for example, to the Parties' pricing mechanisms; different end customers having different needs (note of call with [REDACTED], dated 20 December 2021); competitor sets (based on the Parties' share of supply estimates and feedback from third parties); and different testing and certification requirements (Merger Notice, paragraph 12.25; note of call with [REDACTED], dated 14 December 2021; and note of call with [REDACTED], dated 10 December 2021).

⁴⁸ *ASSA ABLOY AB/Paddock Holdings Limited* (2010) and *ASSA ABLOY Limited/Securistyle Limited* (2012).

⁴⁹ Merger Notice, paragraphs 13.13-13.14.

⁵⁰ Merger Notice, paragraph 13.1.

assessment all relevant competitive constraints faced by the Parties in supplying UK customers, including (if relevant) suppliers that are based outside of the UK.

41. For the reasons set out above, the CMA considered the impact of the Merger in the following frames of reference:
 - (a) For the assessment of horizontal unilateral effects: the supply, at the manufacturing level, of each of the main overlap product categories both to customers overall and to OEMs, distributors and TRRs separately, on a UK-wide basis; and
 - (b) For the assessment of vertical effects: the supply of door and window hardware to distributors both across product categories and within individual product categories, on a UK-wide basis.

Competitive assessment

Horizontal unilateral effects

42. 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.⁵¹ Horizontal unilateral effects are more likely when the merging parties are close competitors.
43. In order to assess the likelihood of the Merger resulting in horizontal unilateral effects in relation to the frame of reference identified in paragraph 41(a) above, the CMA has considered:
 - (a) The Parties' shares of supply;
 - (b) The closeness of competition between the Parties; and
 - (c) Competitive constraints from other alternatives.
44. A material proportion of the evidence from the Parties (including their submissions and internal documents) as well as from third parties pertained to the overall UK door and window hardware sector. The CMA has considered this alongside other evidence that it has gathered for each of the main overlap product categories individually. Accordingly, the CMA discusses below the

⁵¹ [Merger Assessment Guidelines \(CMA129\)](#), March 2021, paragraph 4.1.

main overlap product categories together and also draws out the differences in the evidence gathered where relevant.

Shares of supply

45. The Parties submitted share of supply estimates (on the basis of revenue) for overall sales and disaggregated by customer segment, for each of the main overlap product categories identified in paragraph 36 above, for 2019 and 2020.⁵²
46. Given limitations in the estimates provided by the Parties (see further below from paragraph 49), the CMA supplemented these share of supply estimates with information from third parties and adjusted the Parties' estimates.⁵³ These adjusted estimates (for overall sales in 2020) are presented in Table 2 below.

Table 2: UK shares of supply at manufacturing level (by revenue) – 2020

<i>Product category</i>	<i>Parties' shares of supply (all customer segments)</i>
Mortice locks & latches	ASSA ABLOY: [10-20]%
	Arran Isle: [10-20]%
	Combined: [20-30]%
Residential cylinders	ASSA ABLOY: [10-20]%
	Arran Isle: [5-10]%
	Combined: [20-30]%
External door hinges	ASSA ABLOY: [10-20]%
	Arran Isle: [10-20]%
	Combined: [30-40]%
Window friction hinges	ASSA ABLOY: [20-30]%
	Arran Isle: [0-5]%
	Combined: [20-30]%
Window handles	ASSA ABLOY: [10-20]%
	Arran Isle: [10-20]%
	Combined: [20-30]%

Source: Parties' share of supply estimates, third party data and CMA calculations

47. Table 2 indicates that the Parties' combined share of supply in overall sales is below [20-30]% in all but one of the main overlap product categories, where the combined share is not materially above this.
48. The CMA also examined adjusted shares of supply in each customer segment (OEM, combining direct sales and indirect sales via distributors;⁵⁴ and TRR).

⁵² Merger Notice, Tables 12-16, 22-31, 61-65 and 72-76.

⁵³ The CMA used actual revenue data provided by suppliers where this was available. If no such information was provided, the CMA used the Parties' estimates; however, excluding any suppliers that were included in the Parties' estimates if either (i) that supplier confirmed to the CMA it was not active in the relevant product category and/or customer segment; or (ii) the supplier was not identified as an alternative in the relevant product category by at least two third parties.

⁵⁴ The Parties did not provide shares of supply for the overall OEM customer segment (ie combining manufacturers' sales both direct to OEMs and indirect via distributors). The CMA calculated these by summing

The Parties' combined share was below 40% in all but one case ([40-50]% in mortice locks and latches sold to TRRs), and was below 30% in nearly all other cases. In light of the Parties' higher share of supply in mortice locks and latches to TRRs, as well as other evidence gathered during the merger investigation, the CMA undertook more detailed investigation of mortice locks and latches. The findings relating to mortice locks and latches are discussed further throughout.

49. The CMA has viewed the shares of supply estimates as a helpful starting point in its assessment. Nevertheless, the CMA did not place a considerable amount of weight on shares of supply as a standalone piece of evidence; rather they were considered in the round with other qualitative evidence, specifically feedback from third party respondents to the CMA's merger investigation. The CMA adopted that approach because:
- (a) There are no reliable market size or competitor sizing estimates for the supply of door and window hardware products. While there are some industry reports,⁵⁵ the Parties submitted that these reports typically contain significant methodological flaws and errors resulting in materially inaccurate market size estimates, including because many relevant suppliers (among which, ASSA ABLOY) do not contribute data to these reports;⁵⁶
 - (b) The Parties' methodology for determining the shares of supply was based on their own internal market intelligence, which may be limited or inaccurate and, as a result, the Parties' estimates may not be fully accurate and may over-estimate the total market size to some degree;
 - (c) While unable to fully reconstruct shares of supply using third party revenue data, the CMA cross-checked product category-specific revenues submitted by more than ten manufacturers (including several of the main competitors in each of the main overlap product categories). While the Parties' estimates were reasonably accurate in many instances, they had substantially over-estimated a competitor's product category-specific

revenues across 'sales direct to OEMs' and 'sales to OEM distributors'. The reason the CMA calculated an aggregated share for the overall OEM customer segment is that Arran Isle is active as both a manufacturer and distributor. The shares of supply data provided by the Parties treat all Arran Isle branded products that are sold to OEMs as 'direct sales of own brand products to OEMs'. For example, a Carlisle Brass product sold to an OEM by Window Ware (an Arran Isle-owned business which acts purely as a distributor) would be counted as a 'direct sale of own brand products to OEMs'. The CMA considers that such sales (ie those made by one of Arran Isle's distribution functions) are not necessarily commensurate with the sales direct to OEMs made by manufacturers (including ASSA ABLOY). In other words, the way the data is presented may have the effect of over-estimating Arran Isle's sales direct to OEMs and under-estimating its sales to distributors, relative to ASSA ABLOY and other non vertically-integrated manufacturers.

