

# Anticipated acquisition by Alumasc Group plc of ARP Group Holdings and Rainwater Online Holdings Limited

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

**ME/7067/23**

The Competition and Markets Authority’s decision on relevant merger situation and substantial lessening of competition under section 33 (1) of the Enterprise Act 2002 given on 15 December 2023. Full text of the decision published on 29 January 2024.

The Competition and Markets Authority has excluded from this version of the decision information which the CMA considers should be excluded having regard to the three considerations set out in section 244 of the Enterprise Act 2002 (specified information: considerations relevant to disclosure). The omissions are indicated by [§<]. Some numbers have been replaced by a range, which are shown in square brackets.

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# SUMMARY

1. On 24 July 2023, Alumasc Group Plc (**Alumasc**) agreed, pursuant to a conditional share purchase agreement, to acquire the entire issued share capital of ARP Group Holdings Ltd (**ARPGH**) and Rainwater Online Holdings Limited (**ROH**) (the **Target Group**) (the **Merger**). Alumasc and the Target Group are together referred to as the **Parties** and, for statements relating to the future, the **Merged Entity**. The Parties overlap in the manufacture and supply of metal gutters, downpipes and architectural products in the United Kingdom (**UK**).
2. The Competition and Markets Authority (**CMA**) believes that it is or may be the case that Alumasc and the Target Group are enterprises; that these enterprises will cease to be distinct as a result of the Merger; and that the share of supply 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 CMA has assessed whether there is a realistic prospect that the Merger would give rise to a substantial lessening of competition (**SLC**) as a result of horizontal unilateral effects in:
  - (a) the manufacture and supply of 'premium' (cast iron and cast aluminium) metal gutters and downpipes in the UK;
  - (b) the manufacture and supply of 'mid-tier' (extruded and pressed aluminium) metal gutters and downpipes in the UK;
  - (c) the supply of steel gutters and downpipes in the UK; and
  - (d) the manufacture and supply of architectural products in the UK.
4. In relation to the manufacture and supply of premium metal gutters and downpipes, the evidence received by the CMA indicates that the Parties are two of a number of competitors – including Hargreaves, PAM Saint-Gobain and 'heritage look-alike' extruded aluminium providers Marley Alutec and Guttercrest – that are competing relatively closely. While, on the basis of the CMA's estimates, the Merged Entity will have a significant share of supply post-Merger, the evidence showed that the Merged Entity will continue to face strong competitive constraints from within and outside of the 'premium' segment, as well as constraints from smaller premium metal suppliers and heritage look-alike plastic suppliers.
5. In relation to the manufacture and supply of mid-tier metal gutters and downpipes, the evidence received by the CMA indicates that the Parties are two of a number of competitors that are competing relatively closely, with the Merged Entity being the largest supplier. However, the evidence showed that the Merged Entity will continue to face strong competitive constraints from Guttercrest and Marley Alutec as well as, to a lesser extent, from steel suppliers (in particular, Lindab). Other

smaller mid-tier suppliers will also continue to provide some constraint on the Merged Entity.

6. In relation to the supply of steel gutters and downpipes, the CMA found that, while the Parties are competing relatively closely, the Merged Entity will continue to face a range of constraints. These include strong constraints from the leading suppliers, Lindab and Kingspan, who both manufacture steel products in-house (whereas the Parties import steel products [X] for resale in the UK) as well as further constraint from smaller steel and mid-tier metal suppliers (and, to a lesser extent, plastic suppliers).
7. In relation to the manufacture and supply of metal architectural products, while the evidence received by the CMA indicates that the Parties compete, it also shows that the Merged Entity will continue to face a range of constraints. These include strong constraints from Guttercrest and Dales Fabrications as well constraints from a number of other metal suppliers, including Marley Alutec and Ash & Lacy Building Systems.
8. As a result, the CMA considers that there are sufficient remaining good alternatives to constrain the Merged Entity post-Merger in each of the markets considered above.
9. The CMA therefore 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 UK.
10. The Merger will therefore **not be referred** under section 33(1) of the Enterprise Act 2002 (the **Act**).

# ASSESSMENT

## PARTIES, MERGER AND MERGER RATIONALE

11. On 24 July 2023, Alumasc agreed, pursuant to a conditional share purchase agreement, to acquire the entire issued share capital of the Target Group for maximum cash consideration of £10 million.<sup>1</sup>
12. Alumasc is a UK-based company listed on the London Stock Exchange's AIM market. Alumasc manufactures and supplies building products, systems and solutions, including metal gutters, downpipes and architectural products.<sup>2</sup> The turnover of Alumasc in its financial year ending 30 June 2023 was £89.1 million worldwide and £84.1 million in the UK.<sup>3</sup>
13. ARPGH is a non-trading UK holding company with one wholly owned subsidiary, Aluminium Roofline Products Limited (**ARP**). ARP manufactures and supplies metal gutters, downpipes and architectural products.<sup>4</sup> The turnover of ARPGH in its financial year ending 30 June 2023 was approximately £[X] million worldwide, of which approximately £[X] million was generated in the UK.<sup>5</sup>
14. ROH is a non-trading, UK holding company with two wholly owned subsidiaries, Cast Iron Superstore and Envelope Solutions Ltd, trading as Gutters Online. Both subsidiaries resell ARP's gutters, downpipes and architectural products.<sup>6</sup> The turnover of ROH in its financial year ending 30 June 2023 was approximately £[X] million worldwide, [X] which was generated in the UK.<sup>7</sup>
15. Alumasc submitted that the main strategic rationale for the Merger is to expand the range of products available to its customers – in particular, seamless aluminium<sup>8</sup> – and to generate cost synergies and savings [X].<sup>9</sup> Additionally, Alumasc submitted that it saw potential for the Merger to strengthen [X], create cross-selling opportunities<sup>10</sup> and increase the penetration of metal rainwater gutters, downpipes and architectural products into the plastic rainwater segment.<sup>11</sup>

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<sup>1</sup> FMN, paragraph 1; Alumasc RNS on the London Stock Exchange, '[Acquisition of ARP](#)', 25 July 2023. The consideration comprises an initial £8.5m, adjusted for net cash/debt and normalised working capital, payable at completion, with additional consideration, capped at £1.5m, payable subject to the Target Group's performance over the two years ending November 2024.

<sup>2</sup> **Architectural products** refers to fascias, soffits, copings, door canopies, window surrounds, windowsills and column casings.

<sup>3</sup> FMN, paragraph 6.1.

<sup>4</sup> FMN, paragraphs 3.6 – 3.7.

<sup>5</sup> FMN, paragraph 6.2.

<sup>6</sup> FMN, paragraphs 3.8 – 3.9.

<sup>7</sup> FMN, paragraph 6.3.

<sup>8</sup> FMN, paragraph 2.8.

<sup>9</sup> FMN, paragraphs 2.8 – 2.10.

<sup>10</sup> FMN, paragraph 2.11.

<sup>11</sup> FMN, paragraph 2.12.

16. Alumasc's internal documents reviewed by the CMA are consistent with this rationale.<sup>12</sup>

## JURISDICTION

17. Each of Alumasc and the Target Group is an enterprise. As a result of the Merger, these enterprises will cease to be distinct.
18. In the financial year ending 30 June 2023, the Target Group generated turnover of less than £70 million in the UK. Accordingly, the turnover test set out in section 23(1)(b) of the Act is not met.
19. According to share of supply estimates submitted by the Parties and the CMA's share of supply estimates, the Merged Entity would have a combined share of supply exceeding 25%, with an increment resulting from the Merger, in:
- (a) the manufacture and supply of 'premium' metal gutters and downpipes in the UK (by value);<sup>13</sup>
  - (b) the manufacture and supply of 'mid-tier' metal gutters and downpipes in the UK (by value);<sup>14</sup> and
  - (c) the manufacture and supply of architectural products in the UK (by value).<sup>15</sup>
20. The CMA therefore believes that the share of supply test in section 23(2)(b) of the Act is met.
21. 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.
22. The initial period for consideration of the Merger under section 34ZA(3) of the Act started on 30 October 2023 and the statutory 40 working day deadline for a decision is therefore 22 December 2023.

## COUNTERFACTUAL

23. The CMA assesses a merger's impact relative to the situation that would prevail absent the merger (ie the counterfactual).<sup>16</sup>

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<sup>12</sup> For example: Alumasc Internal Document, Annex 615 to the FMN, [redacted], March 2023, slide 2; Alumasc Internal Document, Annex 618 to the FMN, [redacted], June 2023, page 2; Alumasc Internal Document, Annex 625 to the FMN, [redacted], July 2022, slide 2; Alumasc Internal Document, Annex 14 to the FMN, [redacted], August 2022, pages 1 – 2.

<sup>13</sup> See paragraph 71 and Table 1 below.

<sup>14</sup> See paragraph 117 and Table 2 below.

<sup>15</sup> See paragraph 160 and Table 4 below.

<sup>16</sup> [Merger Assessment Guidelines \(CMA129\)](#), March 2021, paragraph 3.1.

24. In an anticipated merger, the counterfactual may consist of the prevailing conditions of competition, or conditions of competition that involve stronger or weaker competition between the parties to a merger than under the prevailing conditions of competition.<sup>17</sup> In determining the appropriate counterfactual, the CMA will generally focus on potential changes to the prevailing conditions of competition only where there are reasons to believe that those changes would make a material difference to its competitive assessment.<sup>18</sup>
25. In this case, the CMA has not received submissions or other evidence to suggest that the Merger should be assessed against an alternative counterfactual. Therefore, the CMA believes the prevailing conditions of competition to be the relevant counterfactual.

## COMPETITIVE ASSESSMENT

### Market definition

26. The assessment of the relevant market is an analytical tool that forms part of the analysis of the competitive effects of the Merger.<sup>19</sup> It involves identifying the most significant competitive alternatives available to customers of the Parties and includes the sources of competition to the Parties that are the immediate determinants of the effects of the Merger.<sup>20</sup> However, the CMA's assessment of competitive effects of the Merger does not need to be based on a specific description of any particular market (including, for example, descriptions of the precise boundaries of the relevant markets and bright-line determinations of whether particular products or services fall within it).<sup>21</sup> In this context, the CMA has identified below the appropriate market definition for use in its assessment of the competitive effects of the Merger.
27. The Parties' main areas of overlap include the following:<sup>22</sup>

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<sup>17</sup> [CMA129](#), paragraph 3.2.

<sup>18</sup> [CMA129](#), paragraph 3.9.

<sup>19</sup> [CMA129](#), paragraph 9.1.

<sup>20</sup> [CMA129](#), paragraph 9.2.

<sup>21</sup> [CMA129](#), paragraphs 9.4 and 9.5.

<sup>22</sup> Alumasc also manufactures and supplies metal drainage products, including balcony and roof outlets. The Target Group does not manufacture or supply any drainage products, except for reselling a third party's cast aluminium roof and balcony outlet range [redacted] (generating less than [redacted] revenue in calendar year 2022) (FMN, paragraph 12.23). While the CMA received evidence of the Target Group considering plans to [redacted], these plans were uncertain and the Parties' internal documents highlight several other competitors supplying roof and balcony outlets such as Marley Alutec, Caraflo, ACO, St Gobain, and Blucher, which will continue to constrain the Merged Entity post-Merger. As a result, the CMA considered at an early stage in its investigation that there are no plausible competition concerns in respect of the manufacture and supply of drainage products in the UK as a result of the Merger and is therefore not discussed further in this Decision.

- (a) the manufacture and supply of different types of metal (cast iron, cast aluminium, extruded aluminium and pressed aluminium) gutters and downpipes;<sup>23</sup>
- (b) the supply of steel gutters and downpipes; and
- (c) the manufacture and supply of metal architectural products.

## Product market

28. The CMA considered whether it was appropriate to identify separate product markets by reference to: (i) product type (gutters and downpipes separately from architectural products); (ii) material type; and (iii) sales channel. In its assessment, the CMA had particular regard to demand-side factors (ie the behaviour of customers).<sup>24</sup>

### *Product type*

29. The Parties submitted that gutters, downpipes and architectural products should all be considered together within the same product market.<sup>25</sup>

30. Architectural products serve a fundamentally different function to that of gutters and downpipes.

- (a) Gutters are pipes or troughs which are horizontally attached to the side of a building to collect and carry rainwater towards a downpipe. Downpipes are made up of a long pipe attached vertically to the side of a building and carry rainwater from the gutter to a drainage system. Both products are designed to collect rainwater, operating together to form a 'rainwater system'.
- (b) Architectural products broadly include fascias, soffits, copings, door canopies, window surrounds, windowsills and column casings.<sup>26</sup> These products are used for the roofline, envelope and critical junctions in a building structure.<sup>27</sup>

31. Consistent with this, evidence from third parties indicated that gutters and downpipes are typically sold together. One competitor explained that they usually supply gutters and downpipes together as they are part of the same system, whereas architectural products are not (and may be sold separately).<sup>28</sup> It was

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<sup>23</sup> The Parties also overlap in the manufacture and supply of copper rainwater gutters and downpipes, however their sales in this respect are [redacted] (FMN, paragraph 12.5). The CMA considered at an early stage in its investigation that there are no plausible competition concerns in respect of the manufacture and supply of copper gutters and downpipes in the UK as a result of the Merger and is therefore not discussed further in this Decision.

<sup>24</sup> [CMA129](#), paragraphs 9.6 – 9.8.

<sup>25</sup> FMN, paragraph 13.30.

