

Anticipated acquisition by Kingspan Group Limited of Coverworld Holdings Limited

Decision on relevant merger situation and substantial lessening of competition

ME 2249/25

The Competition and Markets Authority's (**CMA**) decision on reference under section 33 of the Enterprise Act 2002 (the **Act**) given on 7 August 2025. Full text of the decision published on 15 August 2025.

PLEASE NOTE THAT [X] INDICATES FIGURES OR TEXT WHICH HAVE BEEN DELETED FOR REASONS OF COMMERCIAL CONFIDENTIALITY. IN ADDITION, SOME FIGURES MAY HAVE BEEN REPLACED BY RANGES AT THE REQUEST OF THIRD PARTIES FOR REASONS OF COMMERCIAL CONFIDENTIALITY.

1. THE PARTIES AND THE TRANSACTION

1. On 7 March 2025, Kingspan Group Limited (**Kingspan**) agreed to acquire the entire issued share capital of Coverworld Holdings Limited, the holding company for Coverworld UK Limited (**Coverworld**) (the **Merger**).¹
2. Kingspan and Coverworld overlap in the supply of construction products, including, but not limited to, the supply of single-skin construction sheets and foam-based sandwich panels (**FSPs**).²

¹ Coverworld Holdings Ltd will acquire the entire issued share capital of Coverworld UK Ltd immediately prior to completion of the transaction. Kingspan and Coverworld are together referred to as the **Parties** and, for statements relating to the future, the **Merged Entity**.

² Kingspan produces its own FSPs while Coverworld does not. Coverworld acquires FSPs from third parties, including Kingspan, which it then resells to its own end-customers. Final Merger Notice submitted to the CMA on 1 July 2025 (**FMN**), paragraph 220.

2. JURISDICTION

3. The CMA 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. Each of Kingspan and Coverworld is an enterprise and these enterprises will cease to be distinct as a result of the Merger. The share of supply test is met.³

3. COMPETITIVE ASSESSMENT

4. In this case, the CMA has assessed the impact of the Merger against the prevailing conditions of competition.⁴
5. The focus of the CMA's investigation related to horizontal unilateral effects in the supply of single-skin construction sheets in the UK, which both Parties manufacture and supply, and constitutes the primary overlap between their activities.⁵
6. Single-skin construction sheets consist of a single layer of profiled steel that does not have any insulating properties.⁶
7. The CMA disagreed with the Parties that steel floor decks and steel metal roof tiles also form part of the product market for single-skin construction sheets. Third-party evidence indicates that these two products are not effective substitutes to single-skin construction sheets due to limited demand- and supply-side substitution. The CMA did not assess these products separately given the limited overlap between the Parties in these products.⁷
8. For standing seam, steel flat roof deck and steel flat sheets, the evidence was mixed. Some (but not all) third parties indicated that either demand- or supply-side

³ See the *Enterprise Act 2002* s23. Both Kingspan and Coverworld have a UK turnover exceeding £10 million, and the Merger would result in the Merged Entity supplying greater than 25% of FSPs in the UK or a substantial part of it, with an increment brought about by the Merger. This is based on the Parties' internal assessment (FMN, paragraph 35(ii)). The CMA notes that the Parties submitted that the hybrid test is also likely met (FMN, paragraph 35(iii)), but does not consider it necessary to assess this further, on the basis that the share of supply test is met.

⁴ See Section 3 of the [Merger Assessment Guidelines \(CMA129\)](#).

⁵ The Parties also overlap in the supply of (i) FSPs and (ii) twin-skin construction sheets. They are also vertically related in relation to FSP distribution, with Kingspan being a producer of FSPs and Coverworld being a supplier of FSPs. One competitor submitted that the Merger may strengthen Kingspan's already strong position in FSPs. Absent the Merger, Coverworld would have continued to source FSPs from other manufacturers instead of Kingspan, and if the Merger proceeds Kingspan's FSPs competitors will lose a distribution channel. On the basis of the evidence gathered by the CMA, including low increments brought about by the Merger, the accreditation process for twin-skin construction sheets, and the number of remaining competitors to the Parties, the CMA considered at an early stage in its investigation that there was no realistic prospect of competition concerns in these areas, and they are therefore not discussed further in this Decision.