⁵⁵ See, for example, AMA Research's [Door and Window Fittings Market Report 2020-2024](#); and Annexes 98-102 to the Merger Notice.

⁵⁶ Merger Notice, paragraph 14.4.

revenues on several occasions (including in at least one instance identifying a third party competitor that was, in fact, not active) and underestimated the competitor's revenues on other occasions; and

- (d) Shares of supply are not always indicative of the degree of competitive constraint exerted by rivals. In this case, the CMA understands that some larger OEM and TRR customers typically issue tenders or more informally seek quotes and negotiate longer-term contracts to secure a supplier for one or more particular product categories. The competitive strength of certain suppliers who currently hold one or more larger contracts may be over-estimated (and that of those with smaller shares under-estimated) on the basis of shares of supply for any given year.

Closeness of competition

50. The CMA examined the closeness of competition between the Parties, overall and for each of the main overlap product categories, and has considered within its assessment:
- (a) Submissions from the Parties;
 - (b) Evidence from the Parties' internal documents;
 - (c) The Parties' customer win/loss data; and
 - (d) Third parties' views on closeness of competition.

Parties' submissions

51. The Parties submitted that they are not particularly close competitors, due to both the relatively undifferentiated nature of the relevant products and Arran Isle's focus on distributing third party products (whereas ASSA ABLOY supplies only its own branded products). The Parties submitted that this view is supported by the Parties' customer loss data (discussed further below).⁵⁷

CMA's assessment

52. At the outset, the CMA emphasises that merger firms need not be each other's closest competitors for unilateral effects to arise.⁵⁸ Closeness of competition is a relative concept; where there is a degree of differentiation

⁵⁷ Merger Notice, paragraph 15.16. The Parties made this point in general and did not make specific submissions in relation to the closeness of their offerings in specific product categories, with the exception of mortice locks and latches in the Parties' response to the CMA's Issues Paper, dated 17 March 2022 (**Issues Paper Response**).

⁵⁸ [Merger Assessment Guidelines \(CMA129\)](#), March 2021, paragraph 4.8 and footnote 80.

between the merger firms' products, they may nevertheless still be close competitors if rivals' products are more differentiated, or if there are few rivals.⁵⁹ In light of these principles, the CMA has considered the closeness of competition between the Parties, both overall and in relation to each of the main overlap product categories, in the context of the other constraints that would remain post-Merger.

- *Evidence from internal documents*

53. The Parties' internal documents show that ASSA ABLOY and Arran Isle both monitor each other as competitors in door and window hardware in general. While the CMA has not seen internal documents discussing the competitive landscape in each of the main overlap product categories in detail, the CMA nevertheless sees the evidence from internal documents as being informative in relation to the overall closeness of competition between the Parties.
54. ASSA ABLOY's documents prepared for the purpose of considering the Merger identify the complementarity of Arran Isle's and ASSA ABLOY's product offering as an important part of the rationale for the Merger,⁶⁰ with one document in particular describing Arran Isle's brands Carlisle Brass and Mila as '[REDACTED]', for example, as the former [REDACTED].⁶¹
55. Despite the complementarity identified in these documents, the CMA notes that ASSA ABLOY's internal documents prepared in the ordinary course of business show that it routinely monitors Arran Isle's performance, with that of other competitors, in monthly business reports.⁶² Specifically, of the [REDACTED] documents reviewed, which were produced between January 2019 and January 2022, Arran Isle (including its various brands and/or subsidiaries) is discussed on [REDACTED] occasions, making it the [REDACTED] competitor (after [REDACTED], which was discussed [REDACTED] times).⁶³ The CMA typically places more evidential value on internal documents prepared in the ordinary course of business as these tend to represent better informed and unbiased views on the target to an acquisition.
56. Arran Isle's internal documents similarly show that they consider ASSA ABLOY as a competitor.⁶⁴ However, some of these internal documents

⁵⁹ [Merger Assessment Guidelines \(CMA129\)](#), March 2021, paragraph 4.10.

⁶⁰ Annex 15 to the Merger Notice, page 2; Annex 17 to the Merger Notice, page 13; and Annex 19 to the Merger Notice, page 50.

⁶¹ Annex 19 to the Merger Notice, page 50.

⁶² Annexes 28-31, 32-97 and 230-237 to the Merger Notice. The Parties submitted that these short summaries reflect feedback received by ASSA ABLOY's [REDACTED]; as such, it does not reflect decisions to monitor or track specific competitors (Parties' response to the CMA's RF12 dated 30 November 2021, question 11).

⁶³ Arran Isle's Carlisle Brass and Mila brands featured frequently (with [REDACTED] and [REDACTED] mentions, respectively); its other main brands (Eurospec, Serozzetta, Eurolite and Xpert) were, [REDACTED].

⁶⁴ Annexes 112, 114 and 115 to the Merger Notice.

suggest that there may be a level of differentiation between the Parties' overall proposition due to how they respectively act within the door and window hardware supply chain, ie ASSA ABLOY as a manufacturer and Arran Isle as both a manufacturer and distributor. For example, one internal document prepared by Arran Isle in relation to its Carlisle Brass business notes it will '[REDACTED]' owing to the latter's '[REDACTED]'.⁶⁵

57. Overall, the CMA's view is that since the competitor monitoring within these documents is not presented on a product category-by-product category basis, it is less informative of closeness at a product category-specific level. Nevertheless, the CMA believes that, in the round, the evidence from internal documents shows that Arran Isle, among others, is an important competitor to ASSA ABLOY overall in the supply of door and window hardware.

- *Parties' customer win/loss data*

58. Consistent with the evidence from internal documents, the CMA found that the Parties' customer win/loss data shows that they compete against each other to some degree, as well as competing with a number of other suppliers.

59. The Parties submitted win/loss analysis based on records they maintain in the ordinary course of business relating to newly acquired customers and lost customers (including partial losses where some portion of a customer's sales was lost).⁶⁶ In the case of mortice locks and latches, the Parties undertook additional internal data-gathering during the CMA's merger investigation (ie these data were not recorded in the ordinary course of business).⁶⁷ In most cases, the Parties recorded the reason for the loss (eg if the customer switched to an alternative supplier) and the identity of the new supplier. These records are not fully comprehensive. For example, [REDACTED], [REDACTED], and [REDACTED].⁶⁸ Furthermore, [REDACTED].

60. In light of the above, the CMA only carried out a loss analysis based on ASSA ABLOY's data, ie an analysis of how frequently ASSA ABLOY loses customers to different competitors. This provides some information on which competitors provide the strongest competitive constraints on ASSA ABLOY, particularly in the OEM segment as discussed further below. The CMA carried out this analysis on OEM and distributor customers⁶⁹ lost by ASSA ABLOY in

⁶⁵ Annex 114 to the Merger Notice, page 6.

⁶⁶ Merger Notice, paragraphs 16.13-16.29; and Annexes 194, 195 and 246 to the Merger Notice.