<sup>26</sup> FMN, paragraphs 12.8 – 12.9.

<sup>27</sup> Annex 36 to the FMN, [redacted], November 2023, page 4.

<sup>28</sup> Note of a call with a third party, October 2023, paragraphs 19 – 20, [redacted].

noted that customers generally do not mix and match gutters and downpipes from different suppliers as they prefer a more consistent appearance<sup>29</sup> and sometimes products are not compatible with different suppliers' products.<sup>30</sup>

32. The Parties' internal documents regularly monitor manufacturers and suppliers of gutters and downpipes together, but separately to architectural products.<sup>31</sup>
33. On the basis of the evidence set out above, for the purpose of its assessment of the competitive impact of the Merger, the CMA considered it appropriate to identify separate product markets for the manufacture and supply of gutters and downpipes, on the one hand, and the manufacture and supply of architectural products on the other. The CMA further considered whether it was appropriate to further subsegment these product markets by reference to material type and sales channel, as set out below.

### *Gutters and downpipes*

#### *Material type*

34. The Parties submitted that all metal and plastic gutters and downpipes (together with architectural products) should be considered together within the same product market.<sup>32</sup>
35. The CMA considered whether metal and plastic gutters and downpipes are close substitutes and the extent to which the different types of metal gutters and downpipes supplied by both Parties are close substitutes to each other. In its assessment, the CMA considered evidence about product characteristics and use cases, the alternatives identified by customers and competitors and evidence from the Parties' internal documents.

#### *Plastic*

36. Neither party supplies plastic gutters and downpipes (or architectural products).<sup>33</sup> While plastic gutters and downpipes serve the same end function as metal gutters and downpipes, there are significant differences in their product characteristics as compared to metal alternatives. Plastic gutters and downpipes are significantly

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<sup>29</sup> Note of a call with a third party, October 2023, paragraphs 19 – 20, [redacted].

<sup>30</sup> Note of a call with a third party, October 2023, paragraph 36, [redacted]; Note of a call with a third party, October 2023, paragraph 19, [redacted].

<sup>31</sup> For example, Alumasc monitors market shares of Skyline (architectural products) and Rainwater (gutters and downpipes) separately: Alumasc Internal Document, Annex 159 to the FMN, [redacted], February 2021, slide 34; Alumasc Internal Document, Annex 162 to the FMN, [redacted], February 2023, slide 2. In addition, Alumasc's internal sales reports discuss Skyline projects and competitors separately to Rainwater projects. For example: Alumasc Internal Document, Annex 551 to the FMN, [redacted], December 2022; Alumasc Internal Document, Annex 200 to the FMN, [redacted], April 2023.

<sup>32</sup> FMN, paragraph 13.31.

<sup>33</sup> FMN, paragraphs 12.4 – 12.8.



cheaper<sup>34</sup> and easier to install, have a much shorter lifespan (around 12 - 20 years, as compared with 20 – 50 years for metal counterparts), have more burdensome maintenance requirements and are not recyclable.<sup>35</sup>

37. Evidence from third parties that responded to the CMA's investigation indicated that, for gutters and downpipes, plastic is a weaker alternative to metal than different types of metal are to each other.<sup>36</sup> Consistent with this, the Parties' internal documents showed that other metal gutter and downpipe rivals are consistently monitored by the Parties,<sup>37</sup> whereas rival suppliers of plastic products are referenced infrequently.<sup>38</sup> In addition, almost all of the competitors supplying metal gutters and downpipes do not supply plastic alternatives, indicating a lack of supply-side substitution.<sup>39</sup>
38. The CMA therefore considered that, on the basis of the evidence set out above, plastic and metal gutters and downpipes should not form part of the same product market, although the CMA has taken into account the constraint from suppliers of plastic products where appropriate in the competitive assessment.

#### *Cast iron and cast aluminium*

39. Both Parties manufacture and supply cast iron and cast aluminium gutters and downpipes.<sup>40</sup> The Parties submitted that a product market of 'premium' (cast iron and cast aluminium) metal gutters is not appropriate as there is significant substitutability between 'premium' metal gutters and downpipes and plastic and 'mid-range' metal products.<sup>41</sup>
40. There are some differences in the product characteristics of cast iron and cast aluminium gutters and downpipes: cast iron is heavier, slightly more expensive

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<sup>34</sup> For example, on average, pressed aluminium is approximately 7.6 times more expensive than the cheapest plastic alternative, while extruded aluminium is 6.7 times more expensive (based on material cost). Alumasc Internal Document, Annex 480 to the FMN, [redacted], March 2023.

<sup>35</sup> Annex 37 to the FMN, [redacted], September 2023; Alumasc Internal Document, Annex 480 to the FMN, [redacted], March 2023; Note of a call with a third party, October 2023, paragraphs 30 – 32, [redacted]; Note of a call with a third party, September 2023, paragraph 11 [redacted]; Note of a call with a third party, October 2023, paragraph 26 [redacted]; Note of a call with a third party, September 2023, paragraph 12(b) [redacted].

<sup>36</sup> Approximately half of all third parties did not mention plastic as an alternative to any metal rainwater gutters and downpipes: Response to the CMA questionnaire from a number of customers, November 2023, questions 3, 5 and 6 [redacted]; Response to the CMA questionnaire from a number of competitors, November 2023, questions 5, 7 and 8 [redacted]. Note of a call with a third party, October 2023, paragraph 25, [redacted]; Note of a call with a third party, October 2023, paragraphs 37 – 40, [redacted]. The majority of the third parties contacted listed another metal product as an alternative to metal gutters and downpipes: Response to the CMA questionnaire from a number of customers October and November 2023, questions 5 and 6 [redacted]; Response to the CMA questionnaire from a number of competitors, November 2023 questions 7, 8 and 9 [redacted].

<sup>37</sup> Detailed evidence of the Parties monitoring competitors is in the competitive assessment.

<sup>38</sup> For example, there were some limited references to monitoring of plastic competitor prices and losing gutter and downpipes projects to plastic suppliers: Alumasc Internal Document, Annex 851 to the FMN, [redacted], February 2021, page 4; Alumasc Internal Document, Annex 242 to the FMN, [redacted], August 2023, page 3; Target Group Internal Document, Annex 530 to the FMN, [redacted], May 2021.

<sup>39</sup> The only competitor manufacturing and supplying both plastic and metal gutters and downpipes is Aliaxis.

<sup>40</sup> FMN, paragraph 13.4. The Parties supply extruded downpipes with different powder coatings and brackets as standard with cast aluminium gutters.

<sup>41</sup> FMN, paragraphs 13.4 – 13.13.

and has greater longevity, whereas cast aluminium is cheaper and lighter, making it easier and safer to install. However, they are similar in that, as compared to other metal products, they are both significantly more expensive,<sup>42</sup> last longer (around 45 – 50 plus years, as compared with 20 – 40 years for other metal counterparts) and are typically used by end users who are looking for a specific aesthetic.<sup>43</sup>

41. Cast iron and cast aluminium gutters and downpipes are typically used on heritage or ‘traditional look’ buildings.<sup>44</sup> A small subset of end users are required to use cast iron gutters and downpipes as result of the project being a listed building where a like-for-like replacement is required.<sup>45</sup> However, the CMA found that cast aluminium heritage look-alike products<sup>46</sup> are considered strong alternatives to cast iron, as they have a similar aesthetic,<sup>47</sup> are high quality products that last longer and are significantly more expensive than other metal products.<sup>48</sup>
42. There was some variation in the views of customers and competitors who responded to the CMA’s investigation. Overall cast aluminium was frequently identified by third parties as an alternative to cast iron gutters and downpipes (and vice versa).<sup>49</sup> Other alternatives to cast iron mentioned less frequently were extruded aluminium heritage look-alike products,<sup>50</sup> and plastic heritage look-alike

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<sup>42</sup> For example, on average, cast iron gutters and downpipes are 19.1% more expensive than the most expensive mid-tier metal products, while cast aluminium is 15.4% (based on material cost). Alumasc Internal Document, Annex 480 to the FMN, [redacted], March 2023

<sup>43</sup> FMN, paragraph 13.6; Annex 37 to the FMN, [redacted], September 2023; Alumasc Internal Document, Annex 480 to the FMN, [redacted], March 2023; Note of a call with a third party, September 2023, paragraphs 20 and 41 [redacted]; Note of a call with a third party, September 2023, paragraph 20 [redacted]; Note of a call with a third party, October 2023, paragraphs 5 – 7 [redacted].

<sup>44</sup> FMN, paragraph 13.4; Note of a call with a third party, September 2023, paragraph 7 [redacted]; Note of a call with a third party, September 2023, paragraph 20 [redacted]; Note of a call with a third party, October 2023, paragraphs 11 – 12 [redacted].

<sup>45</sup> Parties’ response to the CMA’s request for information, 7 November 2023, question 2.2 at pages 4 – 5; Note of a call with a third party, October 2023, paragraph 24 [redacted]; Note of a call with a third party, October 2023, paragraphs 11 – 12 [redacted].

<sup>46</sup> While cast aluminium products can also be used for high-end contemporary projects, the CMA found that cast aluminium is mostly used for heritage or ‘traditional look’ buildings. Parties’ response to the CMA’s request for information, 31 October 2023, question 1 at page 3.

<sup>47</sup> Note of a call with a third party, November 2023, paragraph 1 and 19 [redacted]; Note of a call with a third party, October 2023, paragraph 25 [redacted]; Note of a call with a third party, October 2023, paragraphs 5 – 7 [redacted]; Note of a call with a third party, October 2023, paragraph 11 [redacted].

<sup>48</sup> FMN, paragraph 13.6; Annex 37 to the FMN, [redacted], September 2023; Alumasc Internal Document, Annex 480 to the FMN, [redacted], March 2023; Note of a call with a third party, October 2023, paragraphs 18 – 19 [redacted].

<sup>49</sup> Many third parties indicated cast aluminium and/or cast iron can be used as alternatives to one another. Response to the CMA questionnaire from a number of customers, November 2023, questions 3 and 5 [redacted]; Response to the CMA questionnaire from a number of competitors, November 2023, questions 5 and 7 [redacted]. Note of a call with a third party, November 2023, paragraphs 5 – 8 [redacted].

<sup>50</sup> Only a small number of the third parties indicated this. Note of a call with a third party, November 2023, paragraphs 1 – 2 [redacted]; Note of a call with a third party, October 2023, paragraphs 11 – 12 [redacted].

products.<sup>51</sup> Extruded aluminium products were occasionally mentioned as an alternative to cast aluminium products.<sup>52</sup>

43. Alumasc's internal documents consistently considered cast iron and cast aluminium together as 'traditional ranges', separately from 'contemporary ranges'.<sup>53</sup>
44. On the basis of the evidence set out above, the CMA found that cast iron and cast aluminium gutters and downpipes should be considered together within the 'premium' segment of metal gutters and downpipes. The extent to which other materials provide a level of competitive constraint is discussed in further detail in the competitive assessment.

#### *Extruded aluminium, pressed aluminium and steel*

45. Both Parties manufacture and supply extruded aluminium and pressed aluminium gutters and downpipes.<sup>54</sup> The Parties submitted that a product market of 'mid-range' (pressed and extruded aluminium) is not appropriate as there is significant substitutability between mid-range metal gutters and downpipes and steel, seamless aluminium and plastic alternatives.<sup>55</sup>
46. Both Parties supply steel aluminium gutters and downpipes although neither of the Parties manufacture these products, and instead only resell them in the UK.<sup>56</sup> The Parties submitted that a product market of 'steel' is not appropriate as there is significant substitutability between steel gutters and downpipes and cheaper alternatives such as seamless aluminium and plastic.<sup>57</sup>
47. The CMA considered whether pressed and extruded aluminium gutters and downpipes should be considered within the same product market as each other, as well as whether steel gutters and downpipes should be considered part of this market.

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<sup>51</sup> Only a few customers indicated this. Response to the CMA questionnaire from a number of customers, November 2023, questions 3 and 5 [redacted].

Two competitors mentioned plastic heritage look-alike products, however also recognised key differences between the materials: Note of a call with a third party, September 2023, paragraphs 10 – 11 [redacted]; Note of a call with a third party, October 2023, paragraph 11(b) [redacted].

<sup>52</sup> A few third parties indicated extruded aluminium may be used as an alternative to cast aluminium. Response to the CMA questionnaire from a number of customers, October 2023, questions 3 and 5 [redacted]; Response to the CMA questionnaire from a number of competitors, October 2023, question 5 and 7 [redacted].

<sup>53</sup> For example: Alumasc Internal Document, Annex 64 to the FMN, [redacted], March 2023, page 1; Alumasc Internal Document, Annex 59 to the FMN, [redacted], September 2021, page 1.

<sup>54</sup> FMN, paragraph 13.14.

<sup>55</sup> FMN, paragraphs 13.14 – 13.20.

<sup>56</sup> FMN, paragraph 13.21.

<sup>57</sup> FMN, paragraph 13.21 – 13.25.

