

Anticipated acquisition by Acerinox, S.A. of Haynes International, Inc.

Decision on relevant merger situation and substantial lessening of competition

ME/7107/24

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 24 October 2024. Full text of the decision published on 15 November 2024.

The Competition and Markets Authority (**CMA**) has excluded from this published 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 [X]. Some numbers have been replaced by a range, which are shown in square brackets.

Contents

SUMMARY	3
ASSESSMENT	4
1. PARTIES, MERGER AND MERGER RATIONALE.....	4
2. PROCEDURE	5
3. JURISDICTION.....	5
4. COUNTERFACTUAL	6
5. MARKET DEFINITION	6
5.1 Industry background and nature of competition	7
5.2 Product market.....	8
5.3 Geographic market.....	13
5.4 Conclusion on market definition	14
6. COMPETITIVE ASSESSMENT	15
6.1 Theories of harm considered.....	15
7. ENTRY AND EXPANSION	23
DECISION	24

SUMMARY

OVERVIEW OF THE CMA'S DECISION

1. The Competition and Markets Authority (**CMA**) has found that the acquisition by Acerinox, S.A. (**Acerinox**) of Haynes International, Inc. (**Haynes**) is a relevant merger situation that does not give rise to a realistic prospect of a substantial lessening of competition (**SLC**) within a market or markets in the United Kingdom.
2. Acerinox agreed to acquire Haynes pursuant to a share purchase agreement announced on 5 February 2024 (the **Merger**). Acerinox and Haynes are together referred to as the **Parties** and, for statements relating to the future, the **Merged Entity**.
3. Both Parties have activities in the production and sale of nickel alloys (a type of specialty alloy) globally. Nickel alloys can be produced in two main categories of shapes – flat and long – and are used in industries such as aerospace, oil and gas and chemical processing. The CMA's investigation focused on the Parties' activities in supplying flat nickel alloys in Europe (including the UK).
4. The CMA considered whether the Merger would lead to an SLC as a result of **horizontal unilateral effects** in the supply of flat nickel alloys in Europe. Horizontal unilateral effects may arise when one firm merges with a competitor that previously provided a competitive constraint, allowing the merged entity to profitably raise prices or degrade quality on its own and without needing to coordinate with its rivals.
5. The CMA found that the Parties are not close competitors as they focus on the supply of flat nickel alloys of different grades and dimensions for different industry segments. The CMA also found that, post-Merger, the Merged Entity will continue to face sufficient competitive constraints from a number of other flat nickel alloy suppliers, including Aperam S.A. (**Aperam**) and ATI Inc. (**ATI**). 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.
6. The Merger will therefore **not be referred** under section 33(1) of the Enterprise Act 2002 (the **Act**).

ASSESSMENT

1. PARTIES, MERGER AND MERGER RATIONALE

1. Acerinox is a Spanish-listed stainless steel manufacturing conglomerate active globally. Through its subsidiary VDM Metals Holding GmbH (**VDM**), Acerinox is also active in the production and marketing of specialty alloys, including nickel alloys.¹ VDM has manufacturing facilities in Germany and the US, and sales offices in the UK and other European countries.² Acerinox's turnover in 2023 was approximately £5.7 billion worldwide and approximately [§<] in the UK.³
2. Haynes is a US-listed company active in the production of specialty alloys, including nickel alloys.⁴ Haynes' production facilities are located in the US, from which it supplies customers worldwide. In Europe, Haynes has a sales and service centre in each of the UK and Switzerland.⁵ Haynes' turnover in 2023 was approximately £480 million worldwide and approximately [§<] in the UK.⁶
3. Under a share purchase agreement dated 4 February 2024 and announced on 5 February 2024, Acerinox (through its subsidiary North American Stainless, Inc.) agreed to acquire 100% of Haynes' voting securities for cash consideration of approximately £641 million.⁷
4. The Parties informed the CMA that the Merger is also subject to review by the Austrian Federal Competition Authority.⁸
5. The Parties submitted that the main strategic rationale for the Merger is:
 - (a) from Acerinox's perspective, to diversify its product portfolio and refocus it on value-added products such as specialty alloys, and to expand VDM's footprint in the US (including by investing in Haynes' US manufacturing facilities) and in the aerospace segment in particular;⁹

¹ Final Merger Notice submitted to the CMA on 3 September 2024 (**FMN**), paragraph 15.

² Namely in France, Germany, Italy and the Netherlands. VDM also has a service centre in Germany. See FMN, paragraph 15.

³ FMN, Table 2. This refers to the fiscal year from 1 January 2023 to 31 December 2023. Currencies were converted by Acerinox based on the average European Central Bank's exchange rate for 2023: US\$1 = 0.9248€ and 1€ = £0.86979.

⁴ FMN, paragraph 17.

⁵ FMN, paragraph 17. Haynes also has sale offices in France and Italy.

⁶ FMN, Table 2. This refers to the fiscal year from 1 October 2022 to 30 September 2023. Currencies were converted by Haynes based on the average European Central Bank's exchange rate for 2023: US\$1 = 0.9248€ and 1€ = £0.86979.

⁷ FMN, paragraphs 20 and 23. As part of the Merger, Acerinox also committed to investing an additional US\$200 million (c. £160 million) into its US operations, including US\$170 million (c. £136 million) in Haynes' US manufacturing facilities.

⁸ FMN, paragraph 34.

⁹ FMN, paragraph 28.

- (b) from Haynes' perspective, to leverage Acerinox's additional investment to achieve product-specific growth targets and improve the ability to meet customer demand;¹⁰ and
 - (c) to improve the global competitiveness of the Merged Entity by unlocking cost and revenue synergies, including manufacturing efficiencies.¹¹
6. The CMA considers that the Parties' internal documents broadly support this rationale. Acerinox's internal documents discussing the Merger consistently indicate that the Merger will allow Acerinox to expand into the aerospace industry and strengthen its presence in the US,¹² and both Parties' documents also refer to significant potential synergies that the Merger is expected to generate.¹³

2. PROCEDURE

7. The CMA's mergers intelligence function identified the Merger as warranting an investigation.¹⁴ The CMA commenced its phase 1 investigation on 5 September 2024, gathering a significant volume of evidence from the Parties and other market participants (such as the Parties' competitors and customers) to better understand the competitive landscape and the impact of the Merger on competition.

3. JURISDICTION

8. Each of Acerinox and Haynes is an enterprise within the meaning of section 129 of the Act. As a result of the Merger, these enterprises will cease to be distinct.
9. The Parties overlap in the supply of flat nickel alloys in the UK, with a combined share of supply of [20–30]% (with an increment of [5–10]%) by volume in 2023.¹⁵ The CMA therefore believes that the share of supply test in section 23 of the Act is met.