⁶⁷ Issues Paper Response, paragraph 5.7.

⁶⁸ Merger Notice, paragraph 16.16. The Parties informed the CMA that [REDACTED].

⁶⁹ Quantitative analysis of TRR losses was not undertaken as the data include only three instances of TRR losses (relating to two TRR customers) in the overlap product categories, over the five year period.

general as well as in terms of losses within specific product categories, including the main overlap product categories.

61. The CMA's analysis of ASSA ABLOY's customer loss data shows that:
- (a) Of the [REDACTED] OEM customers lost by ASSA ABLOY to a known competitor⁷⁰ between 2017 and 2021, only [REDACTED] (accounting for [REDACTED]% of the value of lost sales) switched to Arran Isle;
 - (b) Of the [REDACTED] distributor customers lost by ASSA ABLOY to a known competitor⁷¹ between 2017 and 2021, only [REDACTED] (accounting for [REDACTED]% of the value of lost sales) switched to Arran Isle;
 - (c) In terms of losses within specific product categories, the CMA found that the sample sizes are generally much lower and therefore less representative, but nevertheless note that:
 - (i) In door locks (which includes mortice locks & latches, as well as MPLs and rim locks), [REDACTED] of the [REDACTED] customers lost by ASSA ABLOY to a known competitor switched to Arran Isle;
 - (ii) In residential cylinders, [REDACTED] out of the [REDACTED] customers lost by ASSA ABLOY to a known competitor switched to Arran Isle;
 - (iii) In door hinges (which includes both external and internal door hinges), [REDACTED] out of the [REDACTED] customers lost by ASSA ABLOY to a known competitor switched to Arran Isle;
 - (iv) In window friction hinges, [REDACTED] out of the [REDACTED] customers lost by ASSA ABLOY to a known competitor switched to Arran Isle; and
 - (v) In window handles, [REDACTED] of the [REDACTED] customers lost by ASSA ABLOY to a known competitor switched to Arran Isle.
62. Arran Isle provided data on both customer losses and wins during 2018-2020. However, Arran Isle's data is not [REDACTED]. The CMA's analysis of Arran Isle's customer win/loss data shows that:

⁷⁰ The majority of losses were to a known competitor; there were an additional 21 losses where the competitor was not known.

⁷¹ The majority of losses were to a known competitor; there were an additional 17 losses where the competitor was not known.

- (a) Of the [X] customers lost by Arran Isle to a known competitor⁷² between 2018 and 2020, only [X] (accounting for [X]% of the value of lost sales) switched to ASSA ABLOY; and
- (b) Of the [X] customers acquired by Arran Isle from a known competitor⁷³ between 2018 and 2020, only [X] (accounting for [X]% of the value of acquired sales) switched from ASSA ABLOY.
63. Owing to the limitations of the data, the CMA placed relatively limited weight on this evidence in assessing closeness of competition. Nevertheless, the data show that for OEM and distributor customers, the Parties compete to some degree. The CMA notes that the fact that only a minority of the Parties' customer losses (and wins in the case of Arran Isle) were to/from the other Party does not necessarily indicate that the Parties do not compete closely. Rather, this may be more indicative that, despite the Parties providing similar offerings, they also face competition from other sufficiently close alternatives.
- *Third party views*
64. As part of its merger investigation, the CMA sought to obtain qualitative feedback from a subset of the Parties' customers in order to better understand the demand-side perspective for the main overlap product categories, as well as feedback from competitors.
65. The CMA asked customers and competitors to identify the top five manufacturers of own brand products that compete with ASSA ABLOY (including, where relevant, Arran Isle) and rate (from one to five) the similarity of the offering of each manufacturer they identified compared to ASSA ABLOY, for each of the main overlap product categories, and where one means 'does not offer a similar alternative at all' and five means 'offers an extremely similar alternative':
- (a) In mortice locks & latches, Arran Isle was, behind Tyman, one of the manufacturers most frequently identified by customers (TRRs specifically) and manufacturers alike as a top five competitor to ASSA ABLOY, and achieved a higher average rating than Tyman in terms of the similarity of its offering to that of ASSA ABLOY (albeit both rated highly);
- (b) In residential cylinders, Arran Isle was again one of the manufacturers most frequently identified by respondents as a top five competitor to

⁷² Around half of losses were to a known competitor; there were an additional 29 losses where the competitor was not known.

⁷³ The majority of wins were from a known competitor; there were an additional 15 wins where the competitor was not known.

ASSA ABLOY, behind Tyman and UAP, although the latter was identified materially less often by TRR customers than Arran Isle. In terms of the similarity of their respective offering to that of ASSA ABLOY, all three manufacturers achieved comparable average ratings (which were high);

- (c) In external door hinges, Arran Isle was the third manufacturer most frequently identified by respondents as a top five competitor to ASSA ABLOY, behind Tyman and SFS. In terms of the similarity of their respective offering to that of ASSA ABLOY, both Arran Isle and Tyman achieved the same average rating while SFS achieved a materially lower average rating;
 - (d) In window friction hinges, several customers and competitors identified Arran Isle as a top five competitor to ASSA ABLOY and gave it a relatively high average rating. Arran Isle was, however, identified materially less often than Caldwell, DGS, Tyman, and Nico who also achieved an average rating broadly similar to Arran Isle's;
 - (e) In window handles, Arran Isle was the second most frequently identified manufacturer by respondents as a top five competitor to ASSA ABLOY, behind Tyman, and achieved a high average rating in terms of the similarity of its offering to that of ASSA ABLOY, albeit lower than Tyman's average rating.
66. The third party feedback indicates that in each of the main overlap product categories, Arran Isle is perceived as offering a similar alternative to ASSA ABLOY.
67. The CMA considered whether product range (ie the extent to which a supplier's portfolio includes different product categories) may act as an important differentiator between the Parties' respective offerings. This is because two of the third parties that responded to the CMA's merger investigation identified the Parties as being two of a small number of competitors that are able to offer a wide product portfolio, with one third party describing ASSA ABLOY and Arran Isle as 'generalists' in the industry and identifying only Tyman as one other such supplier.⁷⁴
68. The CMA received mixed evidence from third party respondents to its merger investigation as to the importance of a manufacturer's product range when competing for customers, although the perception on this point seems to differ between manufacturers and distributors on the one hand and OEM and TRR

⁷⁴ Note of call with [REDACTED], dated 10 December 2021; and [REDACTED]'s response to the CMA's Distributor Questionnaire.

customers on the other hand.⁷⁵ When looking at responses from OEMs and TRRs only, the feedback received overall indicates that the customers themselves do not typically prefer purchasing specific product categories from the same supplier, which is further supported by the fact that a large proportion of the customers that responded to the CMA's merger investigation do, in practice, mix and match both within and across product categories.