48. Extruded aluminium and pressed aluminium gutters and downpipes are predominantly used for buildings with a more contemporary aesthetic.<sup>58</sup> Extruded and pressed aluminium are similarly high quality, last for a similar length of time (around 35 – 40 years) and are at a comparable price point.<sup>59</sup> Some extruded aluminium products are designed to be heritage look-alike products and therefore may be closer alternatives to cast iron and cast aluminium gutters.<sup>60</sup> Steel gutters and downpipes have a contemporary look similar to pressed and extruded aluminium products, however there are differences in the price and quality of steel gutters and downpipes (which last for around 20 – 35 years).<sup>61</sup> Suppliers of steel gutters and downpipes are generally different to those manufacturing and supplying aluminium products, indicating a lack of supply-side substitution.<sup>62</sup>
49. There was some variation in the views of customers and competitors who responded to our investigation. Overall, extruded aluminium was often identified as an alternative to pressed aluminium, and vice versa.<sup>63</sup> While several third parties considered steel to be an alternative to extruded and/or pressed aluminium products,<sup>64</sup> some others highlighted the differences in price and quality of steel products compared with extruded and pressed aluminium.<sup>65</sup> One aluminium competitor noted it doesn't 'come across' steel products often.<sup>66</sup>
50. Evidence from the Parties' internal documents indicated that competitive conditions in the supply of steel products differ from those in the supply of extruded and pressed aluminium. While Alumasc's internal documents consistently monitored extruded and pressed 'contemporary' aluminium ranges together,<sup>67</sup> the Parties' internal documents monitored steel products separately to aluminium gutters and downpipes.<sup>68</sup>

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<sup>58</sup> FMN, paragraph 13.9; Alumasc Internal Document, Annex 480 to the FMN, [redacted], March 2023; Response to the CMA questionnaire from a number of customers, November 2023, question 3 [redacted]; Response to the CMA questionnaire from a competitor, November 2023, question 5 [redacted].

<sup>59</sup> FMN, paragraph 13.15; Annex 37 to the FMN, [redacted], September 2023; Alumasc Internal Document, Annex 480 to the FMN, [redacted], March 2023.

<sup>60</sup> Detailed discussion is in the competitive assessment from paragraph 103.

<sup>61</sup> Alumasc Internal Document, Annex 480 to the FMN, [redacted], March 2023; Annex 37 to the FMN, [redacted], September 2023.

<sup>62</sup> Detailed discussion about the supply of steel gutters and downpipes is in the competitive assessment at paragraphs 149 - 157.

<sup>63</sup> Multiple third parties indicated this. Responses to the CMA's questionnaire from a number of competitors, October 2023, question 8 [redacted]; Responses to the CMA's questionnaire from a number of customers, October 2023, question 6 [redacted].

<sup>64</sup> Multiple third parties indicated this. Response to the CMA questionnaire from a number of customers, November 2023, questions 3 and 6 [redacted]; Response to the CMA questionnaire from a number of competitors, November 2023, questions 5 and 8 [redacted]. Note of a call with a third party, September 2023, paragraphs 8 and 14 [redacted]; Note of a call with a third party, October 2023, paragraph 22 [redacted].

<sup>65</sup> Note of a call with a third party, September 2023, paragraphs 9 – 10 [redacted]; Note of a call with a third party, October 2023, paragraph 22 [redacted]; Response to the CMA questionnaire from a number of customers, November 2023, questions 3 and 7 [redacted].

<sup>66</sup> Note of a call with a third party, October 2023, paragraph 13 [redacted].

<sup>67</sup> For example: Alumasc Internal Document, Annex 54 to the FMN, [redacted], August 2023, pages 1 – 2; Alumasc Internal Document, Annex 206 to the FMN, [redacted], December 2022, page 3.

<sup>68</sup> For example: Target Group Internal Document, Annex 213 to the FMN, [redacted], August 2021, page 1; Alumasc Internal Document, Annex 730 to the FMN, [redacted], March 2021, page 2; Alumasc Internal Document, Annex 245 to the FMN, [redacted], July 2022, page 3.

51. Overall, on the basis of the evidence considered above, the CMA found that the manufacture and supply of pressed and extruded aluminium gutters and downpipes should be considered together within the ‘**mid-tier**’ segment, separate from the supply of **steel** gutters and downpipes. The extent to which each of these provide a level of competitive constraint on the other is discussed in the competitive assessment.

### *Sales channel*

52. The Parties’ sales channels for the supply of gutters and downpipes include<sup>69</sup> sales to merchants,<sup>70</sup> contractors<sup>71</sup> and directly to end users<sup>72</sup> as well as online sales (which may be to any customer, although a large proportion of online customers are contractors).<sup>73</sup> Merchants purchase products from manufacturers and suppliers which are then sold to contractors, installers, or end users.<sup>74</sup>

53. The Parties submitted that, while manufacturers and suppliers of gutters and downpipes may have a commercial strategy to generate sales through either merchants or contractors,<sup>75</sup> most supply products across all sales channels. As a result, the Parties submitted that it is not necessary to segment the market further by reference to these different sales channels.<sup>76</sup>

54. Merchant and contractor customers both supply gutters and downpipes to all end users and projects.<sup>77</sup> However, it is architects and designers who typically specify the manufacturer’s products required for a project (referred to as **specification**).<sup>78</sup> While this may limit what products contractors and merchants can offer,<sup>79</sup> in the majority of these cases,<sup>80</sup> contractors may be permitted to change specified products for equivalent or approved products.<sup>81</sup> This allows contractors to

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<sup>69</sup> FMN, paragraph 12.10.

<sup>70</sup> FMN, paragraph 15.3.

<sup>71</sup> Including sales to main contractors, subcontractors, roofing contractors, specialist heritage contractors, independent contractors or specialist gutter installers. FMN, paragraph 15.10.

<sup>72</sup> The Target Group’s overall sales from the supply of rainwater management products to end users is [ $\times$ ] small (in 2022 sales were [ $\times$ ]) and Alumasc does not generally supply directly to end users. FMN, paragraph 15.19.

<sup>73</sup> FMN, paragraph 15.23.

<sup>74</sup> Merchants may hold stock of certain products for on demand sales, but they also source products directly from manufacturers and suppliers if requested by customers. FMN, paragraph 15.3.

<sup>75</sup> For example, the majority of Alumasc’s sales are generated through merchants and the majority of the Target Group’s sales are generated through sales to contractors. FMN, paragraphs 15.39 – 15.40.

<sup>76</sup> FMN, paragraph 13.39.

<sup>77</sup> FMN, paragraph 15.20.

<sup>78</sup> FMN, paragraph 15.14.1.

<sup>79</sup> Alumasc submits that for approximately one third of projects, no one particular supplier or manufacturer is ‘specified’. FMN, paragraph 15.8.2; Parties’ response to the CMA’s request for information, 7 November 2023, question 4 at page 8.

<sup>80</sup> Alumasc submits approximately two-thirds of projects are specified, however over half of these specifications will be on ‘design and build’ contracts and therefore open to equal or approved products. Further, the remaining named specifications can be challenged or changed with client approval. FMN, paragraph 15.8.2; Parties’ response to the CMA’s request for information, 7 November 2023, question 4 at page 8.

<sup>81</sup> FMN, paragraph 15.14.4; Note of a call with a third party, September 2023, paragraphs 16 – 17 [ $\times$ ].

substitute the products required for reasons such as price, availability or ease of installation.<sup>82</sup>

55. Consistent with the Parties' submissions, most manufacturers and suppliers the CMA engaged with throughout its investigation were active in the supply of products across all sales channels.<sup>83</sup>
56. Therefore, on the basis of the evidence set out above, the CMA did not consider it necessary to segment the product market by sales channel. Differences in suppliers' commercial strategies with respect to sales channel is considered where relevant in the competitive assessment below.

### *Architectural products*

57. Both Parties manufacture and supply metal architectural products using aluminium fabrications,<sup>84</sup> predominantly pressed aluminium.<sup>85</sup>
58. The Parties submitted that a product market for the manufacture and supply of metal architectural products (separate from gutters and downpipes) was not appropriate as a result of the significant supply-side substitution between these products.<sup>86</sup> As discussed at paragraphs 29 - 33, the CMA found that architectural products should be considered separately to gutters and downpipes.
59. While the Parties also submitted that they compete closely with suppliers of plastic and wood architectural products,<sup>87</sup> the CMA found evidence of differences in quality, maintenance and lifespan between metal and plastic architectural products.<sup>88</sup> In addition, due to existing and proposed fire safety regulations, some end users may be required to use aluminium architectural products instead of plastic or other combustible materials such as wood.<sup>89</sup>
60. No third party indicated that either wood or plastic architectural products could be used as a substitute for metal architectural products.<sup>90</sup> Consistent with this, other metal architectural product rivals are consistently monitored by the Parties in their internal documents,<sup>91</sup> whereas plastic architectural product suppliers are rarely

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<sup>82</sup> FMN, paragraph 15.14.

<sup>83</sup> Response to the CMA questionnaire from a number of competitors, October 2023, question 3a [3<]. Note of a call with a third party, September 2023, [3<].

<sup>84</sup> Parties' response to the CMA's request for information, 13 September 2023, question 18 at pages 16 – 17.

<sup>85</sup> FMN, paragraphs 12.8 and, 13.21 and 13.27.

<sup>86</sup> FMN, paragraphs 13.26 – 13.30.

<sup>87</sup> FMN, paragraph 13.27.

<sup>88</sup> Annex 37 to the FMN, [3<], September 2023; Note of a call with a third party, October 2023, paragraph 26 [3<].

<sup>89</sup> FMN, paragraph 22.5.

<sup>90</sup> Response to the CMA questionnaire from all customers, October 2023, question 9; Response to the CMA questionnaire from all competitors, October 2023, question 10; Note of a call with a third party, October 2023, paragraph 26 [3<].

<sup>91</sup> As set out in paragraph 161, these show that multiple metal architectural product competitors are monitored frequently.

mentioned.<sup>92</sup> Additionally, almost all of the competitors supplying metal architectural products do not supply plastic or wood architectural products, indicating a lack of supply-side substitution.<sup>93</sup>

61. As most metal architectural products are made with pressed aluminium, the CMA did not find any evidence of there being a significant distinction by the type of metal used in architectural products, as was the case for gutters and downpipes.
62. As a result, the CMA found that metal architectural products should be considered separately from the manufacture and supply of plastic architectural products.

### Geographic market definition

63. The Parties submitted that the market for the supply of rainwater management solutions (including metal and plastic gutters, downpipes and architectural products) is national in scope, covering the whole of the UK.<sup>94</sup>
64. The Parties submitted that competition from suppliers based outside of the UK is more limited.<sup>95</sup> Consistent with this, the Parties' internal documents largely discuss business plans and strategy on a UK basis<sup>96</sup> and the vast majority of suppliers indicated that they distribute gutters and downpipes and/or architectural products throughout the UK.<sup>97</sup> In addition, the vast majority of customers indicated that they would not consider importing products or using suppliers from outside of the UK.<sup>98</sup> As such, the CMA considers that the geographic scope of the each of the product markets identified above is the UK.

### Conclusion on market definition

65. For the reasons set out above, the CMA has considered the impact of the Merger in relation to the following markets:
  - (a) the manufacture and supply of premium (cast iron and cast aluminium) metal gutters and downpipes (referred to as **premium metal** or **premium gutters and downpipes**) in the UK;

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<sup>92</sup> For example, plastic providers were often not listed as competitors to Alumasc's architectural products: Alumasc Internal Document, Annex 562 to the FMN, [redacted], July 2022, page 2. There are limited examples of the Parties' competing for the same projects as plastic suppliers, for example: Alumasc Internal Document, Annex 552 to the FMN, [redacted], November 2022, page 3; Target Group Internal Document, Annex 249 to the FMN, [redacted], August 2021, page 1.

<sup>93</sup> Annex 37 to the FMN, [redacted], September 2023.

<sup>94</sup> FMN, Paragraphs 13.1 and 13.43.

<sup>95</sup> While the Parties identified examples of competition from foreign suppliers such as VMZINC and Rheinzink, they noted that their rainwater system offerings are much more limited than those of the Parties and are typically sold as an ancillary offering to their roofing and façade sales (which constitute their primary businesses). FMN, paragraph 13.34; Parties' response to the CMA's request for information, 7 November 2023, question 1 at page 3.

<sup>96</sup> For example: Target Group Internal Document, Annex 13 to the FMN, [redacted], June 2022, slide 4. Alumasc Internal Document, Annex 8 to the FMN, [redacted], February 2023, slide 2.

<sup>97</sup> Response to the CMA questionnaire from a number of competitors, October 2023, question 3(b) [redacted].

<sup>98</sup> Response to the CMA questionnaire from a number of customers, October 2023, question 10 [redacted].

- (b) the manufacture and supply of mid-tier (extruded and pressed aluminium) metal gutters and downpipes (referred to as **mid-tier metal** or **mid-tier gutters and downpipes**) in the UK;
- (c) the supply of steel metal gutters and downpipes in the UK; and
- (d) the manufacture and supply of metal architectural products in the UK.

## Theories of harm

66. The CMA assesses the potential competitive effects of mergers by reference to theories of harm. Theories of harm provide a framework for assessing the effects of a merger and whether or not it could lead to an SLC relative to the counterfactual.<sup>99</sup>
67. In its investigation, the CMA considered whether the Merger could lead to an SLC as a result of horizontal unilateral effects in each of the frames of reference set out above at paragraph 65. Each of these theories of harm is considered below.
68. Horizontal unilateral effects may arise when one firm merges with a competitor that previously provided a competitive constraint, allowing the merged entity profitably to raise prices or to degrade quality on its own and without needing to coordinate with its rivals.<sup>100</sup>

### **TOH 1: Horizontal unilateral effects in the manufacture and supply of ‘premium’ metal gutters and downpipes in the UK**

69. The CMA has assessed whether it is or may be the case that the Merger may be expected to result in an SLC as a result of horizontal unilateral effects in the manufacture and supply of premium metal gutters and downpipes in the UK. In its assessment, the CMA has considered: (i) shares of supply; (ii) the closeness of competition between the Parties; and (iii) the competitive constraint from alternative suppliers that will remain post-Merger. The CMA has taken into account in its assessment evidence from the Parties and from competitors and customers.