¹⁰ FMN, paragraph 30.

¹¹ FMN, paragraphs 29 and 31.

¹² See for example Acerinox Internal Document, Annex 011.002 to the FMN, [§<]; Acerinox Internal Document, Annex 011.007 to the FMN, [§<]; Acerinox Internal Document, Annex 011.048 to the FMN, [§<].

¹³ See for example Acerinox Internal Document, Annex 011.022 to the FMN, [§<]; Haynes Internal Document, Annex 013.011 to the FMN, [§<]; Haynes Internal Document, Annex 013.029 to the FMN, [§<].

¹⁴ [Mergers: Guidance on the CMA's jurisdiction and procedure \(CMA2\)](#), January 2021 (as amended on 4 January 2022), paragraphs 6.4–6.6.

¹⁵ FMN, paragraph 56. The Parties used data from Steels & Metal Market Research (**SMR**) to estimate UK market size, on the basis that it is the only source of market intelligence for the supply of nickel alloys and draws on vast-scale data collection (FMN, paragraph 107). The CMA considers SMR data (and the Parties' UK estimates based on such data) to be a reliable basis for the purpose of establishing whether the share of supply test is met, on the basis of its wide-ranging data sources and the fact it is used by the Parties in the ordinary course of business to monitor the flat nickel alloy market (see also footnote 93).

10. 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.
11. The initial period for consideration of the Merger under section 34ZA(3) of the Act started on 6 September 2024. The statutory 40-working-day deadline for a decision is therefore 31 October 2024.

4. COUNTERFACTUAL

12. The CMA assesses a merger's impact relative to the situation that would prevail absent the merger (ie the counterfactual).¹⁶
13. 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.¹⁷ 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.¹⁸
14. In this case, the Parties submitted that the relevant counterfactual is the prevailing conditions of competition.¹⁹ The CMA has not received any evidence suggesting that the Merger should be assessed against an alternative counterfactual. Therefore, the CMA believes the prevailing conditions of competition to be the relevant counterfactual.

5. MARKET DEFINITION

15. Where the CMA makes an SLC finding, this must be 'within any market or markets in the United Kingdom for goods or services'. An SLC can affect the whole or part of a market or markets. Within that context, the assessment of the relevant market(s) is an analytical tool that forms part of the analysis of the competitive effects of the merger and should not be viewed as a separate exercise.²⁰
16. Market definition involves identifying the most significant competitive alternatives available to customers of the merger parties, and includes the sources of competition to the merger parties that are the immediate determinants of the effects of the merger.

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

¹⁷ [CMA129](#), paragraph 3.2.

¹⁸ [CMA129](#), paragraph 3.9.

¹⁹ FMN, paragraph 178.

²⁰ [CMA129](#), paragraph 9.1.

17. While market definition can be an important part of the overall merger assessment process, the CMA's experience is that in most mergers, the evidence gathered as part of the competitive assessment, which will assess the potentially significant constraints on the merger parties' behaviour, captures the competitive dynamics more fully than formal market definition.²¹

5.1 Industry background and nature of competition

18. VDM and Haynes manufacture and supply specialty alloys, ie alloys that are used for particularly demanding applications requiring, for example, exposure to corrosive environments or high temperatures.²² In particular, the Parties overlap in the production and supply of nickel alloys.²³ The CMA took nickel alloys as the starting point for its market definition assessment, as the evidence received during the investigation suggested that other specialty alloys, such as cobalt alloys, are not substitutable with nickel alloys.²⁴

5.1.1 Product classification

19. Nickel alloys can be classified based on their shape, grade, and/or material specification.²⁵ In particular:
- (a) As regards shape, nickel alloys can be sub-divided into 'flat' products (ie plates/sheets and strips)²⁶ and 'long' products (ie bars, wire & wire rod, and seamless pipe and tube).²⁷
 - (b) As regards grade, each nickel alloy can be classified based on its unique chemical composition (ie the content of nickel and other alloying elements) using the unified numbering system for metals and alloys (**UNS**), a designation system widely accepted in the industry.²⁸
 - (c) Nickel alloys can also be classified based on their material specification, as
 - (i) high-performance alloys for high-temperature and high-pressure

²¹ [CMA129](#), paragraph 9.2.

²² FMN, paragraph 73.

²³ Nickel alloys are generally defined as alloys with a nickel content of at least 25%. The Parties also overlap in several other products, including the supply of long cobalt alloys and metal-based additive manufacturing powders (FMN, paragraph 78). These overlaps are not discussed further in this decision, as the CMA considers that the Merger does not give rise to competition concerns in relation to any of these products given the limited overlap between the Parties' activities and the fact that there are several other suppliers of the relevant products who would continue to constrain the Merged Entity. Third-party evidence received by the CMA did not raise specific concerns in relation to these products.

²⁴ For example, none of the customers who responded to the CMA considered cobalt alloys to be an alternative to nickel alloys: response to the CMA questionnaire from a number of third parties, September 2024, question 9.

²⁵ FMN, paragraph 79.

²⁶ FMN, paragraph 80. The CMA understands that there is no single delineation between plates and sheets in the industry.

²⁷ FMN, paragraph 80. Nickel alloys can also be supplied as ingots (pre-material after ingot casting to be further processed) or billets after rolling or forging.

²⁸ FMN, paragraphs 81–83.

aerospace and turbine applications; (ii) heat-resistant alloys; (iii) corrosion-resistant alloys; and (iv) electrical & electronics (**E&E**) alloys.²⁹

20. Nickel alloys are mainly used in the aerospace,³⁰ power generation, oil and gas, chemical processing industries (**CPI**), E&E, and automotive industries.³¹ The particular shape, grade and/or material specification of a given nickel alloy is typically determined by the specific requirements of its end use application.

5.1.2 Supply chain

21. Nickel alloys can be supplied to customers either directly from the manufacturer (directly from the manufacturing facilities or via a service centre or sales office) or indirectly via distributors/stockists (or a combination of the two).³² Service centres are typically used by manufacturers for holding stock for 'just in time' delivery, secondary processing activities or for providing after-sale support to customers.³³

5.1.3 Factors driving customer choice

22. Over half of the customers that responded to the CMA's questionnaire explained that they source flat nickel alloys from multiple providers, for reasons including stock availability, lead times and to ensure competitive pricing.³⁴
23. All of the customers that responded to the CMA's questionnaire described product quality as a very important factor in their choice of supplier of flat nickel alloys.³⁵ The majority of customers also rated price, delivery times, producer qualifications, and established reputation as very important factors.³⁶ Some customers (such as aerospace original equipment manufacturers) have complex qualification processes that suppliers of nickel alloys need to meet.³⁷

5.2 Product market

5.2.1 Parties' submissions

24. The Parties submitted that while the precise product market definition should be left open, flat and long nickel alloys are in principle separate market segments.³⁸

²⁹ FMN, paragraph 84.