69. Therefore, while product range may provide some degree of competitive advantage in attracting certain customers (for example through the supplier's ability to offer cross-product volume discounts and product suites in the same style and finish), the available evidence does not strongly point to product range being a factor that impacts most customers' perception on the closeness of competition between the Parties.

Conclusion on the closeness of competition between the Parties

70. For the reasons set out above, the CMA believes that ASSA ABLOY and Arran Isle are close competitors overall and in the supply of each of the main overlap product categories.

Competitive constraints

71. In assessing the competitive constraints on the Parties, overall and for each of the main overlap product categories, the CMA has considered:
- (a) Submissions and evidence from the Parties;
 - (b) Evidence from the Parties' internal documents; and
 - (c) Evidence from third parties on the constraint from alternative suppliers and the presence of overseas contract manufacturers.

Parties' submissions and evidence

72. The Parties submitted that all product categories are competitive and that there will remain sufficient credible alternative suppliers in every customer segment in every product category.⁷⁶

⁷⁵ Note of call with [REDACTED], dated 10 December 2021; note of call with [REDACTED], dated 14 December 2021; [REDACTED]'s response to the CMA's Manufacturer Questionnaire; [REDACTED]'s response to the CMA's Distributor Questionnaire; note of call with [REDACTED], dated 20 December 2021; [REDACTED]'s response to the CMA's TRR Questionnaire; [REDACTED]'s response to the CMA's TRR Questionnaire; note of call with [REDACTED], dated 5 January 2022; note of call with [REDACTED], dated 6 January 2022; and [REDACTED]'s response to the CMA's Manufacturer Questionnaire.

⁷⁶ Merger Notice, paragraphs 15.3-15.4.

73. In their share of supply estimates, the Parties identified the main competitors for each main overlap product category and customer segment.⁷⁷ Table 3 below shows, for each main overlap product category, the number of named competitors (excluding ‘others’ and the Parties themselves) that the Parties identified overall and in each customer segment.

Table 3: Number of main competitors identified by the Parties

	<i>Total alternative suppliers</i>	<i>Active in sales to OEMs</i>	<i>Active in sales to distributors</i>	<i>Active in sales to TRRs</i>
Mortice locks & latches	8	5	6	7
Residential cylinders	7	5	5	5
External door hinges	9	7	5	4
Window friction hinges	6	5	4	6
Window handles	9	7	6	5

Source: Parties’ shares of supply estimates

74. The Parties also submitted that door and window hardware products are ‘relatively undifferentiated’ products.⁷⁸ For mortice locks and latches in particular, the Parties submitted that these are highly commoditised products and that there is no material differentiation between the products different manufacturers can offer.⁷⁹

75. Finally, the Parties submitted that door and window hardware products are largely produced by contract manufacturers in ‘low-cost’ territories such as India and China, on behalf of UK manufacturers.⁸⁰ They also stated that customers do not need to source from manufacturers with an established UK presence and can procure directly from overseas contract manufacturers.⁸¹ By way of example, the Parties submitted that the distributor and ironmonger [X] has chosen to source mortice locks along with other products directly from China, cutting out UK manufacturers.⁸² As noted above at paragraph 26, the Parties also gave an example of [X] switching from sourcing its own lock cylinders from Arran Isle to a Chinese manufacturer.⁸³

CMA’s assessment

76. The CMA notes that the Parties have identified a wide range of alternative suppliers. While it does not follow that, in and of itself, all such suppliers are equally strong, the CMA has analysed evidence from internal documents and

⁷⁷ For each product category, the Parties also submitted an aggregated share of supply for ‘Others’ (ie smaller competitors that they did not name individually).

⁷⁸ Merger Notice, paragraph 15.5.

⁷⁹ Issues Paper Response, paragraph 3.1.

⁸⁰ Merger Notice, paragraphs 15.12 and 19.22; and Issues Paper Response, paragraph 3.5.

⁸¹ Merger Notice, paragraph 15.12.

⁸² Merger Notice, paragraphs 15.13 and 19.15.

⁸³ Merger Notice, paragraphs 15.12 and 19.15.

third party responses to the CMA's merger investigation to assess the extent to which they individually or collectively constrain the Parties.

- *Evidence from internal documents*

77. Broadly consistent with the Parties' submissions, internal documents show that ASSA ABLOY and Arran Isle are two of a range of competitors in door and window hardware generally. Specifically, ASSA ABLOY's internal documents show that it monitors [REDACTED], [REDACTED] and [REDACTED], among others, on a regular basis.⁸⁴
78. In light of the lack of detail by product category (as explained in paragraph 57 above), the Parties' internal documents were considered in the round with feedback from third parties to assess the existence of similar alternatives to the Parties.

- *Evidence from third parties*

- *Constraints from alternative suppliers*

79. As explained at paragraph 65 above, the CMA sought feedback from customers and competitors on the main alternatives to ASSA ABLOY in each of the main overlap product categories.⁸⁵
80. The CMA summarises its findings as follows:
- (a) In mortice locks & latches, third parties identified 11 manufacturers as offering a similar alternative to ASSA ABLOY, including four identified as very similar alternatives to ASSA ABLOY. These four were Arran Isle itself, Tyman, Allegion and Frisco. All but two of the main competitors identified by the Parties were corroborated by third parties;
 - (b) In residential cylinders, third parties identified 14 manufacturers as offering a similar alternative to ASSA ABLOY, including 13 identified as very similar alternatives to ASSA ABLOY. Among those identified the most often, and more highly rated on average, were Tyman, UAP, Avocet, Brisant and Arran Isle. All of the main competitors identified by the Parties were corroborated by third parties;

⁸⁴ Annexes 28-31, 32-97 and 230-237 to the Merger Notice.

⁸⁵ In any instances where the Parties or third parties identified a competitor as active in a particular main overlap product category but the CMA received a response from that competitor indicating it was not active, the CMA has not included them as an alternative supplier in its competitive assessment.

- (c) In external door hinges, third parties identified 15 manufacturers as offering a similar alternative to ASSA ABLOY including 11 identified as very similar alternatives to ASSA ABLOY. Among those identified the most often and more highly rated on average were Tyman, Avocet, VBH, Frisco and Arran Isle. All of the main competitors identified by the Parties were corroborated by third parties;
 - (d) In window friction hinges, third parties identified 11 manufacturers as offering a similar alternative to ASSA ABLOY, including eight identified as very similar alternatives to ASSA ABLOY. Among the manufacturers identified the most often and more highly rated on average were those listed in paragraph 65(d) above. All of the main competitors identified by the Parties were corroborated by third parties; and
 - (e) In window handles, third parties identified 11 manufacturers as offering a similar alternative to ASSA ABLOY, including eight identified as very similar alternatives to ASSA ABLOY (eg Tyman, Arran Isle, Avocet and VBH). All but one of the main competitors identified by the Parties were corroborated by third parties.
81. These results indicate that there is a good number of similar or very similar alternatives to ASSA ABLOY in each of the main overlap product categories. In addition, while the CMA received different responses from different customers in terms of who they considered to be alternatives to ASSA ABLOY, the responses indicate that for any given main overlap product category there would be several manufacturers with similar offerings for all customer segments.
82. The wide range of suppliers considered to be similar alternatives to ASSA ABLOY is consistent with the CMA's understanding that, overall, door and window hardware products tend to be relatively undifferentiated. In line with the Parties' submissions on this point, one manufacturer commented that the difference between own brand, re-branded and exclusively distributed products is often superficial and is generally only a case of using different packaging for the same or similar underlying product, though there may be changes in the materials used or design modifications to create a degree of exclusivity.⁸⁶ Likewise, a large OEM told the CMA that there are subtle differences but fundamentally no significant differentiation between the offerings of the main competitors it identified in the respective product