#### *Shares of supply*

70. The Parties provided estimated shares for the manufacture and supply of ‘premium’ metal gutters and downpipes in the UK by value.<sup>101</sup> According to these estimates, the Merged Entity would have a share of supply of [X]%, with an increment of [Y]% resulting from the Merger.<sup>102</sup> The next largest suppliers would

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<sup>99</sup> [CMA129](#), paragraph 2.11.

<sup>100</sup> [CMA129](#), paragraph 4.1.

<sup>101</sup> Based on the Parties’ actual revenues, and for third-party suppliers, the Parties’ best estimates based on the suppliers’ respective [X]. FMN, paragraphs 14.11 and 14.12.

<sup>102</sup> FMN, paragraph 14.11.



be Hargreaves Foundry Drainage (**Hargreaves**) (with [x]%), PAM Saint-Gobain ([x]%) and Marley Alutec ([x]%). The Parties identified a tail of smaller suppliers, including Longbottoms, Tuscan Foundry, Hall & Botterill, Stormguard and Rainwater Direct (with an estimated combined share of ([x]%).

71. The CMA estimated shares for the manufacture and supply of premium metal gutters and downpipes by value using sales data provided by the Parties and third-party suppliers. These estimates are set out in Table 1.

**Table 1: CMA estimates of shares of the manufacture and supply of premium metal gutters and downpipes in the UK in 2022, by value (£)**

Supplier	Value (£)	Percentage
Alumasc	[x]	[30-40]%
Target Group <sup>1</sup>	[x]	[10-20]%
<b>Combined</b>	[x]	<b>[50-60]%</b>
Hargreaves	[x]	[30-40]%
PAM Saint-Gobain	[x]	[5-10]%
Hall & Botterill	[x]	[5-10]%
Guttercrest <sup>2</sup>	[x]	[0-5]%
<b>Total<sup>3</sup></b>	[x]	<b>100.0%</b>

Source: CMA analysis, using sales data provided the Parties and third parties

Notes:

- 1 Target Group sales do not include any downpipe sales for cast aluminium. The Target Group records all of its aluminium downpipe sales as extruded aluminium. Allocating cast aluminium downpipe sales to the Target Group by using Alumasc's ratio of gutters and downpipe sales, would add £[x] to the Target Group's cast aluminium sales and only result in a small increase in the Target Group's shares of supply to [10-20]%, with the Merged Entity having a combined share of [50-60]%.
- 2 [x]. Only downpipes sales are included in the CMA estimates for Guttercrest.
- 3 The total is predominately made up of cast iron sales with smaller sales of cast aluminium products, with cast iron making up £[x] and cast aluminium £[x].

72. According to the CMA's estimates, the Merged Entity would be the largest supplier, with a share of supply of [50-60]% and an increment of [10-20]% resulting from the Merger. Hargreaves would be the next largest supplier, with [30-40]%, followed by PAM Saint-Gobain ([5-10]%), Hall & Botterill ([5-10]%) and Guttercrest ([0-5]%).

73. While, according to the CMA's estimates, the Parties' combined share of supply is high, the CMA notes the following limitations with its estimates, which mean that they are likely to understate the constraint remaining from alternatives post-Merger:

- (a) They do not capture the constraint provided by heritage look-alike extruded aluminium suppliers. In particular, the CMA received evidence that Marley Alutec's and Guttercrest's heritage look-alike products will continue to

exercise a strong constraint on the Merged Entity (see paragraphs 103 – 106 below).<sup>103</sup>

- (b) They do not capture the presence of other manufacturers of cast iron gutters and downpipes identified by the Parties and third parties, namely, Longbottoms, Rainwater Direct, and Tuscan Foundry.<sup>104</sup>

74. Therefore, while the CMA considers that these share of supply estimates provide useful information about the structure of the market and the relative presence of other suppliers, this information must be considered in the round with other evidence on the competitive constraints remaining post-Merger.

### *Closeness of competition*

75. The Parties submitted that they are not each other's closest competitor and that all suppliers compete fiercely against each other, notwithstanding that some suppliers have a more limited product offering.<sup>105</sup> The Parties submitted that Alumasc considers its closest competitors to be suppliers which focus on brand reputation, achieving specification and sales to merchants<sup>106</sup> whereas the Target Group focuses on offering lower prices and sales to contractors.<sup>107</sup>

76. In differentiated markets, horizontal unilateral effects are more likely where the merger firms are close competitors or where their products are close substitutes.<sup>108</sup> In its assessment of the degree of closeness of competition between the Parties, the CMA has considered evidence from the Parties' internal documents and the views of customers and competitors, as well as other evidence on the Parties' strategic focus.

77. In their internal documents, the Parties regularly identify each other as competitors.<sup>109</sup> However, both Parties' internal documents also monitor other

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<sup>103</sup> Including Marley Alutec's sales of this product in the shares of supply estimates would result in Marley Alutec being the fourth largest supplier with a share of [10-20]% and reduce the Parties' combined share to [40-50]%, with an increment of [10-20]%. Separately, including Guttercrest's extruded aluminium sales in the shares of supply estimates would result in Guttercrest being the third largest supplier with a share of [20-30]% and reduce the Parties' combined share to [40-50]%, with an increment of [10-20]%. Add both Marley Alutec and Guttercrest's sales would reduce the Parties' combined share to [30-40]%, with an increment of [5-10]%. The constraint posed by plastic heritage look-alike products is discussed at paragraphs 107 – 109.

<sup>104</sup> The constraint remaining from these three suppliers is discussed in paragraphs 98 – 102 below. Although Stormguard was identified by the Parties as a supplier of premium metal gutters and downpipes, it does not supply cast iron products and supplies a third party's cast aluminium product (Note of a call with a third party, October 2023 [redacted]). Therefore, the CMA does not consider it to be a manufacturer of premium metal gutters and downpipes.

<sup>105</sup> FMN, paragraph 15.47.

<sup>106</sup> FMN, paragraph 15.63.

<sup>107</sup> FMN, footnote 23 and FMN, paragraphs 15.40 and 15.63.

<sup>108</sup> [CMA129](#), paragraph 4.8.

<sup>109</sup> For example: Alumasc Internal Document, Annex 194 to the FMN, [redacted], March 2023, page 2; Alumasc Internal Document, Annex 399 to the FMN, [redacted], August 2023, page 5; Target Group Internal Document, Annex 277 to the FMN, [redacted], July 2023, pages 2 – 3; Target Group Internal Document, Annex 261 to the FMN, [redacted], December 2022, page 8.

competitors to a similar extent, indicating that the Parties are not competing with each other more closely than other competitors.<sup>110</sup>

78. The majority of third parties that responded to the CMA's investigation identified both Parties as suppliers of premium metal gutters and downpipes.<sup>111</sup> Customers and competitors identified Alumasc as a supplier a similar number of times as the Target Group, but considered Alumasc to have a stronger product offering.<sup>112</sup> Two competitors also told the CMA that Alumasc is a stronger competitor than the Target Group,<sup>113</sup> with another competitor noting that the Target Group's products are of lesser quality to both Alumasc and other competitors.<sup>114</sup> Overall, the third party responses suggested that the Parties do not compete significantly more closely with each other as compared to others, with Hargreaves being identified a similar number of times, and PAM-Saint Gobain, Marley Alutec and Guttercrest (the latter two supplying heritage lookalike extruded aluminium products) being identified a significant number of times albeit slightly less frequently, compared to the Parties.<sup>115</sup>
79. The CMA received some evidence of differentiation in the Parties' offering by sales channel. Consistent with the Parties' submissions, the majority of Alumasc's sales of premium gutters and downpipes is to merchants ([redacted] of 2022 sales by revenue), while the Target Group predominantly sells via contractors – which requires less technical quotation work because contractors have generally already been awarded the relevant work and understand their requirements<sup>116</sup> – and its online channels (with [redacted] of its sales being made to merchants).<sup>117</sup> Alumasc focuses on 'achieving' specifications<sup>118</sup> – which involves competing in particular on quality and brand (and is associated with a higher price point) – whereas the Target Group (and a set of suppliers who also operate this business model such as Guttercrest, Yeoman Rainguard (Harrison Thompson & Co Ltd) (**Yeoman**), Hall & Botterill, and Tuscan Foundry and Stormguard<sup>119</sup>) attempt to 'break' specifications on the basis of price, quote turnaround time and manufacturing lead

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<sup>110</sup> For example: Alumasc Internal Document, Annex 245 to the FMN, [redacted], July 2022, page 3; Alumasc Internal Document, Annex 218 to the FMN, [redacted], August 2023, page 2; Target Group Internal Document, Annex 277 to the FMN, [redacted], July 2023, pages 2 – 3; Target Group Internal Document, Annex 530 to the FMN, [redacted], July 2023, pages 2 –3. Further details about what the Parties' internal document show in relation to specific suppliers is set out in the competitive constraints section below.

<sup>111</sup> Responses to the CMA's questionnaire from a number of competitors, October 2023, question 7 [redacted].

<sup>112</sup> Responses to the CMA's questionnaire, October 2023, questions 3, 5 and 6 of the customer questionnaire and question 7 of the competitor questionnaire.

<sup>113</sup> Note of a call with a third party, September 2023, paragraph 22 [redacted]; Note of a call with a third party, September 2023, paragraphs 30 – 31 [redacted].

<sup>114</sup> Note of a call with a third party, October 2023, paragraphs 16, 18 and 20, [redacted].

<sup>115</sup> Responses to the CMA's questionnaire from a number of competitors, October 2023, question 7 [redacted].

<sup>116</sup> FMN, paragraph 15.40.

<sup>117</sup> Parties' response to the CMA's request for information, 31 October 2023, questions 2 and 3.

<sup>118</sup> Parties' response to the CMA's request for information, 7 November 2023, question 4. CMA analysis based on Parties' response to the CMA's request for information, 7 November 2023, question 4; Parties' response to the CMA's request for information, 13 November 2023, question 2.

<sup>119</sup> As discussed in footnote 103, Stormguard is not a manufacturer of premium metal gutters and downpipes, but it is a supplier of 'mid-tier' metal gutters and downpipes.

time.<sup>120</sup> Consistent with this, the Target Group's products are [X] than Alumasc's,<sup>121</sup> however, as discussed above its product quality is seen as lesser as compared to Alumasc and other competitors.

80. Overall, the evidence indicates that the Parties are two of a number of competitors – including Hargreaves, PAM Saint-Gobain and 'heritage lookalike' extruded aluminium providers Marley Alutec and Guttercrest – that are competing relatively closely. The CMA has considered the constraint remaining from these and other alternative suppliers post-Merger below.

### *Competitive constraints*

81. The Parties submitted that their main competitors in the manufacture and supply of cast iron and cast aluminium gutters and downpipes are PAM Saint-Gobain, Hargreaves, Rainwater Direct, Marley Alutec and Guttercrest.<sup>122</sup> The Parties also submitted that for heritage or 'traditional look' buildings they compete with extruded and cast iron look-alike plastic,<sup>123</sup> while for customers wanting a high-end contemporary look, they compete with extruded aluminium and steel suppliers.<sup>124</sup>

82. When considering horizontal unilateral effects, the CMA's main consideration is whether there are sufficient remaining good alternatives to constrain the merged entity post-merger.<sup>125</sup> In its assessment of the constraints that will remain post-Merger, the CMA has assessed the following suppliers and the extent to which they will continue to provide a competitive constraint on the Merged Entity:

- (a) Hargreaves;
- (b) PAM Saint-Gobain;
- (c) Hall & Botterill;
- (d) other cast iron suppliers;
- (e) heritage look-alike extruded aluminium suppliers; and
- (f) heritage look-alike plastic suppliers.

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<sup>120</sup> FMN, paragraph 15.40; Parties' response to the CMA's request for information, 13 October 2023, question 6.

<sup>121</sup> In 2022, on average Alumasc priced a cast iron gutter and downpipe solution [X] than the Target Group. For a cast aluminium solution, Alumasc [X] than the Target Group (Parties' response to the CMA's request for information, 20 October 2023, question 2).

<sup>122</sup> FMN, paragraph 13.5 and FMN 'Summary of key alternative suppliers' table, page 55.

<sup>123</sup> FMN, paragraph 13.8.

<sup>124</sup> FMN, paragraph 13.9.

<sup>125</sup> [CMA129](#), paragraph 4.3.

## Hargreaves

83. Hargreaves manufactures and supplies cast iron gutters and downpipes in the UK, and typically sells via merchants.<sup>126</sup> Hargreaves also has technical capabilities and can take on large bespoke projects,<sup>127</sup> whereas neither of the Parties have the same level of facilities.<sup>128</sup>
84. The CMA estimates that, post-Merger, Hargreaves would be the second largest supplier after the Merged Entity, with a share of supply of [30-40]% (see Table 1). Hargreaves' strength is also recognised in customer responses to the CMA's investigation, with the majority identifying it as a competitor to the Parties and several referencing the high quality of its products.<sup>129</sup> One customer noted that it considered Hargreaves to be one of Alumasc's main competitors in cast iron, along with PAM Saint-Gobain.<sup>130</sup>
85. Almost all competitors considered Hargreaves to be a strong competitor in premium metal gutters and downpipes.<sup>131</sup> For example, one competitor considered Hargreaves as the market leader,<sup>132</sup> and two others considered Hargreaves as one of the main cast iron suppliers.<sup>133</sup>
86. The Parties' internal documents also recognise Hargreaves as a main competitor, with both of them [redacted].<sup>134</sup> An Alumasc's internal document states that Hargreaves is [redacted] for cast iron,<sup>135</sup> while the Target Group considers it a key competitor in cast iron.<sup>136</sup>
87. Therefore, the CMA considers that, post-Merger, Hargreaves would continue to exercise a strong constraint on the Merged Entity in the supply of premium metal gutters and downpipes, in particular those made of cast iron.

