

*Case No IV/M.1206 -
DRUM HOLDINGS /
NATWEST EQUITY /
CVC*

Only the English text is available and authentic.

**REGULATION (EEC) No 4064/89
MERGER PROCEDURE**

Article 6(1)(b) NON-OPPOSITION
Date: 19/06/1998

*Also available in the CELEX database
Document No 398M1206*



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 19.06.1998

PUBLIC VERSION

MERGER PROCEDURE
ARTICLE 6(1)(b) DECISION

To the notifying parties

Dear Sirs,

Subject: Case No IV/M.1206 - DRUM HOLDINGS/NATWEST EQUITY/CVC EUROPEAN EQUITY

Notification of 15.05.98 pursuant to Article 4 of Council Regulation N/ 4064/89

1. On 15 May 1998, the Commission received a notification of a transaction whereby CVC European Equity ("CVC"), UK, acquires joint control of the steel drum supplier Drum Holdings SA ("Drum Holdings"), Belgium, by purchase of shares. Before the completion of the transaction, Drum Holdings was under the sole control of NatWest Equity Partners ("NatWest"), UK.
2. After examination of the notification, the Commission has concluded that the notified operation falls within the scope of Council Regulation (EEC) No 4064/89 and does not raise serious doubts as to its compatibility with the common market and the functioning of the EEA Agreement.

The parties and the operation

3. CVC is a member of the CVC Capital Partners group of companies which provide management advice and consultancy services to investment funds.
4. NatWest is a member of the NatWest Group which invests capital in private companies from funds of the NatWest Group and certain funds managed on behalf of external investors.
5. Drum Holdings is active in the manufacturing and reconditioning of steel drums in Belgium, France, the Netherlands, Spain and the United Kingdom.
6. The operation consists of CVC acquiring 37% of the shares in Drum Holdings.

Concentration

7. According to the shareholders' agreement entered into by all shareholders of Drum Holdings NatWest and CVC shall appoint [...]¹ directors each of the totally [...]¹ directors. Furthermore, the shareholders' agreement states that [...]¹ require an approval by a majority of the directors appointed by NatWest and CVC.
8. The shareholders' agreement therefore gives both NatWest and CVC the possibility to block the adoption of certain strategic business decisions in Drum Holdings by exercising their veto rights. Therefore, NatWest and CVC will exercise joint control over Drum Holdings within the meaning of the Merger Regulation.
9. Thus, the transaction is a passage from sole to joint control and the operation constitutes a concentration within the meaning of Article 3(1)(b) of the Merger Regulation.

Community dimension

10. The combined aggregate world-wide turnover of the undertakings concerned exceeded 5,000 million ECU in 1997 (NatWest: [...]¹ billion ECU; CVC: [...]¹ billion ECU; Drum Holdings: approximately [...]¹ billion ECU). The aggregate Community-wide turnover of each of at least two of the undertakings concerned was more than 250 million ECU (NatWest: [...]¹ billion ECU; CVC: [...]¹ billion ECU; Drum Holdings: approximately [...]¹ billion ECU).
11. None of the undertakings concerned generate more than two-thirds of their aggregated Community-wide turnover within one and the same Member State. Hence, the concentration has a Community dimension.

Compatibility with the common market

12. Drum Holdings is involved in manufacturing and reconditioning of steel drums for use in the storage and movement of non-bulk products. The principal activity of NatWest and CVC is investment banking services. No undertaking over which NatWest or CVC exercise decisive influence is active in the steel drum market or any related markets.
13. Consequently, the concentration will not give rise to any competitive concerns.

Conclusion

14. For the above reasons, the Commission has decided not to oppose the notified operation and to declare it compatible with the common market and with the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of Council Regulation (EEC) No 4064/89.

For the Commission,

¹ Deleted for publication