⁸⁶ Note of call with [REDACTED], dated 10 December 2021.

categories of residential cylinders, external door hinges, window friction hinges, window handles, and door locking mechanisms.⁸⁷

83. The CMA notes that, according to information provided by the Parties, [REDACTED] of Arran Isle's revenues in residential cylinders ([REDACTED]%) and window friction hinges ([REDACTED]%) were from re-branded products,⁸⁸ supplied to Arran Isle by contract manufacturers in [REDACTED] and [REDACTED].⁸⁹ By definition, these products are identical to those that could be purchased by the Parties' competitors from the same contract manufacturer and there is some evidence that competitors can and do purchase such products.⁹⁰ This strongly indicates a low level of differentiation between the majority of Arran Isle's products and those that could be supplied by other manufacturers in these two product categories.
84. As a final point, the CMA notes that of the end customers (ie OEMs and TRRs) that replied to the CMA's merger investigation, very few expressed competition-related concerns about the Merger in relation to horizontal unilateral effects. Specifically, only two TRR customers made comments to the effect that the Merger would reduce the number of alternative supply options.⁹¹ However, as evidenced above, the CMA found that there will remain a number of alternative suppliers providing a competitive constraint. Furthermore, the CMA notes that both these TRR customers identified, for each of the main overlap product categories, several manufacturers that offer at least a similar alternative to the Parties.
- *Presence of overseas contract manufacturers*
85. In regard to the Parties' submission that door and window hardware products are largely produced by contract manufacturers in 'low-cost' territories, the CMA found that [REDACTED] of Arran Isle's products in each of the main overlap categories except mortice locks and latches are manufactured by third

⁸⁷ The third party in question identified Brisant, Avocet, Tyman, and Winkhaus as similar alternatives in residential cylinders; Tyman, Titon, Nico, Winkhaus, UAP, and Maco as similar alternatives in external door hinges; Tyman, Titon, Nico, Cotswold, and DGS as similar alternatives in window friction hinges; Tyman, Hoppe, Avocet, Titon, and UAP as similar alternatives in window handles; and Tyman, Titon, Nico, Winkhaus, UAP, Avantis, and Hoppe as similar alternatives in door locking mechanisms (Note of call with [REDACTED], dated 20 December 2021).

⁸⁸ See paragraph 24(b) for a definition of re-branded products.

⁸⁹ RFI6 response, question 2.

⁹⁰ For example, the Parties submitted that Hunta Hardware, which was founded in 2020 by the former owner of Dale Hardware (sold to ASSA ABLOY in 2018), launched a new door hinge product. The Parties submitted that other than the branding on the packages, Hunta Hardware's product and the corresponding ASSA ABLOY product are identical. According to the Parties, this is because Hunta Hardware is procuring its product from the same Asian contract manufacturer used by ASSA ABLOY ie [REDACTED] (Merger Notice, paragraph 15.7). In the Issues Paper Response, the Parties provided a further example of this: Rutland UK, a manufacturer of door closers, has recently launched a range of DIN-standard cylinder mortice locks produced by the contract manufacturer DP Garg. Rutland UK's certificate is a mirror of one held by the contract manufacturer, DP Garg, which the latter uses to supply the same products under (amongst others) its part-owned Sichern brand, according to the Parties (Issues Paper Response, paragraph 4.6).

⁹¹ [REDACTED] and [REDACTED]'s responses to the CMA's TRR Questionnaire.

parties.⁹² [X] of Arran Isle's mortice locks and latches (by revenue) are manufactured by third parties,⁹³ with the [X] manufactured by Arran Isle within its own factory in China. ASSA ABLOY produces a greater proportion of its products in-house overall, including in mortice locks and latches. Nevertheless, [X] of its window friction hinges, between [X]% and [X]% of its residential cylinders, [X]% of its external door hinges, and [X]% of its window handles (all by revenue) are manufactured by a third party.⁹⁴

86. The CMA considers that the prevalence of contract manufacturing has potential implications for two aspects of the competitive assessment:
- (a) It renders more plausible the ability of rival manufacturers, including those that may currently have small shares of supply, to scale up and thereby strengthens the constraint posed by these alternative suppliers (see previous section for discussion of the constraint from alternative suppliers); and
 - (b) Overseas contract manufacturers may in some cases also pose a direct competitive constraint on the Parties, to the extent that customers can source their requirements from the former directly (thereby 'cutting out the middleman').
87. On the first point, as part of the further investigation into mortice locks and latches and given that the Parties themselves manufacture a greater proportion of this product category in-house, the CMA asked manufacturers to comment on their ability to engage contract manufacturers in 'low-cost' territories as a route to expanding their capacity to supply mortice locks and latches. Three manufacturers told the CMA that they are (or would be) able to source from 'low-cost' overseas manufacturers; another (whose products are 100% British manufactured) mentioned that imported goods represent one of few new entrants to the lock market in recent years; and another commented that it currently uses a global network of production facilities.⁹⁵ However, two other manufacturers identified difficulties in sourcing from 'low-cost' overseas

⁹² As of 2020; based on information provided by the Parties in RFI6 Response, question 2. These contract manufacturers are mostly based in 'low-cost' territories ([X] and [X]), with some in [X] and [X].

⁹³ Based in [X] and [X].

⁹⁴ As of 2020; based on information provided by the Parties in RFI6 Response, question 2. These contract manufacturers are mostly based in [X], [X] and [X].

⁹⁵ [X]'s response to the CMA's questions concerning mortice locks and latches, dated 14 March 2022; [X]'s response to the CMA's questions concerning mortice locks and latches, dated 10 March 2022; [X]'s response to the CMA's questions concerning mortice locks and latches, dated 15 March 2022; [X]'s response to the CMA's questions concerning mortice locks and latches, dated 14 March 2022; and [X]'s response to the CMA's questions concerning mortice locks and latches, dated 17 March 2022.

manufacturers, relating to the ability to access them, and regulatory and certification requirements.⁹⁶

88. On the second point, the CMA sought feedback from customers on their ability and willingness to source door and window hardware products from a 'low-cost' overseas manufacturer. Overall the evidence was mixed, indicating that importing directly from overseas contract manufacturers may be attractive for some customers, but it may not be possible for all customers or for all product categories, for example due to reliability of supply and other logistical challenges, the cost of importing, and certification and testing requirements.⁹⁷
89. Based on the available evidence, the CMA believes that the prevalence of contract manufacturers does to some extent strengthen the finding that there is sufficient competitive constraint posed by alternative suppliers because it indicates that barriers to expansion are low (ie suppliers with a currently modest share could use contract manufacturers to scale up). However, the CMA placed limited weight on the direct constraint from overseas contract manufacturers, given the mixed evidence from customers.