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<sup>126</sup> Note of a call with a third party, September 2023, paragraphs 1 and 5 [redacted].

<sup>127</sup> FMN, paragraph 15.14.2.

<sup>128</sup> Note of a call with a third party, September 2023, paragraph 33 [redacted].

<sup>129</sup> Responses to the CMA's questionnaire from a number of competitors, October 2023, question 7 [redacted].

<sup>130</sup> Note of a call with a third party, October 2023, paragraph 35 [redacted].

<sup>131</sup> Responses to the CMA's questionnaire from a number of competitors, October 2023, question 7 [redacted]; Note of a call with a third party, October 2023, paragraph 11 [redacted].

<sup>132</sup> Note of call with a third party, September 2023, paragraph 23 [redacted].

<sup>133</sup> Note of a call with a third party, September 2023, paragraph 30 [redacted]; Note of a call with a third party, October 2023, paragraph 11 [redacted].

<sup>134</sup> For example, in Alumasc Internal Document, Annex 733 to the FMN, [redacted], February 2021, page 2; Alumasc Internal Document, Annex 79 to the FMN, [redacted], October 2021, page 2; Target Group Internal Document, Annex 535 to the FMN, [redacted], November 2022; Target Group Internal Document, Annex 225 to the FMN, [redacted], May 2021, slide 8; Target Group Internal Document, Annex 13 to the FMN, [redacted], June 2022, slide 14.

<sup>135</sup> Alumasc Internal Document, Annex 245 to the FMN, [redacted], July 2022, page 3.

<sup>136</sup> Target Group Internal Document, Annex 277 to the FMN, [redacted], July 2023, pages 2 – 3.

## *PAM Saint-Gobain*

88. PAM Saint-Gobain manufactures and supplies cast iron gutters and downpipes in the UK, mainly through merchants.<sup>137</sup> The Parties noted that it is regularly specified,<sup>138</sup> although [redacted].<sup>139</sup>
89. The CMA estimates that PAM Saint-Gobain's share of supply for premium gutters and downpipes is [5-10]% (see Table 1). PAM Saint-Gobain's sales have [redacted] in the last five years, in part due to it deciding that these products [redacted].<sup>140</sup>
90. The majority of customers that responded to the CMA's investigation considered that PAM Saint-Gobain is a competitor to the Parties.<sup>141</sup> One customer considered PAM Saint-Gobain to be one of Alumasc's main competitors in cast iron, along with Hargreaves,<sup>142</sup> while another stated that it was a market leader with a high quality product.<sup>143</sup> Several competitors also noted that PAM Saint-Gobain has a good quality product.<sup>144</sup> However, one competitor also noted that it seems to be focusing on different areas of its business and is not selling as much as it previously did.<sup>145</sup>
91. The Parties' internal documents recognise PAM Saint-Gobain as a competitor and show that the Parties [redacted].<sup>146</sup> For example, Alumasc's internal sales reports include discussion of [redacted].<sup>147</sup>
92. Therefore, the CMA considers that PAM Saint-Gobain would exercise a strong constraint, but to a lesser extent than Hargreaves, on the Merged Entity in the supply of premium metal gutters and downpipes, in particular those made of cast iron.

## *Hall & Botterill*

93. Hall & Botterill supplies a wide range of cast aluminium gutters and downpipes.<sup>148</sup> It supplies these products to all customer groups,<sup>149</sup> as well as to manufacturers of

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<sup>137</sup> Note of a call with a third party, September 2023, paragraph 17 [redacted].

<sup>138</sup> FMN, 'Summary of key alternative suppliers Manufacturer' table, page 56.

<sup>139</sup> Note of a call with a third party, September 2023, paragraph 14 [redacted].

<sup>140</sup> Note of a call with a third party, September 2023, paragraph 49 [redacted].

<sup>141</sup> Responses to the CMA's questionnaire from a number of third parties, October 2023, question 5 [redacted].

<sup>142</sup> Note of a call with a third party, October 2023 [redacted].

<sup>143</sup> Response to the CMA's questionnaire from a number of third parties, October 2023, question 5 [redacted].

<sup>144</sup> Responses to the CMA's questionnaire from a number of third parties, October 2023, question 7 [redacted].

<sup>145</sup> Note of a call with a third party, September 2023, paragraph 22 [redacted]. Consistent with this, PAM Saint-Gobain's sales have [redacted] in the last five years, in part due to it deciding that these products [redacted]. Note of a call with a third party, September 2023 [redacted].

<sup>146</sup> For example: Alumasc Internal Document, Annex 67 to the FMN, [redacted], August 2021, page 2; Alumasc Internal Document, Annex 78 to the FMN, [redacted], November 2022, page 3; Target Group Internal Document, Annex 530 to the FMN, [redacted], May 2021.

<sup>147</sup> For example: Alumasc Internal Document, Annex 249 to the FMN, [redacted], June 2022, page 2; Alumasc Internal Document, Annex 730 to the FMN, [redacted], March 2021, page 3.

<sup>148</sup> FMN, 'Summary of key alternative suppliers' table, page 57.

<sup>149</sup> Response to the CMA's questionnaire from a competitor, November 2023, question 3 [redacted].

other types of gutters and downpipes that then resell them.<sup>150</sup> One such manufacturer is [X], which recently began manufacturing a new range of downpipes to be used with cast aluminium gutters.<sup>151</sup>

94. The CMA estimates that Hall & Botterill's share of supply for premium gutters and downpipes is [5-10]% (see Table 1). However, considering Hall & Botterill and [X] together, their combined share is [5-10]%.
95. While Hall & Botterill was not identified as a supplier by name by customers, several of the manufacturers reselling Hall & Botterill's products – including [X]<sup>152</sup> were regularly mentioned by customers.<sup>153</sup> As a result, the CMA considers that its products are a constraint on the Parties, but customers may be less aware of Hall & Botterill as a supplier because of its different route to market. It was only mentioned by one competitor, which considered Hall & Botterill to be one of the main suppliers of cast aluminium products.<sup>154</sup>
96. In the Parties' internal documents, references to Hall & Botterill are [X]. One document indicated that Alumasc [X]<sup>155</sup> and another from the Target Group also noted Hall & Botterill as a competitor.<sup>156</sup> However, the competitors through which Hall & Botterill supplies its products are [X] monitored in the Parties' internal documents.<sup>157</sup>
97. Therefore, the CMA considers that Hall & Botterill would exercise some constraint on the Merged Entity in the supply of premium metal gutters and downpipes, in particular those made of cast aluminium.<sup>158</sup>

#### *Other cast iron suppliers*

98. Other smaller cast iron suppliers include Longbottoms, Rainwater Direct and Tuscan Foundry.
99. Longbottoms was mentioned by two customers. One noted that it had excellent bespoke products but was very expensive<sup>159</sup> and the other that it had a good

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<sup>150</sup> Note of a call with a third party, October 2023, paragraph 8 [X]; Follow-up questions sent to a third party, November 2023, question 1.

<sup>151</sup> Note of a call with a third party, October 2023, paragraph 8 [X]; Note of a call with a third party, November 2023, paragraphs 7 and 17 [X].

<sup>152</sup> Note of a call with a third party, October 2023, paragraphs 4 and 8 and response to follow-up questions [X].

<sup>153</sup> Responses to the CMA's questionnaire from a number of customers, October 2023, question 6 [X]

<sup>154</sup> Note of a call with a third party, November 2023, paragraph 8 [X].

<sup>155</sup> Alumasc Internal Document, Annex 380 to the FMN, [X], June 2021.

<sup>156</sup> Target Group Internal Document, Annex 242 to the FMN, [X], March 2023.

<sup>157</sup> Alumasc Internal Document, Annex 57 to the FMN, [X], May 2022, page 2; Alumasc Internal Document, Annex 59 to the FMN, [X], March 2021, page 3; Alumasc Internal Document, Annex 60 to the FMN, [X], September 2022, page 3; Target Group Internal Document, Annex 526 to the FMN, [X], March 2021; Target Group Internal Document, Annex 277 to the FMN, [X], July 2023, pages 3 – 4.

<sup>158</sup> As noted above, cast aluminium was also often seen as an alternative to cast iron.

<sup>159</sup> Response to the CMA's questionnaire from a third party, October 2023, question 5 [X].

range of products and was used for more specialised orders.<sup>160</sup> It was also mentioned by two competitors, however both considered it to be relatively small.<sup>161</sup> The Parties' internal documents mention Longbottoms infrequently, with only [REDACTED] Alumasc documents noting it [REDACTED].<sup>162</sup>

100. Rainwater Direct was mentioned by only one customer, which noted that its product was priced low but also of lower quality.<sup>163</sup> It was mentioned by two competitors, one considering that it was the fourth largest supplier of cast iron products in the UK, but that it had fallen behind the other providers.<sup>164</sup> The other competitor considered Rainwater Direct to be just a small cast iron supplier.<sup>165</sup> The Parties' internal documents mention Rainwater Direct rarely, with only [REDACTED] Alumasc documents noting it [REDACTED].<sup>166</sup>
101. Tuscan Foundry was only mentioned by one customer<sup>167</sup> and the CMA has seen no evidence of either of the Parties [REDACTED].
102. Overall, the CMA considers that these other cast iron suppliers, considered together, would provide some constraint on the Merged Entity in the supply of premium metal gutters and downpipes, particularly those made of cast iron.

#### *Heritage look-alike extruded aluminium suppliers*

103. Some extruded aluminium gutters and downpipes are designed to look like heritage cast iron products.<sup>168</sup> Marley Alutec and Guttercrest are two of the main suppliers of heritage look-alike extruded aluminium gutters and downpipes.<sup>169</sup>
104. The Parties submitted that Marley Alutec manufactures and supplies cast aluminium gutters and downpipes in the UK,<sup>170</sup> and some third parties referred to Marley Alutec's product as cast aluminium.<sup>171</sup> However, Marley Alutec stated that most of its aluminium guttering is extruded aluminium and other competitors also

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<sup>160</sup> Response to the CMA's questionnaire from a third party, October 2023, question 5 [REDACTED]; Note of a call with a third party, October 2023, paragraphs 35 and 43 [REDACTED].

<sup>161</sup> Note of a call with a third party, November 2023, paragraph 9 [REDACTED]; Note of a call with a third party, September 2023, paragraphs 21 and 24 [REDACTED].

<sup>162</sup> Alumasc Internal Document, Annex 91 to the FMN, [REDACTED], February 2011.

<sup>163</sup> Response to the CMA's questionnaire from a third party, November 2023, question 5 [REDACTED].

<sup>164</sup> Note of a call with a third party, September 2023, paragraph 24 [REDACTED].

<sup>165</sup> Note of a call with a third party, November 2023, paragraph 9 [REDACTED].

<sup>166</sup> Alumasc Internal Document, Annex 455 to the FMN, [REDACTED], September 2021; Alumasc Internal Document, Annex 424 to the FMN, [REDACTED], May 2023.

<sup>167</sup> Note of a call with a third party, October 2023, paragraph 43 [REDACTED].

<sup>168</sup> FMN, paragraphs 13.8-13.11.

<sup>169</sup> There are also several other smaller suppliers of aluminium products that may offer products that have similar aesthetic properties of cast iron gutters and downpipes. Annex 37 to the FMN, [REDACTED], September 2023; Note of a call with a third party, October 2023, paragraph 8 [REDACTED]. Other suppliers named by the third party include: Seamless Aluminium and Northwest Aluminium.

<sup>170</sup> Alumasc Internal Document, Annex 37 to the FMN, [REDACTED], September 2023.

<sup>171</sup> Response to the CMA's questionnaire from a third party, October 2023, question 7, [REDACTED]; Responses to the CMA's questionnaire from a number of customers, October 2023, question 5 [REDACTED]; Note of a call with a third party, November 2023, paragraph 8 [REDACTED].



described Marley Alutec's product as extruded aluminium.<sup>172</sup> Regardless, Marley Alutec considered that its heritage look-alike extruded aluminium [REDACTED].<sup>173</sup> Several third parties considered Marley Alutec's product to be competing for customers wanting premium metal gutters and downpipes.<sup>174</sup> As discussed in paragraph 133, the Parties' internal documents also recognise Marley Alutec as a main competitor. Marley Alutec's sales of heritage look-alike extruded aluminium gutters and downpipes in 2022 were £[REDACTED],<sup>175</sup> which is similar to the Target Group's sales (by value) of premium metal gutters and downpipes.