³⁰ For the purposes of this decision, unless otherwise indicated, references to the aerospace sector also apply to the defence sector, given the significant overlap between customers operating in these sectors.

³¹ FMN, paragraph 136.

³² FMN, paragraph 131.

³³ FMN, paragraph 132.

³⁴ Response to the CMA questionnaire from a number of third parties, September 2024, question 3.

³⁵ Response to the CMA questionnaire from a number of third parties, September 2024, question 6.

³⁶ Response to the CMA questionnaire from a number of third parties, September 2024, question 6.

³⁷ FMN, paragraph 119.

³⁸ FMN, paragraphs 185–187. The Parties submitted that the competitor sets for the supply of flat and long nickel alloys are different, and that some flat nickel alloy suppliers have a negligible presence in the supply of long nickel alloys.

The Parties also submitted that flat and long nickel alloys can be further segmented by specific shapes – ie plates/sheets and strips within flat alloys; and bars, wire and wire rod, seamless pipe and tube within long alloys.³⁹ The Parties also submitted that nickel alloy manufacturers tend to focus on different product types (eg by specialising in either flat or long nickel alloys).⁴⁰

25. The Parties further submitted that the market for nickel alloys could be segmented by end use/industry sectors – eg aerospace, oil and gas, etc,⁴¹ due to differences in competitive conditions and a tendency for suppliers to focus on particular industry segments – but that it would not be appropriate to segment by grade, given that manufacturers can typically offer a wide range of nickel alloy grades using the same production line.⁴²

5.2.2 CMA assessment

26. The CMA has considered below whether the market for nickel alloys should be further segmented by either shape, end industry and/or grade.

5.2.2.1 Segmentation by shape

27. The Parties' internal documents support segmentation between flat and long nickel alloys. The documents routinely consider the Parties' offering of flat and long products separately and as having different competitive dynamics.⁴³ For example, internal documents discussing the competitive landscape benchmark the Parties' performance against competitors in flat and long nickel alloys separately.⁴⁴ Internal documents also show the Parties monitoring different competitors for flat and long nickel alloys and show that competitors have different market presence in flat and long nickel alloys.⁴⁵
28. The third-party evidence received by the CMA also supports a distinction between flat and long nickel alloys. On the demand side, a material proportion of the customers who responded to the CMA's questionnaire told the CMA that they only purchase flat nickel alloys (rather than flat and long nickel alloys together).⁴⁶ On the supply side, evidence from both customers and competitors confirmed that different know-how and equipment are required to manufacture flat and long nickel

³⁹ FMN, paragraphs 185–187.

⁴⁰ FMN, paragraph 118.

⁴¹ FMN, paragraphs 190–192.

⁴² FMN, paragraph 189.

⁴³ See for example Acerinox Internal Document, Annex 011.056 to the FMN, [§<]; Haynes Internal Document, Annex 013.004 to the FMN, [§<].

⁴⁴ See for example Acerinox Internal Document, Annex 011.047 to the FMN, [§<]; Acerinox Internal Document, Annex 011.048 to the FMN, [§<]; Haynes Internal Document, Annex 013.006 to the FMN, [§<]; Haynes Internal Document, Annex 013 – ME.7107.24_00000076 to the FMN, [§<].

⁴⁵ Haynes Internal Document, Annex 013.006 to the FMN, [§<]; Haynes Internal Document, Annex 013 – ME.7107.24_00000076 to the FMN, [§<].

⁴⁶ Response to the CMA questionnaire from a number of third parties, September 2024, question 7.

alloys after the melting stage, meaning that broadly speaking, manufacturers of flat nickel alloys tend not to manufacture long nickel alloys as well (and vice versa).⁴⁷

29. The CMA received more mixed evidence as to whether the broader product categories of flat and long nickel alloys should be further segmented by specific shape. Although some internal documents discussing the Parties' product portfolios also segment nickel alloys into specific shapes, including (for flat nickel alloys) sheets/plates and strips, and (for long nickel alloys) bars, wires, billets and tubes, these references tended to be in the context of discussing the Parties' operational and sale capabilities, rather than being indicative of the Parties considering these sub-shapes to have significant differences in competitive dynamics.⁴⁸ On the demand side, customers indicated that they purchase specific shapes depending on their end use,⁴⁹ with two customers also telling the CMA that they consider different suppliers for different specific shapes of nickel alloys.⁵⁰ On the supply side, the weight of the third-party evidence indicated that while suppliers can have varying strengths across different shapes,⁵¹ there are commonalities in the competitive dynamics, with at least some suppliers being able to manufacture different sub-shapes with relatively minor adjustments, and the competitor set being broadly similar or the same.⁵²
30. Based on the evidence gathered in its investigation, the CMA considers it appropriate to segment the market for nickel alloys between flat and long nickel alloys. Whilst the evidence on whether flat and long nickel alloys could be segmented further into specific shapes was more mixed, the CMA did not receive evidence indicating the competitive dynamics differed materially as between different sub-shapes and has therefore not segmented further by sub-shape in its assessment.

5.2.2.2 *Segmentation by end industry*

31. The Parties' internal documents frequently discuss the Parties' performance in different industry segments separately. For example, Acerinox's internal documents often divide VDM's nickel alloy business by industry into (i) aerospace, (ii) oil and gas, (iii) CPI, (iv) automotive and (v) E&E.⁵³ Some Acerinox internal documents also suggest that the competitor set may differ across industry

⁴⁷ Response to the CMA questionnaire from a third party, September 2024, question 3; note of a call with a third party, August 2024, paragraph 17.

⁴⁸ See for example Acerinox Internal Document, Annex 011.047 to the FMN, [redacted]; Acerinox Internal Document, Annex 011.048 to the FMN, [redacted]; Acerinox Internal Document, Annex 011.057 to the FMN, [redacted]; Haynes Internal Document, Annex 013.004 to the FMN, [redacted]; Haynes Internal Document, Annex 013 – ME.7107.24_00000222 to the FMN, [redacted].

⁴⁹ See for example note of a call with a third party, August 2024, paragraph 15.

⁵⁰ Note of a call with a third party, July 2024, paragraphs 26–29; note of a call with a third party, August 2024, paragraphs 21–23.

⁵¹ Response to the CMA questionnaire from a number of third parties, September 2024, questions 7 and 9(c).

⁵² Note of a call with a third party, August 2024, paragraphs 23 and 28.

