

DEROGATION LETTER

IN RESPECT OF INITIAL ENFORCEMENT ORDERS ISSUED PURSUANT TO SECTION 72(2) ENTERPRISE ACT 2002

Consent under section 72(3C) of the Enterprise Act 2002 to certain actions for the purposes of the Initial Enforcement Order made by the Competition and Markets Authority ('CMA') on 10 November 2023

COMPLETED ACQUISITION BY LINDAB LIMITED OF HAS-VENT HOLDINGS LIMITED

We refer to your email and accompanying documents dated 25 June 2024 and 27 June 2024 requesting that the CMA consents to a derogation from the Initial Enforcement Order of 10 November 2023 (the '**Initial Order**'). The terms defined in the Initial Order have the same meaning in this letter.

Under the Initial Order, save with the written consent by the CMA, Lindab, Lindab UK and HAS-Vent are required to hold separate the HAS-Vent business from the Lindab business and refrain from taking any action which might prejudice a reference under section 22 of the Act or impede the taking of any remedial action following such a reference.

After due consideration of your request for a derogation from the Initial Order, based on the information received from you and in the particular circumstances of this case, Lindab may carry out the following actions, in respect of the specific paragraphs:

Paragraphs 5(c) and 5(e) of the Initial Order

Lindab UK submits that it currently has a unit located in a Manchester area referred to as '**Ashburton**' which contains three arms of the business: (i) production; (ii) ventilation distribution; and (iii) ventilation sales. Lindab UK also has a profile distribution arm in Manchester Central Park ('**Central Park**'). By 'profile' Lindab UK refers to rainwater systems and roofing products (primarily for residential buildings).

Lindab UK submits that it proposes to:

- (i) relocate ventilation sales from Ashburton to a smaller unit which is approximately 200 yards from the existing site, known as K4; and
- (ii) relocate profile distribution currently at Central Park to Ashburton and then surrender its lease of Central Park.

(each a '**Relocation**' and collectively the '**Relocations**').

Lindab UK submits that both the production and ventilation distribution arms will remain at Ashburton. Relocating ventilation sales from Ashburton would free up sufficient space to allow Lindab UK to bring the profile distribution arm into Ashburton, including the entire current team.

Lindab UK submits that the new ventilation sales unit at K4 will have the same opening hours, offer the same product range, and have the same level of staffing as the current sales unit in Ashburton. No changes will be made to the production arm at Ashburton. Regarding the ventilation distribution facility at Ashburton, there will be no reductions to service levels or to the ventilation inventory stocked at the facility.

Lindab UK submits that the Central Park site lease [X]. The landlord of the Central Park site is proposing to increase the rent from [X] pa to [X] pa under a new lease. Lindab UK calculates that its property costs for remaining at the Central Park site and entering into the new lease (including rent, rates, and utilities) would be approximately [X] pa. Lindab UK therefore plans to surrender the Central Park lease by [X].

Lindab UK submits that the rent for the K4 unit would be [X] pa, with rates and utilities at approximately [X] pa respectively, bringing the total cost to rent the K4 unit to [X] pa. Consequently, proceeding with the Relocation would enable Lindab UK to save approximately [X] on property costs pa. Lindab UK therefore submits that, despite some dilapidation costs associated with vacating the Central Park site, it will realise significant savings throughout the term of the K4 lease by implementing the Relocations.

Lindab UK submits that the Relocations are necessary business decisions aimed at promoting the success of the company by reducing overhead costs and ensuring the continuing viability of the business and that its decision is unrelated to the merger with HAS-Vent (the '**Merger**').

Lindab submits that the Relocations will have no adverse impact on the competitive capability of Lindab UK or HAS-Vent and that they will not change the competitive structure of the market for the supply of circular ducts and fittings in England and Wales.

Consequently, Lindab UK requests the CMA's consent to implement the Relocations.

The CMA consents to Lindab UK's request for a derogation strictly on the basis that:

- a) Lindab will not close the ventilation sales facility at Ashburton or the profile distribution site in Central Park until it opens the new K4 site (unless otherwise agreed with the CMA by email), thereby retaining a sales presence in the Manchester area and minimising disruptions to operations in the area;

- b) the derogation is strictly necessary to ensure the effective and efficient running of the Lindab UK business with a view to ensuring its ongoing viability;
- c) the decision to execute the Relocations is entirely independent of the Merger;
- d) Lindab UK will update the CMA on its progress with respect to the Relocations;
- e) the Relocations will not result in any key staff changes; and
- f) the derogation will not result in any pre-emptive action which might prejudice the reference or impede the taking of any action which may be justified by the CMA's decision on the reference.

Yours sincerely,

Susan Oxley
Director
8 July 2024