105. In addition to the cast aluminium downpipes that Guttercrest supplies in the UK, it also manufactures and supplies a range of extruded aluminium products,<sup>176</sup> including heritage look-alike extruded aluminium products, which customers sometimes choose over cast iron.<sup>177</sup> One customer also considered Guttercrest's gutters and downpipes as competing for customers wanting premium metal gutters and downpipes.<sup>178</sup> Several competitors considered Guttercrest's products to be an alternative to premium gutters and downpipes.<sup>179</sup> As discussed in paragraph 129, the Parties' internal documents also recognise Guttercrest as a main competitor. Guttercrest's sales of extruded aluminium gutters and downpipes, which they note often have a heritage profile,<sup>180</sup> were £[REDACTED] in 2022, which is significantly larger than the Target Group's sales (by value) of premium gutters and downpipes.

106. Therefore, the CMA considers that heritage look-alike extruded aluminium suppliers (particularly Marley Alutec and Guttercrest) would continue to exercise a strong constraint on the Merged Entity in the supply of premium metal gutters and downpipes.

#### *Heritage look-alike plastic suppliers*

107. Some plastic gutters and downpipes are designed to look like heritage cast iron products and the Parties submitted that these products compete with cast iron and cast aluminium gutters and downpipes.<sup>181</sup>

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<sup>172</sup> Note of a call with a third party, October 2023, follow-up question 5 [REDACTED]; Note of a call with a third party, November 2023, paragraph 5 [REDACTED]; Note of a call with a third party, October 2023, paragraph 19 [REDACTED].

<sup>173</sup> Note of a call with a third party, October 2023, paragraph 12 [REDACTED].

<sup>174</sup> Responses to the CMA's questionnaire from a number of customers, October 2023, question 5 [REDACTED]; Responses to the CMA's questionnaire from a number of competitors, October 2023, question 7 [REDACTED]. Note of a call with a third party, November 2023, paragraphs 1 – 2 and 4 [REDACTED].

<sup>175</sup> Note of a call with a third party, October 2023, paragraph 46 [REDACTED].

<sup>176</sup> FMN, 'Summary of key alternative suppliers' table, page 55.

<sup>177</sup> Note of a call with a third party, November 2023, paragraphs 1 – 2 [REDACTED].

<sup>178</sup> Response to the CMA's questionnaire from a third party, October 2023, question 5 [REDACTED].

<sup>179</sup> Note of a call with a third party, October 2023, paragraph 8 [REDACTED]. Responses to the CMA's questionnaire from a number of competitors, October 2023, question 7 [REDACTED].

<sup>180</sup> Response to the CMA's questionnaire from a third party, October 2023, question 4 [REDACTED]; Note of a call with a third party, November 2023, paragraph 1 [REDACTED].

<sup>181</sup> FMN, paragraphs 13.8 – 13.12.

108. The main suppliers of heritage look-alike plastic are Wavin, Brett Martin, Polypipe, and Aliaxis (the parent company of Marley Alutec).<sup>182</sup> Several customers considered at least one of these plastic suppliers to be competing with the Parties in the manufacture and supply of premium gutters and downpipes.<sup>183</sup> The CMA has seen one internal document from the Parties [redacted],<sup>184</sup> and another document [redacted].<sup>185</sup> However, no competitor listed a plastic provider as an alternative to premium metal gutters and downpipes,<sup>186</sup> with one noting that for heritage buildings, customers will choose metal products over plastic as it is hard to achieve the look these customers require with plastic.<sup>187</sup>
109. Therefore, the CMA considers that heritage look-alike plastic suppliers would exercise some constraint, although weaker than metal alternatives, on the Merged Entity in the supply of premium metal gutters and downpipes.

### *Third-party views*

110. The majority of customers who engaged with the CMA did not raise any concerns in relation to the Merger for any of the areas of overlap.<sup>188</sup> A few customers indicated that they supported the Merger,<sup>189</sup> with one customer suggesting it may improve investment in the Target Group's manufacturing processes.<sup>190</sup> A small number of customers raised concerns,<sup>191</sup> noting a lack of alternative suppliers remaining and indicating that the Merger would reduce competition. However, the evidence examined by the CMA from the Parties' internal documents and from customers and competitors indicates that a range of suppliers will remain to constrain the Merged Entity.
111. Almost all of the competitors who engaged with the CMA raised no concerns in relation to premium gutters and downpipes.<sup>192</sup> One competitor indicated that the Merger could lead to more concentration in the supply of cast iron products.<sup>193</sup> However, as discussed above, the CMA found that, considering the evidence received in its investigation together in the round, cast iron and cast aluminium providers compete closely and sufficient competition will remain to constrain the Merged Entity, post-Merger.

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<sup>182</sup> FMN, paragraph 14.6.

<sup>183</sup> Responses to the CMA's questionnaire from a number of customers, October 2023, question 5 [redacted].

<sup>184</sup> Alumasc Internal Document, Annex 215 to the FMN, [redacted], February 2023, page 3.

<sup>185</sup> Alumasc internal Document, Annex 242 to the FMN, [redacted], August 2023, page 3.

<sup>186</sup> Responses to the CMA's questionnaire from a number of third parties, October 2023, question 7 [redacted].

<sup>187</sup> Note of a call with a third party, October 2023, paragraphs 3 and 11 [redacted].

<sup>188</sup> Responses to the CMA's questionnaire from a number of customers, October 2023, question 11 [redacted].

<sup>189</sup> Responses to the CMA's questionnaire from a number of customers, October 2023, question 11 [redacted].

<sup>190</sup> Responses to the CMA's questionnaire from a third party, October 2023, question 11 [redacted].

<sup>191</sup> Responses to the CMA's questionnaire from a number of customers, October 2023, question 11 [redacted].

<sup>192</sup> The CMA have discounted responses from competitors who stated they were not sufficiently close to the relevant market to comment. Responses to the CMA's questionnaire from a number of competitors, October 2023, question 12 [redacted]; Note of a call with a third party, September 2023, paragraph 26 [redacted].

<sup>193</sup> Note of a call with a third party, November 2023, paragraph 23 [redacted].

112. The limited number of concerns from third parties is consistent with the evidence above on the strength of the constraints from remaining competitors.

### **Conclusion on TOH 1**

113. For the reasons set out above, the evidence received by the CMA in its investigation indicates that the Parties are two of a number of competitors that are competing relatively closely in the supply of premium metal gutters and downpipes, with the Merged Entity having a significant share of supply of [50-60]%. However, the evidence also showed that the Merged Entity will continue to face strong competitive constraints from within and outside of the 'premium' segment. In particular, Hargreaves, PAM Saint-Gobain, and other heritage look-alike extruded aluminium suppliers (particularly Marley Alutec and Guttercrest), will continue to provide a strong competitive constraint post-Merger. A range of smaller premium metal gutters and downpipes suppliers as well as heritage look-alike plastic suppliers will also continue to provide some constraint on the Merged Entity.
114. Accordingly, the CMA believes that the Merger does not give rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in relation to the manufacture and supply of premium metal gutters and downpipes in the UK.

### **TOH 2: Horizontal unilateral effects in the manufacture and supply of 'mid-tier' metal gutters and downpipes in the UK**

115. The CMA assessed whether it is or may be the case that the Merger has resulted, or may be expected to result, in an SLC as a result of horizontal unilateral effects in the manufacture and supply of mid-tier metal gutters and downpipes in the UK. In its assessment, the CMA has considered: (i) shares of supply; (ii) the closeness of competition between the Parties; and (iii) the competitive constraint from alternative suppliers that will remain post-Merger. The CMA has taken into account in its assessment evidence from the Parties and from competitors and customers.

#### *Shares of supply*

116. The Parties provided estimates of their share of the manufacture and supply of 'mid-tier' metal gutters and downpipes in the UK by value.<sup>194</sup> According to these estimates, the Merged Entity would have a share of supply of [x]%, with an increment resulting from the Merger of [x]%. The next largest suppliers would be

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<sup>194</sup> Based on the Parties' actual revenues, and for third-party suppliers, the Parties' best estimates based on the suppliers' respective [x].

Guttercrest (with a share of [redacted]%), Marley Alutec ([redacted]%), Yeoman ([redacted]%) and Dales Fabrications ([redacted]%).<sup>195</sup>

117. The CMA estimated shares for the manufacture and supply of mid-tier gutters and downpipes by value using sales data provided by the Parties and third-party suppliers. These estimates are set out in Table 2. The CMA's estimates are broadly consistent with those of the Parties.<sup>196</sup>

**Table 2: CMA estimates of shares of the manufacture and supply of mid-tier metal gutters and downpipes in the UK in 2022, by value (£)**

Supplier	Value (£)	Percentage
Alumasc	[redacted]	[20-30]%
Target Group <sup>1</sup>	[redacted]	[10-20]%
<b>Combined</b>	[redacted]	<b>[30-40]%</b>
Guttercrest	[redacted]	[20-30]%
Marley Alutec	[redacted]	[20-30]%
Dales Fabrications <sup>2</sup>	[redacted]	[5-10]%
Yeoman <sup>3</sup>	[redacted]	[5-10]%
Guttermaster	[redacted]	[0-5]%
Ash & Lacy Building Systems ( <b>Ash &amp; Lacy</b> )	[redacted]	[0-5]%
<b>Total</b>	[redacted]	<b>100.0%</b>

Source: CMA analysis, using sales data provided the Parties and third parties

Notes:

1. Target Group sales include all of its aluminium downpipe sales (including cast aluminium and seamless aluminium).
2. Parties' estimate.
3. Includes all Yeoman's gutter and downpipe sales.

118. According to the CMA's estimates, post-Merger, the Merged Entity would be the largest supplier with a share of [30-40%], with an increment of [10-20]% resulting from the Merger. Guttercrest would be the next largest supplier, with [20-30]%, followed by Marley Alutec ([20-30]%), Dales Fabrications ([5-10]%), Yeoman ([5-10]%) and Guttermaster ([0-5]%).

119. While these share estimate capture significant constraints from a range of other suppliers, the share estimates have some limitations in that:

- (a) they do not capture the presence of other manufacturers of mid-tier metal gutters and downpipes identified by the Parties<sup>197</sup> and third parties;<sup>198</sup> and

<sup>195</sup> The Parties identified several other smaller suppliers, including JWD, Stormguard, North West Aluminium and Guttermaster as having collectively only [redacted]%. FMN, paragraph 14.13.

<sup>196</sup> Which estimate the Merged Entity as having a share of supply of [30-40]% (with an increment of [10-20]%) and Guttercrest having a [20-30]% share. The CMA estimates identify Marley Alutec and Guttermaster as having a higher share than estimated by the Parties and Yeoman having a lower share.

<sup>197</sup> Annex 37 to the FMN, [redacted], September 2023. The Parties also identified several other smaller suppliers, including JWD, Stormguard, and North West Aluminium. FMN, paragraph 14.13.

<sup>198</sup> Responses to the CMA's questionnaire from a number of competitors, October 2023, question 6 [redacted]; Responses to the CMA's questionnaire from a customer, October 2023, question 5 [redacted]. Other suppliers of mid-tier gutters and downpipes included: Seamless Aluminium, Bailey Eaves, Clear Amber.

(b) they do not capture the constraint from steel suppliers (which, as discussed in paragraphs 138 to 141, provide a moderate constraint on the Merged Entity) and from, to a lesser extent, cast aluminium, seamless aluminium and plastic gutters and downpipes suppliers.<sup>199</sup>

120. Therefore, while the CMA considers that these share of supply estimates provide useful information about the structure of the market and the relative presence of other suppliers, this information must be considered in the round together with other evidence on the competitive constraints remaining post-Merger.

### *Closeness of competition*

121. The Parties' submissions on closeness set out at paragraph 75 above also apply to the manufacture and supply of mid-tier gutters and downpipes.

122. Similarly, the evidence from the Parties' internal documents discussed at paragraph 77 above applies for both 'premium' and 'mid-tier' gutters and downpipes. As with the manufacture and supply of 'premium' gutters and downpipes, Alumasc's main route to market for 'mid-tier' metal gutters and downpipes is via merchants (accounting for [redacted] of its sales by revenue in 2022), while the Target Group predominantly sells via contractors and its online channels (with only [redacted] of its sales by revenue in 2022 being via merchants).<sup>200</sup>

123. Less than half of customers that responded to the CMA's investigation identified both the Parties as suppliers of 'mid-tier' metal gutters and downpipes.<sup>201</sup> Overall, customer responses suggested that the Parties do not compete significantly more closely with each as compared to others, with Guttercrest, Marley Alutec and, to a lesser extent, steel provider Lindab being identified similarly frequently as compared to the Parties.<sup>202</sup> Competitors also identified Guttercrest and Marley Alutec as suppliers to a similar extent as they did the Parties.<sup>203</sup> One competitor noted that the Target Group's products are of lesser quality to both Alumasc and other competitors.<sup>204</sup>

124. Overall, the evidence indicates that the Parties are two of a number of competitors that are competing relatively closely, including in particular Guttercrest and Marley Alutec and, to a lesser extent, steel provider Lindab. The CMA has considered the constraint remaining from these and other alternative suppliers post-Merger below.

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<sup>199</sup> Discussed in paragraphs 142 - 144.

<sup>200</sup> Parties' response to the CMA's request for information, 31 October 2023, questions 2 and 3.

<sup>201</sup> Responses to the CMA's questionnaire, October 2023, questions 5 and 6. Customers identified Alumasc and the Target Group similarly frequently. Responses to the CMA's questionnaire, October 2023, question 6.

<sup>202</sup> Responses to the CMA's questionnaire, October 2023, questions 3, 5 and 6.

<sup>203</sup> Responses to the CMA's questionnaire, October 2023, question 8; Note of a call with a third party, October 2023 [redacted]. Note of a call with a third party, November 2023, [redacted]; Note of a call with a third party, September 2023 [redacted].