⁵³ See for example Acerinox Internal Document, Annex 011.056 to the FMN, [redacted].

segments.⁵⁴ Similarly, Haynes' internal documents also segment Haynes' nickel alloy business by industry into categories including aerospace, industrial gas turbines (IGT), and CPI and others.⁵⁵

32. The third-party evidence received by the CMA suggests that while there is some substitutability between nickel alloys for certain industry segments, there are distinct competitive dynamics in the aerospace sector:

- (a) On the demand-side, the evidence indicates that aerospace customers require suppliers to meet particularly rigorous quality and delivery-time requirements,⁵⁶ valuing these competitive parameters over those considered more important by customers in certain other industries such as price,⁵⁷ due to, *inter alia*, the fact that nickel alloys for aerospace applications need to meet specific industry standards and qualification processes.⁵⁸ Further, aerospace customers typically purchase nickel alloys under long-term agreements, while customers in other industries usually purchase nickel alloys on a bid-buy basis.⁵⁹
- (b) On the supply side, the majority of competitors who responded to the CMA's questionnaire indicated that their competitors have varying strengths across different industry segments.⁶⁰ One competitor told the CMA that suppliers require different capabilities to serve oil and gas customers compared to aerospace customers, although suppliers generally possess dual qualifications to supply customers across different industry segments.⁶¹

33. The CMA has left open the question of whether flat alloys should be further segmented by end industry, on the basis that the Merger does not raise competition concerns on either basis. The CMA has taken into account any end industry-specific competitive dynamics as part of its competitive assessment.

⁵⁴ Acerinox Internal Document, Annex 011.048 to the FMN, [§<].

⁵⁵ See for example Haynes Internal Document, Annex 013 – ME.7107.24_00000222 to the FMN, [§<].

⁵⁶ Note of a call with a third party, July 2024, paragraphs 34–35; note of a call with a third party, August 2024, paragraphs 19–22; note of a call with a third party, August 2024, paragraph 22; note of a call with a third party, August 2024, paragraph 13; note of a call with a third party, October 2024, paragraph 10. See also note of a call with a third party, August 2024, paragraph 26; note of a call with a third party, August 2024, paragraphs 19–20.

⁵⁷ Note of a call with a third party, August 2024, paragraph 26.

⁵⁸ Note of a call with a third party, July 2024, paragraphs 34–35; note of a call with a third party, August 2024, paragraphs 19–22; note of a call with a third party, August 2024, paragraph 22; note of a call with a third party, August 2024, paragraph 13; note of a call with a third party, October 2024, paragraph 10.

⁵⁹ Note of a call with a third party, August 2024, paragraphs 10–15; note of a call with a third party, August 2024, paragraph 22; note of a call with a third party, August 2024, paragraph 16; note of a call with a third party, August 2024, paragraphs 29–30.

⁶⁰ Response to the CMA questionnaire from a number of third parties, September 2024, question 7.

⁶¹ Note of a call with a third party, August 2024, paragraph 18.

5.2.2.3 Segmentation by grade

34. Whilst some of the Parties' internal documents refer to specific grades of nickel alloys (eg heat- and corrosion-resistant alloys) within their product portfolio,⁶² in general the internal documents reviewed by the CMA do not specifically discuss any potential differences in the market dynamics for different nickel alloy grades. Furthermore, the CMA has not seen evidence in the Parties' internal documents of separate competitive benchmarking for specific product grades.
35. The CMA received mixed evidence from third parties as to the substitutability of nickel alloys of different grades. However, overall, the feedback indicated that segmentation by grade is not appropriate:
- (a) On the demand side, the CMA considers that any customer preference for specific grades of nickel alloys is connected to the specific requirements (in terms of material specifications) of the end industry where the relevant customer operates. For example, one customer emphasised that well-established industry standards and specifications apply to aerospace-grade nickel alloys specifically,⁶³ while one competitor indicated that a large oil and gas project would increase market demand for nickel alloys with corrosion-resistant properties.⁶⁴
 - (b) On the supply side, the majority of competitors who responded to the CMA's questionnaire indicated that they switch production between nickel alloys of different grades regularly.⁶⁵ One competitor told the CMA that its equipment is dedicated to producing either flat or long products, but it is capable of producing different grades of nickel alloys.⁶⁶ However, some competitors also suggested that suppliers have different strengths in nickel alloys of different grades.⁶⁷
36. Based on the above, the CMA therefore does not consider it appropriate to segment the market for nickel alloys by grade. Further, the CMA considers that any differences in customers' specific grade-types will likely be captured by its consideration in its competitive assessment of any end industry-specific competitive dynamics.

⁶² See for example Acerinox Internal Document, Annex 011.056 to the FMN, [redacted]; Haynes Internal Document, Annex 013 – ME.7107.24_00000009 to the FMN, [redacted].

⁶³ Note of a call with a third party, August 2024, paragraph 37.

⁶⁴ Note of a call with a third party, August 2024, paragraph 19.

⁶⁵ Response to the CMA questionnaire from a number of third parties, September 2024, question 3.

⁶⁶ Response to the CMA questionnaire from a third party, September 2024, question 3.

⁶⁷ Response to the CMA questionnaire from a number of third parties, September 2024, question 9.

5.3 Geographic market

5.3.1 Parties' submissions

37. The Parties submitted that while the precise geographic scope of the market for nickel alloys should be left open, in principle the nickel alloy market is worldwide in scope, on the basis of a range of factors including the existence of significant trade flows, low transport costs, the absence of any barriers to international trade, low energy costs in the US fostering global trade, the limited impact of transportation time on lead times, and the similar prices of nickel alloys across different regions of the world.⁶⁸

5.3.2 CMA assessment

38. The evidence received by the CMA points to a broader than national market. The Parties and their major competitors are typically multinational companies that supply international customers, and certain internal documents of the Parties largely discuss business strategies and market performance on the basis of the global sale of nickel alloys.⁶⁹ The majority of the competitors who responded to the CMA's questionnaire indicated that the competitive conditions (eg the strength of competitors, pricing or regulation) do not differ substantially across different geographic regions.⁷⁰ Furthermore, the majority of competitors and customers who responded to the CMA's questionnaire did not consider the availability of local service centres to be an important factor in the choice of suppliers.⁷¹

39. However, whilst the evidence points to a broader than national market, the evidence further indicates that this could be narrower than worldwide. In particular:

- (a) While some customers who responded to the CMA's questionnaire indicated that they do not have any geographical preference or requirements with regard to the sourcing of nickel alloys,⁷² the majority of customers expressed some kind of regional preference, with some customers stating they prefer to source nickel alloys either locally (eg from within the UK),⁷³ or from Western (eg US and European) and Japanese suppliers.⁷⁴ Conversely, some customers expressed a reluctance to source from specific regions (such as

⁶⁸ FMN, paragraphs 194–213.

⁶⁹ See for example Acerinox Internal Document, Annex 011.047 to the FMN, [§<]; Haynes Internal Document, Annex 013.019 to the FMN, [§<].