Conclusion on horizontal unilateral effects

90. For the reasons set out above, the CMA believes that, while the Parties are close competitors to one another, in each of the five main overlap product categories there will remain a competitive constraint on the Merged Entity sufficient to prevent the realistic prospect of an SLC arising from horizontal unilateral effects. This conclusion is supported by the presence of a good number of similar alternatives to ASSA ABLOY, broadly consistent with the Parties' submissions and as corroborated by the CMA's merger investigation. 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, at the manufacturing level, of any of the main overlap product categories, on a UK-wide basis. The CMA found that this is the case for each of the main overlap product categories both for customers overall, and also for OEMs, distributors and TRRs separately.

Vertical effects

91. Vertical effects may arise when a merger involves firms at different levels of the supply chain, for example a merger between an upstream supplier and a

⁹⁶ [REDACTED]'s response to the CMA's questions concerning mortice locks and latches, dated 14 March 2022; and [REDACTED]'s response to the CMA's questions concerning mortice locks and latches, dated 11 March 2022.

⁹⁷ [REDACTED]'s response to the CMA's TRR Questionnaire; [REDACTED], [REDACTED], [REDACTED], [REDACTED] and [REDACTED]'s responses to the CMA's TRR Questionnaire; note of call with [REDACTED], dated 8 February 2022; and [REDACTED], [REDACTED] and [REDACTED]'s responses to the CMA's OEM Questionnaire.

downstream customer or a downstream competitor of the supplier's customers.

92. Non-horizontal mergers do not involve a direct loss of competition between the merger firms. Instead, a common concern is that they may result in the foreclosure of current or potential rivals – that the merged entity will be able to use its position in one market to harm the competitiveness of its rivals in the other. This would weaken the constraints that the merged entity faces and as a result harm competition and therefore customers.⁹⁸ The CMA only regards such foreclosure to be anticompetitive where it results in an SLC in the foreclosed market(s), not merely where it disadvantages one or more competitors.⁹⁹
93. The CMA's approach to assessing vertical theories of harm is to analyse (a) the ability of the merged entity to foreclose competitors, (b) the incentive of it to do so, and (c) the overall effect of the strategy on competition.¹⁰⁰ This is discussed below.
94. In the present case, the CMA has considered whether the Merged Entity could foreclose distributors of door and window hardware (downstream rivals to Arran Isle) supplied by ASSA ABLOY in the UK, either by refusing to supply (total foreclosure) or by increasing the price or otherwise worsening the terms of the offering (partial foreclosure). The concern is that this could harm overall competition at the downstream distribution level, to the detriment of OEMs and ultimately their end-customers.
95. Several distributors that sell ASSA ABLOY products¹⁰¹ commented to the CMA that the Merged Entity could give preferential treatment to Arran Isle's distribution businesses, or that independent distributors may otherwise be placed at a disadvantage as a result of the Merger.¹⁰² It was, however, not clear that these concerns necessarily related to an anticompetitive strategy, since distributors could also face a disadvantage as a result of efficiencies

⁹⁸ [Merger Assessment Guidelines \(CMA129\)](#), March 2021, paragraph 7.2.

⁹⁹ In relation to this theory of harm, 'foreclosure' means either foreclosure of a rival or to substantially competitively weaken a rival.

¹⁰⁰ [Merger Assessment Guidelines \(CMA129\)](#), March 2021, paragraph 7.10.

¹⁰¹ [X]'s response to the CMA's Distributor Questionnaire; [X]'s response to the CMA's Distributor Questionnaire; [X]'s response to the CMA's Distributor Questionnaire; [X]'s response to the CMA's Distributor Questionnaire; and [X]'s response to the CMA's Distributor Questionnaire.

¹⁰² Where possible, the CMA sought further elaboration and clarification by contacting these third parties for follow-up comments. Most respondents did not elaborate on the nature of the preferential treatment, although one commented there is a risk that Mila and Window Ware would receive preferential treatment in terms of price and/or delivery (note of call with [X], dated 20 January 2022), and a second that companies within the group (ie the acquired distribution businesses within the Merged Entity) may receive more 'competitive prices' ([X]'s response to the CMA's follow-up questions, dated 2 March 2022). Another distributor noted that (pre-Merger) ASSA ABLOY has offered it lower levels of service and higher prices than ASSA ABLOY has offered to some other distributors ([X]'s response to the CMA's Distributor Questionnaire).

(through vertical integration of manufacture and distribution) to which the Merger could give rise.

Ability

96. In assessing the ability to foreclose, the CMA typically focuses on two issues:¹⁰³
- (a) Market power upstream (whether downstream rivals can easily switch away from the upstream party to a range of effective alternative suppliers); and
 - (b) Importance of the input (the Merged Entity could only harm the competitiveness of its rivals if the input it supplies plays an important role in shaping downstream competition).
97. In addition, in this case, the CMA also considered the feasibility of the foreclosure strategy.

Market power upstream

98. The Parties submitted that ability to foreclose is not a plausible concern because the Parties do not hold market power upstream (at the manufacturing level) and there remain ample credible alternatives to which distributors can easily switch.¹⁰⁴ Based on their share of supply estimates (see paragraph 49 above for discussion of the nature and limitations of these data), the Parties identified five overlap product categories for which their combined share exceeds 30% in sales to distributors: door MPLs, residential cylinders, external door hinges, window friction hinges, and window handles.¹⁰⁵ For each of these product categories, the Parties submitted that there are several credible alternative manufacturers that are currently selling into the UK market, and that distributors can, and increasingly do, source directly from Asia-based contract manufacturers.¹⁰⁶

¹⁰³ [Merger Assessment Guidelines \(CMA129\)](#), March 2021, paragraph 7.14.

¹⁰⁴ Merger Notice, paragraph 19.11. The Parties did not make submissions regarding the importance of the input.

¹⁰⁵ Merger Notice, paragraph 19.13. The Parties did not include in their submission concerning input foreclosure product categories in which Arran Isle is not currently active in the distribution of third party products to OEMs, eg mortice locks & latches, masterkey cylinders, internal door hinges, internal door handles, and door closers/controls. (Rim locks are not sold to any material degree to OEMs or distributors.) The CMA considers, however, that it is relevant to take these products into account, since ASSA ABLOY's sales of own brand and re-branded products in these other product categories could in future (following the Merger) be channelled through Arran Isle's distribution functions. However, the Merged Entity's share of supply to distributors is below 30% in all other product categories, based on the Parties' estimates.