<sup>204</sup> Note of a call with a third party, October 2023, paragraph 18 [redacted].

### *Competitive constraints*

125. The Parties submitted that they compete with other suppliers of extruded aluminium and pressed aluminium gutters and downpipes, including Guttercrest, Marley Alutec, Yeoman and Dales Fabrications.<sup>205</sup> The Parties also submitted that for customers particularly concerned with cost, they compete with steel, seamless aluminium and plastic suppliers.<sup>206</sup> On the other hand, customers looking for greater longevity may decide to use a more expensive cast aluminium supplier.<sup>207</sup>
126. In its assessment of the constraints that will remain post-Merger, the CMA has assessed the following suppliers and the extent to which they will continue to provide a competitive constraint on the Merged Entity post-Merger:
- (a) Guttercrest;
  - (b) Marley Alutec;
  - (c) other extruded and pressed aluminium suppliers;
  - (d) steel suppliers; and
  - (e) cast aluminium, seamless aluminium and plastic suppliers.

### *Guttercrest*

127. Guttercrest manufactures and supplies extruded and pressed aluminium gutters and downpipes in the UK (including the heritage look-alike extruded aluminium product discussed in paragraph 103 above) mainly via merchants.<sup>208</sup> It also has the ability to make bespoke aluminium products and generally has the fastest delivery times.<sup>209</sup>
128. The CMA estimates that, post-Merger, Guttercrest would be the second largest supplier after the Merged Entity, with a share of supply of [20-30]% (see Table 2). Guttercrest was also identified as a supplier by the majority of customers that responded to the CMA's investigation.<sup>210</sup> One customer considered Guttercrest to be Alumasc's second closest competitor after Marley Alutec.<sup>211</sup> All but one competitor also considered Guttercrest to be a competitor.<sup>212</sup>

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<sup>205</sup> FMN, paragraph 13.14.

<sup>206</sup> FMN, paragraph 13.17.

<sup>207</sup> FMN, paragraph 13.18.

<sup>208</sup> Response to the CMA's questionnaire from a competitor, October 2023, question 3 [redacted].

<sup>209</sup> FMN, paragraph 15.51.1.

<sup>210</sup> Responses to the CMA's questionnaire from a number of third parties, October 2023, questions 5 and 6.

<sup>211</sup> Note of a call with a third party, October 2023, paragraph 32 [redacted].

<sup>212</sup> Responses to the CMA's questionnaire from a number of competitors, October 2023, question 8 [redacted]. Note of a call with a third party, October 2023, [redacted]; and Note of a call with a third party, November 2023 [redacted]. Note of a call with a third party, September 2023, paragraphs 9 – 10 [redacted].

129. The Parties' internal documents show that they consider Guttercrest to be one of their main competitors, with the Parties [REDACTED].<sup>213</sup>
130. Therefore, the CMA considers that Guttercrest would continue to exercise a strong constraint on the Merged Entity.

### *Marley Alutec*

131. Marley Alutec manufactures and supplies a range of extruded aluminium gutters and downpipes (including the heritage look-alike extruded aluminium product discussed in paragraph 104 above).<sup>214</sup> Marley Alutec supplies a range of different customers, including merchants, contractors, installers, and end users.<sup>215</sup>
132. According to the CMA's estimates, Marley Alutec would be the third largest supplier post-Merger, with a share of supply of [20-30]% (see Table 2). Almost half of the customers that responded to the CMA's investigation considered Marley Alutec to be a competitor,<sup>216</sup> with one customer considering it to be Alumasc's closest competitor.<sup>217</sup> All but one competitor that responded to the CMA investigation considered Marley Alutec to be a competitor.<sup>218</sup> Two competitors also stated that they considered Marley Alutec to be one of the Parties' closest competitors.<sup>219</sup>
133. The Parties' internal documents show that they consider Marley Alutec to be one of their main competitors, with the Parties [REDACTED].<sup>220</sup>
134. Therefore, the CMA considers that Marley Alutec would continue to exercise a strong constraint on the Merged Entity.

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<sup>213</sup> For example: Alumasc Internal Document, Annex 59 to the FMN, [REDACTED], March 2021, page 3; Alumasc Internal Document, Annex 60 to the FMN, [REDACTED], September 2022, page 3; Target Group Internal Document, Annex 526 to the FMN, [REDACTED], March 2021; Target Group Internal Document, Annex 277 to the FMN, [REDACTED], July 2023, pages 3 – 4.

<sup>214</sup> [REDACTED].

<sup>215</sup> Response to the CMA's questionnaire from a competitor, October 2023, question 3 [REDACTED].

<sup>216</sup> Responses to the CMA's questionnaire from a number of customers, October 2023, questions 5 and 6.

<sup>217</sup> Note of a call with a third party, October 2023, paragraph 32 [REDACTED].

<sup>218</sup> Responses to the CMA's questionnaire from a number of third parties, October 2023, question 8 [REDACTED]; Note of a call with a third party, October 2023, [REDACTED]; Note of a call with a third party, November 2023, [REDACTED]; Note of a call with a third party, September 2023, paragraph 18 [REDACTED].

<sup>219</sup> Note of a call with a third party, October 2023, paragraph 24 [REDACTED] and Note of a call with a third party, September 2023, paragraph 17, [REDACTED]. Note of a call with a third party, September 2023, paragraphs 9 – 10 [REDACTED].

<sup>220</sup> For example: Alumasc Internal Document, Annex 59 to the FMN, [REDACTED], September 2021, page 2; Alumasc Internal Document, Annex 249 to the FMN, [REDACTED], June 2023, page 2; Target Group Internal Document, Annex 536 to the FMN, [REDACTED], March 2023; Target Group Internal Document, Annex 240 to the FMN, [REDACTED], November 2022, page 2.

### *Other extruded and pressed aluminium suppliers*

135. Other smaller mid-tier suppliers include Dales Fabrications, Yeoman, Guttermaster, and Ash & Lacy. The Parties and some third parties also identified further smaller providers.<sup>221</sup>
136. Some of these suppliers were mentioned as alternatives by customers,<sup>222</sup> and competitors.<sup>223</sup> These suppliers are also monitored in the Parties' internal documents (although not as regularly as Guttercrest and Marley Alutec).<sup>224</sup>
137. The CMA therefore considers that these smaller suppliers would continue to exercise some constraint on the Merged Entity.

### *Steel suppliers*

138. As discussed at paragraph 49, steel gutters and downpipes are considered by multiple third parties (including the majority of customers that responded to the CMA's investigation)<sup>225</sup> as an alternative to mid-tier metal products. Although steel has a similar price point to plastic, it is similar in quality to mid-tier metal products.<sup>226</sup> As discussed in paragraph 123, customer responses to the CMA's investigation identified Lindab slightly less frequently than the Parties, Guttercrest and Marley Alutec.<sup>227</sup>
139. Lindab and Kingspan are two of the main suppliers of steel gutters and downpipes (as discussed in paragraph 151). The Parties' estimate of Lindab's UK steel sales in 2022 is £[redacted],<sup>228</sup> which is similar to Alumasc's revenue generated from sales of [redacted] metal gutters and downpipes in 2022. Kingspan's sales were £[redacted],<sup>229</sup> which is similar to the Target Group's revenue generated from sales of mid-tier metal gutters and downpipes.

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<sup>221</sup> Annex 37 to the FMN, [redacted], September 2023; Responses to the CMA's questionnaire from a number of third parties, October 2023, question 8 [redacted]. Other suppliers of mid-tier gutters and downpipes included: Seamless Aluminium, Bailey Eaves, Clear Amber.

<sup>222</sup> Responses to the CMA's questionnaire from a number of third parties, October 2023, question 6 [redacted].

<sup>223</sup> Responses to the CMA's questionnaire from a number of third parties, October 2023, question 8 [redacted].

<sup>224</sup> For example: Alumasc Internal Document, Annex 77 to the FMN, [redacted], November 2021, page 2; Alumasc Internal Document, Annex 64 to the FMN, [redacted], March 2023, page 2; Target Group Internal Document, Annex 528 to the FMN, [redacted], April 2021; Target Group Internal Document, Annex 225 to the FMN, [redacted], May 2021, slide 8.

<sup>225</sup> Responses to the CMA's questionnaire from a number of third parties, October 2023, questions 3 and 6 [redacted].

<sup>226</sup> Alumasc Internal Document, Annex 480 to the FMN, [redacted], March 2023; Annex 37 to the FMN, [redacted], September 2023; Note of a call with a third party, September 2023, paragraphs 9 - 10 [redacted].

<sup>227</sup> Responses to the CMA's questionnaire from a number of customers, October 2023, question 6.

<sup>228</sup> FMN, paragraph 14.16.

<sup>229</sup> Response to the CMA's questionnaire from a competitor, October 2023, question 4 [redacted].



140. The Parties' internal documents show that Lindab is regularly monitored by the Parties and is considered to be the [redacted] in steel.<sup>230</sup> The CMA did not see evidence in the Parties' internal documents that [redacted].
141. The CMA therefore considers that these steel suppliers (Lindab in particular) would continue to exercise a moderate constraint on the Merged Entity.

*Cast aluminium, seamless aluminium and plastic suppliers*

142. The Parties identified that cast aluminium, seamless aluminium and plastic products are on occasion used instead of mid-tier products.<sup>231</sup> However, only one customer considered a cast aluminium supplier or a seamless aluminium supplier as an alternative to mid-tier products,<sup>232</sup> while another customer considered a plastic supplier as an alternative.<sup>233</sup> One competitor considered a cast aluminium rival as an alternative,<sup>234</sup> and one competitor considered a seamless aluminium rival as an alternative.<sup>235</sup> No competitors consider a plastic supplier as an alternative.<sup>236</sup>
143. The Parties' internal documents discuss cast aluminium rivals in relation to mid-tier gutters and downpipes rarely (as set out in paragraph 96). In relation to seamless aluminium, the Parties' internal documents show that the Target Group considers its seamless aluminium sales separately to its other products,<sup>237</sup> while Alumasc considered that adding the Target Group's seamless aluminium product would add to its range and allow it to compete more directly with plastic.<sup>238</sup> The Parties' internal documents infrequently reference rival suppliers of plastic products.<sup>239</sup>
144. Therefore, the CMA considers that suppliers of cast aluminium, seamless aluminium and plastic would only exercise a weak constraint on the Merged Entity.

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<sup>230</sup> For example: Alumasc Internal Document, Annex 245 to the FMN, [redacted], July 2022, page 2; Alumasc Internal Document, Annex 730 to the FMN, [redacted], March 2021, page 2; Target Group Internal Document, Annex 249 to the FMN, [redacted], August 2021, page 1.

<sup>231</sup> FMN, paragraphs 13.17-13.18.

<sup>232</sup> Response to the CMA's questionnaire from a customer, October 2023, question 6 [redacted]; Note of a call with a third party, October 2023, paragraph 32 [redacted].

<sup>233</sup> Response to the CMA's questionnaire from a customer, October 2023, question 6 [redacted].

<sup>234</sup> Response to the CMA's questionnaire from a competitor, October 2023, question 8 [redacted].

<sup>235</sup> Response to the CMA's questionnaire from a competitor, October 2023, question 8 [redacted].

<sup>236</sup> Responses to the CMA's questionnaire from a number of competitors, October 2023, question 8 [redacted].

<sup>237</sup> Target Group Internal Document, Annex 216 to the FMN, [redacted], December 2021, page 4.

<sup>238</sup> Alumasc Internal Document, Annex 615 to the FMN, [redacted], March 2023, page 2; Alumasc Internal Document, Annex 620 to the FMN, [redacted], July 2023, page 1; Alumasc Internal Document, Annex 648 to the FMN, [redacted], February 2023, page 1.

<sup>239</sup> For example, there were some limited references to monitoring of plastic competitor prices and losing gutter and downpipes projects to plastic suppliers: Alumasc Internal Document, Annex 851 to the FMN, [redacted], February 2021, page 4; Alumasc Internal Document, Annex 242 to the FMN, [redacted], August 2023, page 3; Target Group Internal Document, Annex 530 to the FMN, [redacted], May 2021.

### *Third-party views*

145. As discussed at paragraph 110, most customers who engaged with the CMA raised no concerns with respect to the Merger.<sup>240</sup>
146. The majority of competitors who engaged with the CMA raised no concerns with respect to the manufacture and supply of mid-tier metal gutters and downpipes.<sup>241</sup> A small number of competitors indicated that the Merger may result in market concentration in the manufacture and supply of aluminium gutters and downpipes.<sup>242</sup> One referred to share of supply estimates indicating a high level of concentration,<sup>243</sup> which differ substantially from the CMA's estimates using data supplied by the Parties and third parties.<sup>244</sup> Another indicated that the Merger would 'reduce competition' among aluminium suppliers.<sup>245</sup> As discussed above, the CMA found that there are a number of remaining competitors, including (extruded and pressed) aluminium suppliers and steel suppliers, to constrain the Merged Entity post-Merger.

### **Conclusion on TOH 2**

147. For the reasons set out above, the evidence received by the CMA in its investigation indicates that the Parties are two of a number of competitors that are competing relatively closely in the supply of mid-tier metal gutters and downpipes, with the Merged Entity being the largest supplier post-Merger, with a share of [30-40]%. The evidence also showed that the Merged Entity will continue to face strong competitive constraints from Guttercrest and Marley Alutec as well as, to a lesser extent, from steel suppliers (in particular, Lindab). Other smaller mid-tier suppliers will also continue to provide some constraint on the Merged Entity.
148. Accordingly, the CMA believes that the Merger does not give rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in relation to the manufacture and supply of mid-tier gutters and downpipes in the UK.