⁷⁰ Response to the CMA questionnaire from a number of third parties, September 2024, question 10.

⁷¹ Response to the CMA questionnaire from a number of third parties, September 2024, question 6; response to the CMA questionnaire from a number of third parties, September 2024, question 5.

⁷² Response to the CMA questionnaire from a number of third parties, September 2024, question 6.

⁷³ Response to the CMA questionnaire from a number of third parties, September 2024, question 6.

⁷⁴ Response to the CMA questionnaire from a number of third parties, September 2024, question 6.

China or Russia) for reasons ranging from supply chain stability to tariffs and lower product quality.⁷⁵

- (b) As noted in section 5.1.3 above, nearly all third parties considered lead time in the delivery of nickel alloys (which, as explained in section 5.2.2.2 above, is particularly important for aerospace customers) and a supplier's geographic location to be important drivers of supplier choice.⁷⁶
- (c) Third-party evidence suggests that competitor sets differ across geographic regions. Competitors and customers most frequently identify ATI, Special Metals Corporation (**Special Metals**), Aperam, voestalpine High Performance Metals International GmbH (**Böhler**) and Nippon Yakin Kogyo Co., Ltd. (**Nippon Yakin**) as alternatives to the Parties.⁷⁷ With the exception of Nippon Yakin, a Japanese supplier, these other players are all North American and European suppliers.
- (d) Evidence from competitors also shows that European and North American suppliers tend to sell the majority of their nickel alloys to customers either in their own region or in other Western regions.⁷⁸

40. On the basis of the evidence gathered in its investigation, the CMA therefore considers, on a cautious basis, that the relevant geographic market is Europe-wide (including the UK).

5.4 Conclusion on market definition

41. Based on the above, the CMA has assessed the impact of the Merger in the supply of flat nickel alloys in Europe (including the UK). The CMA has ultimately left open the question of whether flat nickel alloys should be further segmented by end industry, on the basis that the Merger does not raise competition concerns on either basis.

⁷⁵ Note of a call with a third party, August 2024, paragraph 31; response to the CMA questionnaire from a number of third parties, September 2024, question 6; note of a call with a third party, August 2024, paragraph 27; note of a call with a third party, August 2024, paragraphs 32–33.

⁷⁶ Response to the CMA questionnaire from a number of third parties, September 2024, question 5; response to the CMA questionnaire from a number of third parties, September 2024, question 6. One competitor suggested that the impact of tariffs, shipping costs and lead times differs greatly based on regions, leading to different market prices across different geographic regions – see response to the CMA questionnaire from a third party, September 2024, question 10.

⁷⁷ Response to the CMA questionnaire from a number of third parties, September 2024, question 7; response to the CMA questionnaire from a number of third parties, September 2024, questions 10 and 11.

⁷⁸ Response to the CMA questionnaire from a number of third parties, September 2024, question 4.

6. COMPETITIVE ASSESSMENT

6.1 Theories of harm considered

42. 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.⁷⁹
43. In its investigation of this Merger, the CMA has considered a theory of harm in relation to horizontal unilateral effects in the supply of flat nickel alloys in Europe. This theory of harm is considered below.⁸⁰

6.1.1 Horizontal unilateral effects in the supply of flat nickel alloys in Europe

44. 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.⁸¹ Horizontal unilateral effects are more likely when the parties to a merger are close competitors.⁸²
45. The CMA 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 supply of flat nickel alloys. The CMA considered the following evidence:
- (a) the Parties' submissions;
 - (b) shares of supply;
 - (c) internal documents; and
 - (d) third-party evidence.

6.1.1.1 Parties' submissions

46. The Parties submitted that their businesses are highly complementary and that they are not close competitors. In particular, the Parties submitted that they are significantly differentiated in terms of the physical characteristics of the products

⁷⁹ [CMA129](#), paragraph 2.11.

⁸⁰ On the basis of the evidence gathered, the CMA considered at an early stage in its investigation that there were no plausible competition concerns in respect of the supply of long nickel alloys as a result of the Merger given (i) a low increment in shares of supply brought about by the Merger, (ii) third-party evidence suggesting that Haynes does not have a significant market presence in long nickel alloys and specialises mostly in flat products, and (iii) the Parties' internal documents tending to describe Haynes as a flat nickel alloy producer.

⁸¹ [CMA129](#), paragraph 4.1.

⁸² [CMA129](#), paragraph 4.8.

they sell, both in terms of product dimensions and in terms of product grade,⁸³ and that each focuses on distinct industries and customer groups.⁸⁴

47. The Parties submitted that in Europe (including in the UK) Haynes views [X] as its closest competitors, while VDM broadly considers [X] to be its closest competitors.⁸⁵ The Parties further submitted that [X] will exert a strong competitive constraint on the Parties in the UK following the Merger.⁸⁶
48. In addition to facing competition from the above manufacturers of flat nickel alloys, the Parties submitted that there is competition between the Parties and distributors. The Parties submitted that distributors are able to offer similar secondary processing of nickel alloys to end customers⁸⁷ and can also offer competitive lead times with a business model based on short-term customer needs.⁸⁸ VDM noted that while it competes more closely with manufacturers, both Parties face competition from distributors (including in particular [X] and [X]).⁸⁹

6.1.1.2 Shares of supply

49. Shares of supply can be useful evidence when assessing closeness of competition, particularly when there is persuasive evidence as to which potential substitutes should be included or excluded or when the degree of differentiation between firms is more limited. In such circumstances, a firm with a higher share of supply is more likely to be a close competitor to its rivals.⁹⁰ In other cases, such as where the boundaries of the market are not as clear-cut or where there is a high degree of differentiation, the CMA may rely to a greater extent on other sources of evidence.⁹¹
50. In the present case, the CMA considers that shares of supply provide only a partial indication of a supplier's competitive strength and position as there is a high degree of differentiation among suppliers, with their relative competitive strength varying across by end industry (as well as by product dimensions and nickel alloy

⁸³ With regard to product dimensions, the Parties' analysis of their sales data showed that VDM mostly sells flat nickel alloys with a greater width and greater gauge (ie thickness) than Haynes. Moreover, the Parties noted that Haynes is not able to produce in-house flat nickel alloys to the same width as VDM [X]. FMN, paragraphs 273, 274(b) and 275. With regard to grade, the Parties' analysis of their sales data showed that Haynes mainly sells high performance grades of flat nickel alloy whereas VDM mostly sells heat and corrosion-resistant grades. Moreover, VDM supplies a narrow range of high-performance grades compared to Haynes [X]. FMN, Tables 5, 6 and 7. The sales data used was for shipments into the EEA and UK from 2021 to 2023.

