

***Case No IV/M.1448 -
MAN ROLAND /
OMNIGRAPH (II)***

Only the English text is available and authentic.

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

Article 6(1)(b) NON-OPPOSITION
Date: 05/05/1999

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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 05.05.1999

PUBLIC VERSION

MERGER PROCEDURE
ARTICLE 6(1)(b) DECISION

To the notifying party

Dear Sirs,

Subject: Case No IV/M. 1448 – MAN Roland / Omnigraph (II)

Notification of 30.03.1999 pursuant to Article 4 of Council Regulation No 4064/89

1. On 30.03.1999, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EEC) No 4064/89 by which the undertaking MAN Roland Druckmaschinen AG (MAN Roland) of the MAN Group acquires sole control of Omnigraph Group N.V. (Omnigraph).
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 with the EEA Agreement.

I. THE PARTIES' ACTIVITIES AND THE OPERATION

3. MAN Roland is part of the MAN Group of companies. It is a manufacturer of web-fed offset and sheet-fed offset printing machines. It also provides electronic control and integration of the printing machines in production processes, systems for economic printing, wide-ranging printshop management and worldwide sales and service network.
4. Omnigraph is the exclusive distributor of MAN Roland for printing presses in certain Member States and Switzerland. It is also active in the servicing of these presses, in the sale and servicing of products in the pre- and after press markets, and in the sale of consumables. Omnigraph's shareholders are MAN Roland (55.663%) Priceacre Ltd.(22.904%), Mahogg (previously Magam AG) (17.329%) and Havlange Invest SCA (4.104%). Decisions taken by the shareholders' meeting, by the board of directors and by the supervisory board require at least a 2/3 majority.
5. The notified operation concerns the acquisition of sole control by MAN Roland in Omnigraph by way of the acquisition of the shares held by the other three shareholders in Omnigraph. Following this transaction Omnigraph will be a wholly owned and wholly controlled subsidiary of MAN Roland.

6. The transaction involves a change from joint control to sole control, thus constituting a concentration within the meaning of Article 3(1) of the Merger Regulation.

II COMMUNITY DIMENSION

7. The MAN Group of companies and Omnigraph have a combined aggregate world-wide turnover in excess of EUR 5,000 million (MAN Group, EUR 12,558 million; and Omnigraph, EUR 355 million). Each of them has a Community-wide turnover in excess of EUR 250 million (MAN Group, EUR 7,291 million; and Omnigraph, EUR 322 million), but they do not achieve more than two-thirds of their aggregate Community-wide turnover within one and the same Member State. The notified operation therefore has a Community dimension within the meaning of Article 1(2) of the Merger Regulation.

III. COMPETITIVE ASSESSMENT

A. Relevant product markets

8. The notifying party considers the following to be the relevant product markets:
 - (a) Pre-press markets (the distribution of equipment used to prepare images, such as printing plates, scanners, etc),
 - (b) Markets for printing presses, web or sheet-fed (the markets for the manufacture, distribution and servicing of these products),
 - (c) After-press market (distribution of equipment used for all finishing operations such as paper cutting, stitching machines, folding machines, collators and binding equipment),
 - (d) Consumables market (distribution of printing supplies such as plates, film, foil, chemicals),
 - (e) Second hand equipment market (the distribution of second hand printing presses),
 - (f) Markets for spare parts for printing presses, web- or sheet-fed (the markets for the manufacture and distribution of spare parts).
9. However, it is not necessary to further delineate the relevant product markets because, in all alternative market definitions considered, effective competition would not be significantly impeded in the EEA or any substantial part of that area.

B. Relevant geographic market(s)

10. The notifying party states that the relevant geographic markets are national for pre-press distribution, printing presses distribution and servicing, after-press and spare parts distribution. Indeed, the distribution of printing presses is organised by the manufacturer on a national basis and most printers rely on local distributors for servicing and maintenance, to reduce the risk of having to stop printing, as was affirmed in the Commission Decision of 4 May 1993 (Case No IV/M.291 - KNP/BT/VRG). The same approach is applicable to the distribution or sale to the printers of complementary products such as spare parts, servicing, pre-press and after-press printing press products

11. For second hand equipment and consumables the notifying party considers the market to be at least European. It is not necessary to further delineate the relevant geographic markets for these products because, in all alternative geographic market definitions considered, effective competition would not be significantly impeded in the EEA or any substantial part of that area.

C. Assessment

12. The transaction constitutes part of the strategy of MAN Roland to vertically integrate and optimise the distribution of its production of offset printing presses and related products throughout the European Community in line with the strategy of a major competitor, Heidelberg. MAN Roland, which has joint control over Omnigraph, acquires sole control of it by means of the notified operation.
13. The main activity of Omnigraph is the exclusive distribution of MAN Roland printing presses and spare parts as well as the servicing of these presses in Belgium, France, Ireland, Italy, Luxembourg, the Netherlands, the UK and Switzerland. Omnigraph also sells related products, such as pre-press and after press and consumables as well as second hand printing presses. Thus the transaction will have no significant impact on competition because the most notable consequence will be that MAN-Roland will assume the distribution of its products in those countries where Omnigraph has been operating as its exclusive distributor.
14. In the distribution of printing presses, pre-press and after-press products, spare parts, and servicing there will no combined market share due to the fact that the relevant geographic markets should be considered as national and where Omnigraph is present MAN Roland is not.
15. For the sale of consumables (films, ink, and blankets) and second hand printing presses, even if the relevant geographic markets should be considered as European, the combined market share of the parties at European level will be below 15%.
16. The market investigation carried out by the Commission among the main manufacturers, distributors, consumers and Associations in the sector of printing presses has confirmed that the notified operation will not have any significant impact on competition in the market.
17. Consequently, the Commission considers that the proposed concentration does not create or strengthen a dominant position as a result of which effective competition would be significantly impeded in the EEA or any substantial part of that area.

IV. CONCLUSION

18. 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,