⁶ FMN, paragraph 107.

⁷ For the geographic market, the CMA received evidence in line with the CMA's conclusion in [The anticipated acquisition by Kingspan Holdings \(Panels\) Limited of Building Solutions \(National\) Limited](#), [ME 6861/19], paragraph 57, that the supply of single-skin construction sheets is UK-wide. This is consistent with the Parties' submissions (FMN, paragraph 154).

substitution might be possible, particularly for some use-cases.⁸ Therefore, on a cautious basis, the CMA has excluded these from the product market and focussed its investigation on the Parties' primary overlap of single-skin construction sheets. The CMA does not consider this approach has materially impacted the competitive assessment below since the Parties' activities in any potential substitute products are more limited than in single-skin construction sheets alone.^{9,10}

3.1 Theory of harm 1

9. On the basis that the Parties are not particularly close competitors and sufficient competition would remain to constrain the Merged Entity, the CMA has found that the Merger would not give rise to a realistic prospect of a substantial lessening of competition (**SLC**) as a result of horizontal unilateral effects in the supply of single-skin construction sheets in the UK.
10. The CMA estimated shares of supply based on the Parties' and third parties' sales volumes in 2024.¹¹ This overstates the Parties' shares as the CMA was not able to gather data from all competitors, including one large supplier¹² and some smaller suppliers. According to this data, the Parties are currently the fourth and sixth largest suppliers: Coverworld has a share of [10-20]%, and Kingspan has a share of [5-10]%. The Merged Entity will hold a share of [20-30]%, and become one of the largest suppliers with roughly the same share of supply as the largest competitor Building Solutions at [20-30]%. The next largest suppliers are Tata Steel and Firth Steels at [10-20]% and [10-20]%, respectively. The market will further be comprised of a range of other suppliers, eg Cladco Profiles ([10-20]%), Capital Coated Steels ([5-10]%) and Foregale ([5-10]%), and a long tail of small suppliers.
11. The internal documents of the Parties received by the CMA indicate that, in those instances where competitor monitoring takes place, the Parties monitor each other alongside a wide range of other competitors, including Thomas Panels and Profiles, Building Solutions, Firth Steels and Hornsey Steel Panels and Sections.¹³

⁸ Responses to the CMA customer questionnaire from a number of third parties, July 2025, question 4. Responses to the CMA competitor questionnaire from a number of third parties, July 2025, question 3.

⁹ FMN, paragraphs 114-115. The Parties do not overlap in standing seam and the CMA's reconstructed shares of supply estimates suggest that the Parties' position in steel flat sheets and steel flat roof decks is limited.

¹⁰ FMN, paragraphs 110-120.

¹¹ Kingspan operates in the UK via its brands Kingspan, Joris Ide and Euroclad, FMN paragraph 28. The CMA has assessed these under a single Kingspan entity and combined their revenues.

¹² Being Thomas Panels and Profiles, who, the CMA understands from the Parties and third parties, is a large supplier of single-skin construction sheets.

¹³ Kingspan's Internal Document, Annex 9.005 to the FMN, '[§<]', 2024, slide 11; Coverworld's Internal Document Annex RFI 1.025 of Coverworld's Response to the CMA's section 109 request for information, '[§<]', 2024, page 4; Coverworld's Internal Document Annex 9.030 to the FMN, '[§<]', 2024, page 4.