⁸⁴ FMN, paragraphs 6, 9 and 287. The Parties' analysis of their sales data showed that Haynes mainly sells to [X] customers, which generally require thinner products, and VDM mainly sells to [X] customers, which require thicker products. Even where customers did overlap, they mainly procured different grades from each of the Parties. FMN, paragraphs 9, 274(a), 336, 351 and 352 and Table 11. The sales data used was for shipments into the EEA and UK from 2021 to 2023.

⁸⁵ FMN, paragraph 365.

⁸⁶ FMN, paragraph 367.

⁸⁷ That is, sawing, polishing and cutting services. FMN, paragraphs 133 and 395.

⁸⁸ FMN, paragraph 133.

⁸⁹ FMN, paragraph 237.

⁹⁰ [CMA129](#), paragraph 4.14.

⁹¹ [CMA129](#), paragraph 4.15.

grades) based on the needs of those customers. Whilst shares of supply indicate the relative size of a supplier vis-à-vis its competitors, the CMA considers that in this case, internal documents and third-party evidence are more informative of the competitive dynamics in the supply of flat nickel alloys and the quality of the constraint posed by specific third-party suppliers.

51. The Parties submitted that, whilst their combined share in the supply of flat nickel alloys in Europe in 2023 is [40–50]%, the increment is only [0–5]%.⁹²
52. The CMA gathered data from the Parties and competitors to estimate the Parties' shares of supply in flat nickel alloys in Europe. These shares are shown in Table 1 below.

Table 1: Shares of supply in flat nickel alloys by volume, Europe, 2023

Flat nickel alloy manufacturer	Share of supply (%)
Acerinox/VDM	[40–50]%
Haynes	[0–5]%
<i>Combined</i>	[40–50]%
Aperam	[5–10]%
ATI	[5–10]%
Alleima	[0–5]%
Carpenter	[0–5]%
Special Metals	[0–5]%
Other	[30–40]%
Total	100%

Source: CMA analysis using the Parties' and competitor sales data. To estimate total market size, the CMA used the SMR Nickel Alloy Report Q4 2023.⁹³ The category 'Other' includes residual volumes (ie market size minus VDM and Haynes sales) which the CMA was unable to allocate to specific manufacturers.

53. Table 1 shows VDM has a high market share in Europe pre-Merger and the Merged Entity will be the largest supplier by volume post-Merger, with a limited increment to VDM's existing market position resulting from the Merger. A number of competitors with larger volume sales than Haynes would remain post-Merger, including Aperam and ATI, as well as a number of competitors with [0–5]% share. As discussed later on in the competitive assessment, [redacted] evidence from third parties also indicate that Nippon Yakin is an important competitor to the Parties; although Nippon Yakin's volumes form part of the 'other' category, the CMA was unable to confirm the exact size of Nippon Yakin's volumes for the purpose of its share of supply estimates.
54. Therefore, while the CMA considers that these shares of supply estimates provide some useful information about the structure of the market and the relative presence of some other suppliers, there are significant information gaps and further, this information must be considered in the round with other evidence on

⁹² FMN, paragraph 254 and footnote 171.

⁹³ Provided by the Parties as Annex RF12 Q11 to the FMN. The CMA considers this report's methodology to be reliable as it takes into account production, imports and exports to estimate total market size, applies a widely accepted threshold (ie above 25%) to identify nickel alloys, and is used in the Parties' internal documents in the ordinary course of business to monitor the flat nickel alloy market (see, for example, Annex 011.056 to the FMN for Acerinox; Annex 013 – ME.7107.24_00000151 to the FMN for Haynes).

the closeness of competition between the Parties, and on the competitive constraints remaining post-Merger. Given the limitations of these shares of supply, the CMA has put more weight on the evidence of differentiation between the suppliers provided by internal documents and third-party evidence.

6.1.1.3 Internal documents

55. The Parties' internal documents show that while the Parties identify and monitor each other as a competitor, they do so alongside monitoring other suppliers of nickel alloys, and do not see each other as a particularly close competitor due to differences in strategic focus. For example:
- (a) Acerinox's internal presentations regularly benchmark VDM's financial performance and technical capabilities against those of Haynes and other competing manufacturers [REDACTED].⁹⁴ Haynes' internal commercial updates regularly monitor the performance and activities of VDM alongside [REDACTED] and [REDACTED].⁹⁵ The CMA has not seen any internal documents where either Party specifically focuses solely on the other Party.
 - (b) Consistent with the Parties' submissions at paragraph 46, the Parties' internal documents point to a clear differentiation in the grades of their nickel alloys (and correspondingly, in end-customer focus), with Haynes' internal documents describing [REDACTED]⁹⁶ [REDACTED]⁹⁷ [REDACTED].⁹⁸ Relatedly, Haynes' internal documents indicate [REDACTED],⁹⁹ [REDACTED].¹⁰⁰ Acerinox's internal documents, in turn, suggest that VDM's portfolio and new product development are focused on [REDACTED],¹⁰¹ [REDACTED].¹⁰² Further, Acerinox's internal documents indicate [REDACTED].¹⁰³
56. The Parties' internal documents further indicate that the Parties consider themselves subject to significant competitive constraints from multiple other

⁹⁴ See for example Acerinox Internal Document, Annex 011.092 to the FMN, [REDACTED]; Acerinox Internal Document, Annex 011.098 to the FMN, [REDACTED].

⁹⁵ See for example Haynes Internal Document, Annex 013 – ME.7107.24_00000004 to the FMN, [REDACTED]; Haynes Internal Document, Annex 013 – ME.7107.24_00000293 to the FMN, [REDACTED]; Haynes Internal Document, Annex 013 – ME.7107.24_00000369 to the FMN, [REDACTED].

⁹⁶ See for example Haynes Internal Document, Annex 013 – ME.7107.24_00000009 to the FMN, [REDACTED].

⁹⁷ Proprietary alloys are types of alloys that are developed and owned by Haynes (ie patented).

⁹⁸ See for example Haynes Internal Document, Annex 013.004 to the FMN, [REDACTED]; Haynes Internal Document, Annex 013 – ME.7107.24_00000291 to the FMN, [REDACTED]; Haynes Internal Document, Annex 013 – ME.7107.24_00000344 to the FMN, [REDACTED].

⁹⁹ See for example Haynes Internal Document, Annex 013.026 to the FMN, [REDACTED]; Haynes Internal Document, Annex 013 – ME.7107.24_00000004 to the FMN, [REDACTED]; Haynes Internal Document, Annex 013 – ME.7107.24_00000009 to the FMN, [REDACTED].

¹⁰⁰ Haynes Internal Document, Annex 013.017 to the FMN, [REDACTED].