### **TOH 3: Horizontal unilateral effects in the supply of steel gutters and downpipes in the UK**

149. The CMA assessed whether it is or may be the case that the Merger has resulted, or may be expected to result, in an SLC as a result of horizontal unilateral effects

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<sup>240</sup> Responses to the CMA's questionnaire from a number of customers, October 2023 [§<].

<sup>241</sup> The CMA have discounted responses from competitors who stated they were not sufficiently close to the relevant market [§<]. Responses to the CMA's questionnaire from a number of competitors, November 2023 [§<]. Note of a call with a third party, September 2023, paragraph 27 [§<].

<sup>242</sup> Response to the CMA's questionnaire from a competitor, October 2023, [§<]; Note of a call with a third party, October 2023, [§<].

<sup>243</sup> Response to the CMA's questionnaire from a competitor, October 2023, questions 8, 9 and 12 [§<].

<sup>244</sup> See paragraph 117 for the CMA's estimates of shares of supply of the Parties' mid-tier gutters and downpipes.

<sup>245</sup> Note of a call with a third party, October 2023, paragraph 58 [§<].

in the supply of steel gutters and downpipes in the UK. The CMA has considered evidence from the Parties and from competitors and customers.

150. The CMA estimated shares for the supply of steel gutters and downpipes by value in the UK using sales data provided by the Parties and third parties. These estimates are set out in Table 3.

**Table 3: CMA estimates of shares of supply of steel gutters and downpipes in the UK in 2022, by value (£)**

Supplier	Value (£)	Percentage
Alumasc	[<]	[10-20]%
Target Group	[<]	[0-5]%
<b>Combined</b>	[<]	<b>[10-20]%</b>
Lindab <sup>1</sup>	[<]	[50-60]%
Guttermaster	[<]	[0-5]%
Kingspan	[<]	[30-40]%
Ash & Lacy	[<]	[0-5]%
<b>Total</b>	[<]	<b>100.0%</b>

Source: CMA analysis using sales data provided the Parties and third parties.

Notes:

1. Parties' estimate.

151. According to the CMA's estimates, the Merged Entity would be the third largest supplier with a share of [10-15]% and an increment resulting from the Merger of [0-5]%.<sup>246</sup> Lindab would remain the leading supplier with a share of [50-60]%, followed by Kingspan with a share of [30-40]% and smaller suppliers, in particular Ash & Lacy with a share of [0-5]%.
152. Alumasc and the Target Group both source steel gutters and downpipes from [<].<sup>247</sup> Alumasc [<] and the Target Group is a [<] products within the UK.<sup>248</sup> By contrast, Lindab and Kingspan both manufacture their steel products in-house,<sup>249</sup> with Lindab being one of the only European manufacturers of steel products that also has its own distribution capabilities in the UK.<sup>250</sup>
153. The Parties' internal documents show that, while they monitor each other's steel gutters and downpipes,<sup>251</sup> they similarly monitor those of Lindab,<sup>252</sup> who the Target

<sup>246</sup> The CMA notes that it was unable to gather estimates for all potential suppliers of gutters and downpipes identified by the Parties (Annex 37 to the FMN, [<], September 2023), as well as by a third party (Note of a call with a third party, September 2023, [<]). This likely results in the CMA's estimates overstating the Parties' combined share.

<sup>247</sup> FMN, paragraph 17.14.

<sup>248</sup> FMN 13.21 – 13.22 and 17.15.

<sup>249</sup> Response to the CMA questionnaire from a competitor, October 2023, question 2 [<]; and Note of a call with a third party, September 2023, paragraph 4 [<].

<sup>250</sup> FMN, paragraph 17.14; Note of a call with a third party, September 2023, paragraph 4 [<].

<sup>251</sup> For example: Alumasc Internal Document, Annex 476, [<], September 2022, pages 1 – 2; Alumasc Internal Document, Annex 219, [<], June 2022, page 2; Target Group Internal Document, Annex 529 to the FMN, [<], May 2021.

<sup>252</sup> For example: Alumasc Internal Document, Annex 245 to the FMN, [<], July 2022, page 3; Alumasc Internal Document, Annex 730 to the FMN, [<], March 2021, page 2; Alumasc Internal Document, Annex 67, [<], August 2021, page 2; Target Group Internal Document, Annex 240 to the FMN, [<], November 2022, page 2.

Group considers to be the [REDACTED].<sup>253</sup> Overall, they show that the Parties monitor competitors in the supply of steel gutters and downpipes less frequently than premium and mid-tier metals.

154. In addition to constraint from other steel suppliers, the Merged Entity will continue to face constraint from suppliers of mid-tier gutters and downpipes and, to a lesser extent, plastic.<sup>254</sup> A few third parties considered mid-tier metal products to be an alternative to steel products,<sup>255</sup> and a small number of third parties indicated that plastic is an alternative to steel.<sup>256</sup>
155. No competitors raised concerns in relation to the supply of steel gutters and downpipes. One customer raised a concern that the Merger may reduce competition in relation to the supply of steel gutters and downpipes.<sup>257</sup> However, as discussed above, the CMA considers that alternative suppliers will remain post-Merger to sufficiently constrain the Merged Entity.
156. Overall, while the evidence received by the CMA indicates that the Parties are competing relatively closely, it also shows that the Merged Entity will continue to face a range of constraints. These include strong constraints from Lindab and Kingspan, as well as further constraint from smaller steel and mid-tier metal suppliers (and to a lesser extent, plastic). The CMA considers that these constraints, taken together, are sufficient to constrain the Merged Entity post-Merger.
157. Based on the evidence above, the CMA believes that the Merger does not give rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in relation to the supply of steel gutters and downpipes in the UK.

#### **TOH 4: Horizontal unilateral effects in the manufacture and supply of metal architectural products in the UK**

158. The CMA assessed whether it is or may be the case that the Merger has resulted, or may be expected to result, in an SLC as a result of horizontal unilateral effects in the manufacture and supply of metal architectural products in the UK. The CMA has considered evidence from the Parties and from competitors and customers.

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<sup>253</sup> For example: Target Group Internal Document, Annex 249 to the FMN, [REDACTED], August 2021, page 1. There are several references to Alumasc [REDACTED], for example: Alumasc Internal Document, Annex 10 to the FMN, [REDACTED] February 2023, page 2.

<sup>254</sup> Steel has a similar price point to plastic however is similar in quality to mid-tier metal products. Alumasc Internal Document, Annex 480 to the FMN, [REDACTED], March 2023; Annex 37 to the FMN, [REDACTED], September 2023; Note of a call with a third party, September 2023, paragraphs 9 - 10 [REDACTED].

<sup>255</sup> Response to the CMA questionnaire from a customer, October 2023, questions 3 and 6 [REDACTED]; Response to the CMA questionnaire from a number of competitors, October 2023, questions 5 and 8 [REDACTED]; Note of a call with a third party, September 2023, paragraph 14 [REDACTED].

<sup>256</sup> Response to the CMA questionnaire from a customer, October 2023, questions 3 and 6 [REDACTED]; Response to the CMA questionnaire from a competitor, October 2023, questions 5 and 8 [REDACTED].

<sup>257</sup> Response to the CMA questionnaire from a customer, October 2023, question 11 and follow-up question [REDACTED].

159. The CMA estimated shares for the manufacture and supply of metal architectural products in the UK by value using sales data provided by the Parties and third parties. These estimates are set out in Table 4.

**Table 4: CMA estimates of shares of the manufacture and supply of metal architectural products in the UK in 2022, by value (£)**

Supplier	Value (£)	Percentage
Alumasc	[<]	[20-30]
Target Group	[<]	[5-10]
<b>Combined</b>	[<]	<b>[30-40]</b>
Ash & Lacy	[<]	[20-30]
Guttercrest	[<]	[20-30]
Dales Fabrications <sup>1</sup>	[<]	[5-10]
Marley Alutec	[<]	[5-10]
Yeoman	[<]	[5-10]
Hall & Botterill	[<]	[0-5]
Guttermaster	[<]	[0-5]
<b>Total</b>	[<]	<b>100.0</b>

Source: CMA analysis, using sales data provided by the Parties and third parties

Notes

1. Parties' estimate.

160. According to the CMA's estimates, the Merged Entity would be the largest supplier with a combined share of [30-40]% and an increment of [5-10]% resulting from the Merger.<sup>258</sup> The next largest supplier would be Ash & Lacy, with [20-30]%, followed by Guttercrest ([20-30]%) and several smaller suppliers, including Dales Fabrications, Marley Alutec and Yeoman, each having a share of supply between 5 and 10%.

161. While the Parties' internal documents show that they monitor each other's [<],<sup>259</sup> they also show that they monitor [<] a range of other suppliers, including Guttercrest,<sup>260</sup> Alugutter,<sup>261</sup> Dales Fabrications,<sup>262</sup> Marley Alutec<sup>263</sup> and Ash & Lacy.<sup>264</sup>

162. Evidence from third parties also highlighted a number of constraints that would remain post-Merger. Guttercrest and Dales Fabrications were viewed by several

<sup>258</sup> The CMA's estimates for Alumasc and the Target Group's shares of supply in 2022 are based on the Parties' revenues from the sale of metal architectural products, as set out in Annex 029 FMN, and third-party sales data. The CMA estimated that the size of the metal architectural products market is £[<], which is in line with the Parties' estimates (FMN, paragraph 14.19).

<sup>259</sup> For example: Target Group Internal Document, Annex 529 to the FMN, [<], May 2021; Alumasc Internal Document, Annex 807 to the FMN, [<], March 2021, page 4.

<sup>260</sup> For example: Alumasc Internal Document, Annex 945 to the FMN, [<], 11 November 2021, page 1.

<sup>261</sup> For example: Alumasc Internal Document, Annex 944 to the FMN, [<], 26 January 2023, page 1.

<sup>262</sup> For example: Parties' response to the CMA's request for information, 15 September 2023, question 21 at pages 18 – 19.

<sup>263</sup> For example: Target Group Internal Document, Annex 217 to the FMN, [<], May 2021, page 3.

<sup>264</sup> For example: Target Group Internal Document, Annex 217 to the FMN, [<], May 2021, page 3; Target Group Internal Document, Annex 242 to the FMN, [<], 4 October 2023.

third parties as the Parties' strongest competitors.<sup>265</sup> Customers indicated that both Guttercrest and Dales Fabrications have high quality architectural products that are competitive on price,<sup>266</sup> while one competitor described Guttercrest as the 'market leader'.<sup>267</sup> In addition, a few third parties noted that there is an 'extensive' number of other alternative suppliers, indicating some constraint on the Merged Entity from smaller suppliers.<sup>268</sup>

163. No customers raised concerns in relation to the manufacture and supply of metal architectural products. One competitor raised a concern that the Merged Entity would 'dominate' the manufacture and supply of metal architectural products.<sup>269</sup> However, this competitor referred to Alumasc already having a high share of supply in metal architectural products (based on estimates that differed substantially from the CMA's estimates using data supplied by the Parties and third parties) and did not identify the Target Group as a main competitor.<sup>270</sup>
164. Overall, while the evidence received by the CMA indicates that the Parties compete in the manufacture and supply of metal architectural products, it also shows that the Merged Entity will continue to face a range of constraints. These include strong constraints from Guttercrest and Dales Fabrications as well constraints from a number of other metal suppliers, which, taken together, are sufficient to constrain the Merged Entity post-Merger.
165. For the reasons set out above, the CMA believes that the Merger does not give rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in the manufacture and supply of metal architectural products in the UK.

## ENTRY AND EXPANSION

166. Entry, or expansion of existing firms, can mitigate the initial effect of a merger on competition, and in some cases may mean that there is no SLC. In assessing whether entry or expansion might prevent an SLC, the CMA considers whether such entry or expansion would be timely, likely and sufficient.<sup>271</sup>
167. As the CMA has concluded that the Merger does not give rise to competition concerns, it is not necessary to consider countervailing factors in this decision.

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<sup>265</sup> Response to the CMA questionnaire from a number of customers, October 2023, question 9 [redacted]; Response to the CMA questionnaire from a number of customers, October 2023, question 10 [redacted].

<sup>266</sup> Response to the CMA questionnaire from a number of customers, October 2023, question 9 [redacted].

<sup>267</sup> Response to the CMA questionnaire from a competitor, October 2023, question 10 [redacted].

<sup>268</sup> Response to the CMA questionnaire from a competitor, October 2023, question 10 [redacted]; Response to the CMA questionnaire from a customer, October 2023, question 9 [redacted].

<sup>269</sup> Response to the CMA's questionnaire from a competitor, October 2023, question 12 [redacted].

<sup>270</sup> Response to the CMA's questionnaire from a customer, October 2023, question 10, [redacted].

<sup>271</sup> [CMA129](#), paragraph 8.31.

# DECISION

168. 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.
169. The Merger will therefore not be referred under section 33(1) of the Act.

**Imogen Ditchfield**  
**Director**  
**Competition and Markets Authority**  
**15 December 2023**

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ENDNOTE:

<sup>i</sup> Paragraph 93 should read 'Hall & Botterill supplies a wide range of cast aluminium gutters and downpipes. It supplies these products to all customer groups, as well as to manufacturers of other types of gutters and downpipes that then resell them. One such manufacturer is [redacted], which recently began supplying a new range of gutters to be used with cast aluminium downpipes.'