¹⁰⁶ Merger Notice, paragraphs 19.13 and 19.15.

99. As discussed above at paragraph 90, in the assessment of horizontal unilateral effects, the CMA found that following the Merger there will remain sufficient competitive constraints in four of the five overlap product categories identified in paragraph 98 above: residential cylinders, external door hinges, window friction hinges, and window handles. The CMA also found that many customers multi-source from different suppliers within and across product categories (see paragraph 68 above). The CMA therefore believes that the Merged Entity will not hold sufficient upstream market power to be able to foreclose distributors in the supply of these product categories.
100. In relation to door MPLs specifically (which are not one of the main overlap product categories and therefore not discussed in the horizontal unilateral effects section), the Parties estimated that they had a [30-40]% combined share of supply to distributors in 2020. Based on information the CMA has gathered from three other door MPL manufacturers,¹⁰⁷ the CMA estimates that the Parties may have a higher combined share of supply to distributors, of approximately [40-50]%.¹⁰⁸
101. The CMA's merger investigation identified ten alternative door MPL manufacturers, of whom four confirmed to the CMA they currently supply distributors and another four were identified by a distributor.¹⁰⁹ These alternatives include some of the largest rival door and window hardware suppliers in the UK, such as Tyman and UAP, which were found to provide a similar offering to the Parties in the main overlap product categories as discussed above in the assessment of horizontal unilateral effects. One manufacturer of door MPLs identified at least five alternatives (including itself) to ASSA ABLOY, all of which it considered to provide a similar offering to that of ASSA ABLOY.¹¹⁰ Finally, evidence from the CMA's calls with third parties suggests that at least several of the alternatives identified are reasonably close competitors with ASSA ABLOY in door MPLs. For example, [REDACTED] characterised itself as competing closely against ASSA ABLOY's Yale brand, and it identified two other such 'main' competitors.¹¹¹ One large OEM listed several suppliers that it considers as 'suitable alternatives' to the Parties including in door-locking mechanisms for fenestration (ie including door MPLs), and commented that there is no significant differentiation between the

¹⁰⁷ [REDACTED], [REDACTED] and [REDACTED]' responses to the CMA's Manufacturer Questionnaire.

¹⁰⁸ The CMA was not able to verify the presence and revenues of all alternative suppliers identified by the Parties; this estimate is therefore based on a partial reconstruction of shares of supply and is a conservative estimate.

¹⁰⁹ [REDACTED], [REDACTED], [REDACTED] and [REDACTED] confirmed they currently supply distributors ([REDACTED], [REDACTED], [REDACTED] and [REDACTED]'s responses to the CMA's Manufacturer Questionnaire); DGS, Winkhaus, GU and Avantis were identified as alternatives by a distributor ([REDACTED]'s response to the CMA's Distributor Questionnaire); and FUHR and Kenrick were both identified as alternatives by another manufacturer of MPLs ([REDACTED]' response to the CMA's Manufacturer Questionnaire).

¹¹⁰ [REDACTED]' response to the CMA's Manufacturer Questionnaire.

¹¹¹ Note of call with [REDACTED], dated 10 December 2021.

various suppliers.¹¹² The CMA therefore believes that there is a range of effective alternative suppliers.

102. Evidence from third parties relating to how quick or easy it is to switch supplier was mixed. One third party stated it would take between one and six months to switch MPL supplier,¹¹³ another stated that it may take eight to 12 months;¹¹⁴ others noted switching times in between this range.¹¹⁵ Third parties identified some challenges in switching to a different manufacturer's MPLs, principally concerning manufacturing alterations and re-testing and certification. However, the CMA found that OEMs typically need to re-test and certify their doors periodically (eg on a 12-month cycle), even where there have been no changes to the components.¹¹⁶ Therefore, re-testing may not pose a significant barrier to switching in many cases. Overall, the CMA believes that the challenges in switching identified would not be sufficient to prevent distributors (and their OEM customers) from being able to switch to an alternative supplier in the event of attempted foreclosure.
103. The CMA has also considered whether ASSA ABLOY holds market power in any other product category (not limited to those in which the Parties overlap). However, the Parties submitted that they are not aware of any other product categories (beyond the overlap product categories) in which ASSA ABLOY holds a share of supply in sales to distributors of 40% or above.¹¹⁷ Furthermore, in response to a specific prompt in the CMA's questionnaire, no third party identified any other product category for which ASSA ABLOY has a particularly strong position in the supply of products to distributors, or in relation to which they had a particular concern about the Merger.

Importance of the input

104. In relation to the importance of the input, the CMA received evidence from several third parties indicating that ASSA ABLOY's Yale brand is strong (especially in locks) and the only 'household name' in door and window hardware.¹¹⁸ For example, one distributor commented that 'people buy Yale because of the brand', noting that it would take time and effort for the distributor to negotiate new deals for alternative products and for customers to

¹¹² Note of call with [REDACTED], dated 20 December 2021.

¹¹³ [REDACTED]'s response to the CMA's Manufacturer Questionnaire.

¹¹⁴ [REDACTED]'s response to the CMA's Manufacturer Questionnaire.

¹¹⁵ The Parties submitted an example of an OEM customer switching away from ASSA ABLOY MPLs to a competitor, which they believe was due to price (Merger Notice, Table 82).

¹¹⁶ Note of call with [REDACTED], dated 5 January 2022.

¹¹⁷ Parties' response to the CMA's RF14 dated 20 January 2022, question 16.

¹¹⁸ Note of call with [REDACTED], dated 5 January 2022; note of call with [REDACTED], dated 6 January 2022; [REDACTED]'s response to the CMA's Distributor Questionnaire; and [REDACTED]'s response to the CMA's follow-up questions, dated 2 March 2022.

buy into the alternative products.¹¹⁹ A rival manufacturer commented that OEMs can be divided between those who wish to use Yale-branded products (a feature they will promote to their customers) and those who are happy to use other brands (for example, to compete better on price).¹²⁰

105. Most distributors that responded to the CMA's merger investigation said that if ASSA ABLOY refused to supply or increased its wholesale prices by 10%, this would significantly weaken their ability to compete for OEM customers.¹²¹ However, the CMA considers that many of these responses relate to the impact this would have on their ability to supply ASSA ABLOY product(s) or their competitiveness in the sale of ASSA ABLOY product(s), rather than the impact on their ability more generally to compete for OEM customers. For example:

(a) One distributor responded that it would buy from alternative sources if ASSA ABLOY refused to supply it;¹²²

(b) Another commented that if ASSA ABLOY were to increase its wholesale price by 10%, it would be 'less competitive against ASSA ABLOY and Arran Isle' (in that product); it also noted that if ASSA ABLOY were to stop supplying it, it would 'lose customers to ASSA ABLOY'. In addition, the CMA noted that only [redacted]% of this distributor's revenues are accounted for by ASSA ABLOY products, implying that the loss of this business would not result in a realistic prospect of foreclosure;¹²³ and

(c) Another distributor said that if ASSA ABLOY were to increase its wholesale price by 10%, it would look at alternative major suppliers and its customer base would be 'happy to receive alternatives rather than accept price increases'; if ASSA ABLOY were to refuse supply, it said this would significantly affect its ability to compete because customers 'like ASSA ABLOY products', however, it would respond by looking for alternatives to help make competition in the marketplace stronger.¹²⁴

106. While the CMA recognises that some ASSA ABLOY branded products are important to some distributors and customers, the CMA has not seen evidence to suggest that the ability to supply ASSA ABLOY door or window hardware products plays an important role in shaping competition among distributors such that losing access (or facing access on worse terms) would

¹¹⁹ [redacted]'s response to the CMA's Distributor Questionnaire.