¹⁰¹ See Acerinox Internal Document, Annex 011.057 to the FMN, [REDACTED]; Acerinox Internal Document, Annex 011.104 to the FMN, [REDACTED].

¹⁰² See for example Acerinox Internal Document, Annex 011.048 to the FMN, [REDACTED]; Acerinox Internal Document, Annex 013 – ME.7107.24_00000010 to the FMN, [REDACTED].

¹⁰³ Acerinox Internal Document, Annex 011.048 to the FMN, [REDACTED].

suppliers of nickel alloys (including of flat nickel alloys), in particular [REDACTED].¹⁰⁴ For example:

- (a) Across all nickel alloy products, an Acerinox internal presentation identifies [REDACTED] as VDM's main competitors in its major market segments.¹⁰⁵ Similarly, another Acerinox internal presentation identifies 12 major nickel alloy competitors worldwide (with [REDACTED] as VDM's top four competitors, all of whom sell to European customers), followed by a tail of smaller regional competitors in Europe.¹⁰⁶
- (b) For flat nickel alloy products, an Acerinox internal presentation suggests that it perceives VDM's competitors in flat nickel alloys to include [REDACTED].¹⁰⁷ Similarly, another Acerinox internal presentation estimated that flat competitors like [REDACTED] – all of whom sell to European customers – have larger market shares globally than Haynes in terms of volume in 2021 and 2022.¹⁰⁸
- (c) For flat nickel alloy products, a Haynes internal presentation shows that it considers that major competitors [REDACTED].¹⁰⁹ Similarly, another Haynes internal presentation lists 14 major flat nickel alloy manufacturers other than the Parties operating worldwide (including, in many cases, in Europe) in 2021, and [REDACTED].¹¹⁰

57. Therefore, the CMA considers that although the Parties' internal documents show that they compete with each other, they do not compete particularly closely and both Parties monitor a number of other competitors.

6.1.1.4 *Third-party evidence*

58. The CMA gathered evidence from customers, competing manufacturers and distributors in order to assess the closeness of competition between the Parties, and the competitive constraints the Merged Entity would face. Evidence from third parties, as described below, suggests that the Parties are not close competitors.

59. Customers did not identify the Parties as suitable alternatives to each other:

- (a) Almost all of VDM's customers did not identify Haynes as an alternative in the supply of flat nickel alloys.¹¹¹ The one VDM customer who did identify

¹⁰⁴ This included both documents covering the supply of all nickel alloy products and just flat nickel products.

¹⁰⁵ Acerinox Internal Document, Annex 011.048 to the FMN, [REDACTED].

¹⁰⁶ Acerinox Internal Document, Annex 011.047 to the FMN, [REDACTED].

¹⁰⁷ Acerinox Internal Document, Annex 011.048 to the FMN, [REDACTED].

¹⁰⁸ Acerinox Internal Document, Annex 011.047 to the FMN, [REDACTED].

¹⁰⁹ Haynes Internal Document, Annex 013 – ME.7107.24_00000076 to the FMN, [REDACTED].

¹¹⁰ Haynes Internal Document, Annex 013 – ME.7107.24_00000101 to the FMN, [REDACTED].

¹¹¹ Response to the CMA questionnaire from a number of third parties, September 2024, question 10.

Haynes as an alternative rated it as a mostly effective alternative alongside two others (Böhler and ATI).¹¹²

- (b) None of Haynes' customers identified VDM as an alternative in the supply of flat nickel alloys.¹¹³ Consistent with these results, and with the view expressed by Haynes in the internal documents flagged at paragraph 55(b) above, a number of customers explained that VDM does not have the approvals required to supply aerospace customers, whilst Haynes' business is focused on aerospace.¹¹⁴

60. Competitors' views were also consistent with the Parties focusing on different industry segments or grades. In particular, whilst most respondents identified both VDM and Haynes as their main competitors, they tended to note differences between the Parties, such as VDM being strong in non-aerospace and positioned as a low-price competitor that supplies commodity grades, whilst Haynes has a strong presence in aerospace.¹¹⁵ Consistent with the Parties' submissions regarding differences in the dimensions of their products (specifically, gauge) (see paragraph 46), a few competitors also noted that Haynes is stronger in (high-performance) sheet than plate.¹¹⁶ Even one competitor who expressed concerns regarding the Merger stated that it did not consider that the Parties compete with each other across all grades and product forms, and that it believed that one of Acerinox's primary reasons for the acquisition was to use Haynes' niche product capabilities to fill in the gaps in VDM's portfolio.¹¹⁷
61. As noted at paragraph 35(a), the CMA considers that differences in the Parties' offering with respect to product dimensions and grades generally reflect the fact that the Parties serve different end industry segments with distinct needs. In particular, whilst oil and gas and CPI customers may require thicker products that are corrosion-resistant, aerospace and IGT customers may require thinner products that can perform under very high temperatures and pressure.¹¹⁸ As such, the CMA considers differentiation in product dimensions and grade as consistent with evidence on differences in the end industry segments served by the Parties.
62. Furthermore, customers identified a number of other manufacturers as alternatives to the Parties in the supply of flat nickel alloys in Europe. When customers were asked about the suitability of alternatives to each of the Parties:

¹¹² Response to the CMA questionnaire from a third party, September 2024, question 10.

¹¹³ Response to the CMA questionnaire from a number of third parties, September 2024, question 11.

¹¹⁴ Note of a call with a third party, August 2024, paragraph 12; note of a call with a third party, July 2024, paragraph 9.

¹¹⁵ Response to the CMA questionnaire from a third party, September 2024, question 7; response to the CMA questionnaire from a third party, September 2024, question 9.

¹¹⁶ Response to the CMA questionnaire from a number of third parties, September 2024, question 9.

¹¹⁷ Note of a call with a third party, August 2024, paragraph 30.

¹¹⁸ FMN, paragraphs 84 and 274(a).

