

Anticipated acquisition by Sika AG of MBCC

Notice of Acceptance of Final Undertakings pursuant to sections 41, 82 and 90 of the Enterprise Act 2002

Background

1. On 10 August 2022, the Competition and Markets Authority (**CMA**), in exercise of its duty under [section 33\(1\)](#) of the Enterprise Act 2002 (the **Act**), referred the anticipated acquisition by Sika AG (**Sika**) of LSF11 Skyscraper Holdco S.à.r.l., the ultimate parent company of the MBCC group (**MBCC**) (Sika and MBCC together, the **Parties**) (the **Merger**) to a group of CMA panel members to determine, pursuant to [section 36\(1\)](#) of the Act:
 - (a) whether arrangements are in progress or in contemplation which, if carried into effect, will result in the create of a relevant merger situation; and
 - (b) if so, whether the creation of that relevant merger situation may be expected to result in a substantial lessening of competition (**SLC**) in any market or markets in the United Kingdom (**UK**) for goods or services.
2. On 25 November 2022, the CMA made an interim order (**IO**) pursuant to section 82 of the Act for the purpose of preventing pre-emptive action. On the same date, the CMA issued directions under the IO for the appointment of a monitoring trustee in order to monitor and ensure compliance with the IO.
3. On 15 December 2022, the CMA published its final report pursuant to section 38 of the Act (the **Report**) which concluded that:
 - (a) the Merger has created a relevant merger situation;
 - (b) the creation of that situation may be expected to result in an SLC in the supply of chemical admixtures for cement, concrete and wet mortar in the UK;
 - (c) the CMA should take action to remedy the SLC found and any adverse effects resulting from them.

4. The Report also concluded that the divestiture of the following MBCC businesses to a single purchaser would be effective in addressing the SLC identified:
 - i. the 'admixture systems' business division (including chemical admixtures and associated products such as fibres and underground construction products, together referred to as the EBA business) in the countries of the European Economic Area, Switzerland, UK, Canada, United States, Australia and New Zealand, and
 - ii. the 'construction systems' business division (including all remaining MBCC product lines other than EBA products such as industrial flooring, waterproofing etc., referred to as the EBC business) in Australia and New Zealand,(together the **Divestment Business**)
5. The CMA has reached agreement with the Parties as to the terms of the final undertakings for the purpose of remedying, mitigating or preventing the SLC it has identified in the Report and any adverse effects arising from the SLC.
6. On 2 February 2023, the CMA gave notice of a proposal to accept Final Undertakings on its website. The CMA received no responses to its notice and no modifications were made.
7. On 21 February 2023, the Parties gave the CMA Final Undertaking, giving effect to the CMA's decision as published in the Report and which are on the same terms as those consulted on.

Notice to accept undertakings

8. The CMA, under section 82 of the Act, now accepts those Final Undertakings as given by the Parties. The Final Undertakings now come into force and the reference is finally determined. In accordance with section 81(8) of the Act, the IO ceases to be in force.
9. The Final Undertakings may be varied, superseded or released by the CMA under section 82(2) of the Act.
10. This Notice and a non-confidential version of the Final Undertakings will be published on the CMA website. The CMA has excluded from the non-confidential version of the Final Undertakings information which it considers should be excluded, having regard to the considerations set out in section 244 of the Act. These omissions are indicated by [§].

Signed by authority of the CMA

Richard Feasey
Group Chair
21 February 2023