¹²⁰ Note of call with [redacted], dated 6 January 2022.

¹²¹ This question was not posed specifically in relation to door MPLs, but generally in relation to door and window hardware products supplied by ASSA ABLOY.

¹²² [redacted]'s response to the CMA's Distributor Questionnaire.

¹²³ [redacted]'s response to the CMA's Distributor Questionnaire.

¹²⁴ [redacted]'s response to the CMA's Distributor Questionnaire.

significantly undermine their overall ability to compete downstream with the Merged Entity. For example, among the five larger nationwide distributors that provided data to the CMA, the proportion of their revenue accounted for by ASSA ABLOY products was fairly modest, ranging between 5% and 32% (and generally in the lower end of this range).¹²⁵ As noted above in paragraph 101, the CMA found there are a number of effective alternatives in door MPLs.

Feasibility of foreclosure strategy

107. The CMA has also considered the likely feasibility of an input foreclosure strategy. ASSA ABLOY currently uses an extensive network of [REDACTED] nationwide distributors, other than Arran Isle, including each of the six larger nationwide distributors that are close competitors to Arran Isle.¹²⁶ This provides it with an important route to market, especially to reach smaller OEMs who tend to be reliant on distributors (rather than purchasing directly from manufacturers). As of the most recent data available from the Parties (2020), ASSA ABLOY generated [REDACTED] times (in total across all overlap product categories) and [REDACTED] times (for door MPLs) as much revenue from distributors as from direct sales to OEMs. Distributors other than Arran Isle accounted for [REDACTED]% (in total across all overlap product categories) and [REDACTED]% (for door MPLs) of ASSA ABLOY's sales to distributors by revenue. Given Arran Isle's current scale in distribution, and the large volume of ASSA ABLOY's sales to other distributors, Arran Isle's distribution businesses would need to be materially scaled up in order to have the capacity to handle all or a substantial portion of diverted sales, should a foreclosure strategy be successful. This point was also made by one distributor that is a close competitor to Arran Isle.¹²⁷
108. Considering, in the round, the presence of a range of effective alternative suppliers upstream, the lack of evidence suggesting ASSA ABLOY's supply of door and window hardware products shapes competition among distributors, and the current reliance by ASSA ABLOY on a network of distributors for a

¹²⁵ Among the five larger nationwide distributors that provided data to the CMA, the proportion of their revenue accounted for by ASSA ABLOY products was: [REDACTED] ([REDACTED]%), [REDACTED] ([REDACTED]%), [REDACTED] ([REDACTED]%), [REDACTED] ([REDACTED]%), [REDACTED] ([REDACTED]%) ([REDACTED], [REDACTED], [REDACTED], [REDACTED], and [REDACTED]'s responses to the CMA's Distributor Questionnaire). One distributor said that it currently sources [REDACTED]% of its MPLs from ASSA ABLOY ([REDACTED]'s response to the CMA's Distributor Questionnaire); however, it also said that door locks (including MPLs and other types of locks) account for [REDACTED]% of its total revenue, implying ASSA ABLOY's MPLs currently account for no more than [REDACTED]% of its revenue. Another distributor told the CMA that while sales of MPLs comprise around [REDACTED] its total revenue, it sources less than a [REDACTED] of its MPLs from ASSA ABLOY ([REDACTED]'s response to the CMA's Distributor Questionnaire).

¹²⁶ Including [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], and [REDACTED] (Email from Allen & Overy LLP on behalf of ASSA ABLOY sent to the CMA on 8 April 2022 and related attachment 'ASSA ABLOY national OEM distributor customers').

¹²⁷ [REDACTED]'s response to the CMA's Distributor Questionnaire: 'with their current size and facilities, they [Mila and Window Ware] would not be able to offer the service required for ASSA ABLOY to move all distribution exclusively through Mila and Window Ware'.

large proportion of its sales, the CMA does not believe that the Merged Entity would have the ability to engage in a foreclosure strategy.

Incentive and effect

109. The CMA has not needed to consider the Merged Entity's incentive to engage in a foreclosure strategy or the effect of any foreclosure strategy, on the basis that the CMA does not believe that the Merged Entity would have the ability to engage in foreclosure.

Conclusion on vertical effects

110. For the reasons set out above, the CMA found that the Merger does not give rise to a realistic prospect of an SLC as a result of vertical effects (input foreclosure) in relation to the supply of door and window hardware products, both across product categories and within individual product categories, on a UK-wide basis.

Barriers to entry and expansion

111. 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.¹²⁸
112. However, the CMA has not had to conclude on barriers to entry or expansion as the Merger does not give rise to competition concerns on any basis.

Third party views

113. The CMA contacted a number of customers and competitors of the Parties. Overall, very few customers and only a small number of competitors raised concerns that were merger-specific in relation to horizontal unilateral effects. These concerns have been taken into account where appropriate in the competitive assessment above.
114. Prompted by concerns raised by third parties, the CMA also considered whether other theories of harm could arise as a result of the Merger, including vertical effects (other than input foreclosure) and conglomerate effects. The CMA considered whether the Merged Entity could use its position in certain

¹²⁸ [Merger Assessment Guidelines \(CMA129\)](#), March 2021, from paragraph 8.40.

door and window hardware product categories to either (i) exclude rival manufacturers from the distribution channel (by requiring distributors to exclusively stock the Parties' products), or (ii) foreclose rivals from accessing customers in other door and window hardware products (eg through bundling different products together). However, based on the available evidence (which is set out in full in the above sections), the CMA believes that the Merger does not give rise to a realistic prospect of an SLC as a result of such vertical or conglomerate effects, primarily due to the lack of a merger-specific effect and plausible ability to implement such strategies.

Decision

115. 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.
116. The Merger will therefore **not be referred** under section 33(1) of the Act.

David Stewart
Executive Director, Markets and Mergers
Competition and Markets Authority
11 April 2022