- (a) Most of VDM's customers identified ATI and Special Metals as alternatives to VDM.¹¹⁹ ATI was rated as a fully or mostly effective alternative, with customers noting that ATI can produce all the types of flat nickel alloys required, or offer the same (non-proprietary) alloys to standard global specifications.¹²⁰ Special Metals, whilst frequently mentioned, tended to be viewed as a less effective alternative to VDM than ATI, with customers noting that Special Metals has more limited production or offers a more limited range.¹²¹
- (b) Some of VDM's customers identified Nippon Yakin and Böhler as alternatives to VDM, although they were identified as less effective alternatives than ATI.¹²² Customers noted that Nippon Yakin has limitations in the width of its flat nickel alloys,¹²³ and Böhler offers a reduced range of alloys or only offers a specific shape (sheet) of flat nickel alloys.¹²⁴ A number of other suppliers, including Carpenter, were identified by at least one of VDM's customer.¹²⁵
- (c) About half of Haynes' customers identified ATI as an alternative to Haynes in the supply of flat nickel alloys,¹²⁶ and some of Haynes' customers also identified Special Metals as an alternative.¹²⁷ Haynes' customers regarded ATI as a fully or mostly effective alternative to Haynes, noting that ATI's material specifications are the same or similar.¹²⁸ A number of other suppliers, including Carpenter, were identified by at least one of Haynes' customers.¹²⁹

63. Competitors identified a number of strong alternatives in the supply of flat nickel alloys. ATI and Nippon Yakin were mentioned by the majority of competitors and rated as strong or very strong alternatives,¹³⁰ with other manufacturers such as Special Metals, Aperam, Proterial and Carpenter also being mentioned.¹³¹ Whilst competitors did not consistently list the same competitors (other than the Parties), this is consistent with their feedback that suppliers of flat nickel alloys are differentiated and, as such, each competitor is likely to compete closely with different suppliers.¹³²

¹¹⁹ Response to the CMA questionnaire from a number of third parties, September 2024, question 10.

¹²⁰ Response to the CMA questionnaire from a number of third parties, September 2024, question 10.

¹²¹ Response to the CMA questionnaire from a number of third parties, September 2024, question 10.

¹²² Response to the CMA questionnaire from a number of third parties, September 2024, question 10.

¹²³ Response to the CMA questionnaire from a number of third parties, September 2024, question 10.

¹²⁴ Response to the CMA questionnaire from a number of third parties, September 2024, question 10.

¹²⁵ Response to the CMA questionnaire from a number of third parties, September 2024, question 10.

¹²⁶ Response to the CMA questionnaire from a number of third parties, September 2024, question 11.

¹²⁷ Response to the CMA questionnaire from a number of third parties, September 2024, question 11.

¹²⁸ Response to the CMA questionnaire from a number of third parties, September 2024, question 11.

¹²⁹ Response to the CMA questionnaire from a number of third parties, September 2024, question 11.

¹³⁰ Response to the CMA questionnaire from a number of third parties, September 2024, question 7.

¹³¹ Response to the CMA questionnaire from a number of third parties, September 2024, question 7.

¹³² Response to the CMA questionnaire from a number of third parties, September 2024, question 9.

64. In relation to distributors (see paragraph 48 above), third-party evidence suggests that distributors impose a limited constraint on manufacturers of flat nickel alloys, including the Parties, with several third parties suggesting competition was limited to occasional specific projects.¹³³ In particular, only a few customers identified a distributor as an alternative to VDM or Haynes, and those identified were regarded as less effective alternatives because of their more limited offering.¹³⁴
65. Most third parties that the CMA reached out to did not have any views regarding the Merger.¹³⁵ Of those that did, a few respondents saw the Merger positively, noting that it was an opportunity for Haynes to stock a greater product range and to widen access to Haynes' nickel alloys.¹³⁶
66. A few third parties expressed concerns regarding the Merger. Apart from one respondent who noted that the Merger will reduce supply options in nickel alloys generally (which they considered to be a concentrated industry),¹³⁷ concerns tended to centre on the Merger resulting in Haynes having reduced focus on the UK market and on current customers.¹³⁸ However, the CMA has not seen any evidence in the Parties' internal documents that the Merged Entity plans to reduce its focus on UK (or more broadly, European) customers. Further, several internal documents refer to Acerinox wishing to build on Haynes' capabilities in the aerospace segment (as noted above in paragraph 6).
67. The CMA received expressions of concerns from a couple of competitors, stating that the combination of the Parties' capabilities would create a supplier able to leverage across a broad spectrum of products, including through combining Haynes' proprietary alloys and Acerinox/VDM's broader portfolio.¹³⁹ However, the evidence from customers indicated that the Merged Entity's ability to link the sales of different metal-based alloys (including different types and shapes of nickel alloys) is limited.
68. The CMA also received a complaint from a third party not directly active as a customer or competitor. The complainant submitted that VDM and Haynes are currently close competitors, particularly in the aerospace and gas turbine

¹³³ Response to the CMA questionnaire from a number of third parties, September 2024, question 13.

¹³⁴ Response to the CMA questionnaire from a third party, September 2024, question 10; response to the CMA questionnaire from a number of third parties, September 2024, question 11.

¹³⁵ Response to the CMA questionnaire from a number of third parties, September 2024, question 14; response to the CMA questionnaire from a number of third parties, September 2024, question 13.

¹³⁶ Response to the CMA questionnaire from a number of third parties, September 2024, question 14.

¹³⁷ Response to the CMA questionnaire from a third party, September 2024, question 14.

¹³⁸ Response to the CMA questionnaire from a third party, September 2024, question 14; note of a call with a third party, October 2024, paragraph 11.

¹³⁹ Note of a call with a third party, August 2024, paragraphs 31–34; response to the CMA questionnaire from a third party, September 2024, question 14.

segments.¹⁴⁰ The CMA considers that in general this submission was inconsistent with the evidence set out above from flat nickel alloy customers and suppliers.¹⁴¹

6.1.2 Conclusion

69. The evidence shows that while the Merged Entity will have a significant share of supply post-Merger, the increment to Acerinox's market position through Haynes is relatively small, and the Parties are not close competitors as they focus on the supply of flat nickel alloys of different grades and dimensions for different end industry segments. The CMA also found that, post-Merger, the Merged Entity will continue to face sufficient competitive constraints from a number of other flat nickel alloy suppliers, including but not limited to Aperam, ATI and Nippon Yakin.
70. For the reasons set out above, the CMA found that the Merger does not give rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in the supply of flat nickel alloys in Europe.

7. ENTRY AND EXPANSION

71. 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. The CMA will consider entry and/or expansion plans of rivals who do so in direct response to the merger as a countervailing measure that could prevent an 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.¹⁴²
72. 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.

¹⁴⁰ Submission to the CMA from a third party, September 2024, page 5.

¹⁴¹ The complainant also identified certain grades of flat nickel alloy strips and sheets which it submitted were either supplied solely by the Parties or by a limited number of competitors in addition to the Parties – see submission to the CMA from a third party, September 2024, page 4. The CMA gathered further evidence on these specific products, and found that while both Parties produced the relevant nickel alloys, the extent to which the Parties overlapped in the production of these grades for a specific shape of nickel alloy was generally limited and there were a number of other manufacturers that produced those grades – see Parties' response to the CMA's Request for Information 5, September 2024 (RFI 5), paragraphs 1–13.

¹⁴² [CMA129](#), paragraph 8.31.

DECISION

73. 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.
74. The Merger will therefore not be referred under section 33(1) of the Act.

Elie Yoo
Director, Mergers
Competition and Markets Authority
24 October 2024