12. Nearly all customers that responded to the CMA's questionnaire considered the Parties to compete 'not closely at all' or only 'slightly closely' with each other. Similarly, only a very small minority of Kingspan customers considered Coverworld to be a fully or very suitable alternative. Third parties also told the CMA that Kingspan focuses on supplying systems which are built up on site and also include twin-skin construction sheets, whereas Coverworld's focus is on single-skin constructions sheets.¹⁴ However, more than half of Coverworld customers said that one of the Kingspan brands, Euroclad, was a fully suitable alternative and over half of competitors regarded the Parties as competing 'very closely' with each other.¹⁵
13. Third parties identified a number of effective alternatives, including Firth Steels, Building Solutions, Thomas Panels and Profiles, CA Group, Tata Steel and United Roofing Products.¹⁶ A number of third parties also indicated that single-skin construction sheets are a commodity product, and many producers have substantial spare capacity.¹⁷
14. The vast majority of customers were not concerned about the Merger. Nearly half of competitors raised concerns about the Merger, primarily in relation to broader market definitions or the other theories of harm discussed in section 3.2.
15. Based on the evidence set out above, the CMA considers that single-skin construction sheets are a commodity product which the Parties do not compete particularly closely for. Further, shares of supply, internal documents and third-party evidence show that a number of credible alternative suppliers would remain and constrain the Merged Entity. The CMA therefore found the Merger does not give rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in the supply of single-skin construction sheets in the UK.

3.2 Other theories of harm considered

16. One competitor raised concerns about Kingspan having significant purchasing power in relation to the steel material used to manufacture construction products (including single-skin and twin-skin construction sheets).¹⁸ However, as the Merger leads to a moderate increment in relation to just one of several products

¹⁴ Note of a call with a third party, June 2025, paragraphs 2 and 17. Note of a call with a third party, June 2025, paragraphs 2 and 17 paragraph 14.

¹⁵ Responses to the CMA customer questionnaire from a number of third parties, July 2025, question 7. Responses to the CMA competitor questionnaire from a number of third parties, July 2025, question 8.

¹⁶ Responses to the CMA customer questionnaire from a number of third parties, July 2025, question 6. Responses to the CMA competitor questionnaire from a number of third parties, July 2025, question 7.

¹⁷ Note of a call with a third party, June 2025, paragraph 4. Note of a call with a third party, June 2025, paragraph 5. A number of competitors being viewed by third parties as being effective alternatives to the Parties indicate that they have substantial excess capacity. These include [redacted], [redacted] and [redacted]. Responses to the CMA competitor questionnaire from a number of third parties, July 2025, question 4(b)(iii).

¹⁸ Responses to the CMA customer questionnaire from a third party, July 2025, question 8.

for which steel coils are an input, the CMA considers it unlikely that the Merger will lead to a material change in the Parties' purchasing power.¹⁹

17. One competitor raised concerns about Kingspan switching Coverworld's current suppliers of complementary products, such as [§<], away from its current suppliers if those suppliers are rivals to Kingspan in other construction products.²⁰ The CMA considers that, based on its assessment in section 3.1 above, the Merger is unlikely to give rise to, or substantially strengthen, market power of the Merged Entity in any relevant markets.²¹ As a result, the CMA considers that the Merger does not change Kingspan's ability to implement any strategy that could harm competitors in a way that would lead to harm to competition in any related markets.

4. DECISION

18. The CMA found no concerns on any theory of harm. 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.
19. The merger will **not be referred** under section 33(1) of the Act.

Jenny Sugiarto
Director, Mergers
Competition and Markets Authority
7 August 2025

¹⁹ Parties' response to the CMA's Request for Information, 22 July 2025, paragraph 6(i). The Parties submitted that the vast proportion [§<]% of Kingspan's purchases of steel coils are used for manufacturing construction products not related to single skin construction sheets, in respect of which the Parties have very limited overlaps.

²⁰ Responses to the CMA customer questionnaire from a third party, July 2025, question 8.

²¹ The CMA also notes that such products account for a small proportion (at less than £[§<] in value) of Coverworld's sales. FMN, Table 5.