EN

Case No COMP/M.3816 - APAX / MÖLNLYCKE

Only the English text is available and authentic.

REGULATION (EC) No 139/2004
MERGER PROCEDURE

Article 6(1)(b) NON-OPPOSITION
Date: 15/06/2005

In electronic form on the EUR-Lex website under document number 32005M3816

Office for Official Publications of the European Communities
L-2985 Luxembourg

COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 15/06/2005

SG-Greffe(2005) D/202660

In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EC) No 139/2004 concerning non-disclosure of business secrets and other confidential information. The omissions are shown thus […]. Where possible the information omitted has been replaced by ranges of figures or a general description.

PUBLIC VERSION

MERGER PROCEDURE
ARTICLE 6(1)(b) DECISION

To the notifying party

Dear Sir/Madam,

Subject: Case No. COMP/M.3816 – APAX / Mölnlycke
Notification of 10/05/2005 pursuant to Article 4 of Council Regulation No 139/2004[1]

1. On 10 May 2005, the Commission received a notification of an intended concentration pursuant to Article 4 of Council Regulation (EC) No 139/2004 the "Merger Regulation") by which Apax Europe V ("Apax Europe V", Guernsey) belonging to the Apax group, acquires within the meaning of Article 3(1)(b) of the Merger Regulation control of the whole of the undertaking Mölnlycke Health Care AB ("Mölnlycke", Sweden) by way of purchase of shares.

2. After examination of the notification, the Commission has concluded that the notified operation constitutes a concentration that falls within the scope of the Merger Regulation and does not raise serious doubts as to its compatibility with the common market and the EEA Agreement.

I. THE PARTIES AND THE OPERATION

3. Apax group comprises pan-European investment funds making investments in a range of industry sectors. Apax Europe V is an investment fund comprising nine investor partnerships. In the medical sector, the fund controls Medlock Medical Limited ("Medlock", United Kingdom), a company active in manufacture and sale of medical products, including dermatology, wound care, compression therapy, dressing retention and orthopaedics products, and Regent Medical Limited ("Regent", United Kingdom), which is active in the manufacture and sale of surgical gloves and skin antiseptics products.

[1] OJ L 24, 29.1.2004 p. 1.

4. Mölnlycke is active in the manufacture and sale of single use surgical products and wound care products. The company conducts its business throughout the world and operates production facilities in Belgium, the Czech Republic, Finland, Mexico and Thailand and a sterilisation plant in the US.

5. On 20 April 2005, Apax Europe V entered into an agreement to acquire indirectly, through several newly formed investment vehicles, sole control of Mölnlycke from Nordic Capital and other major shareholders. At the completion of the transaction or shortly thereafter, up to […%] of the shares in the holding company of Mölnlycke will be acquired by some of the management of Mölnlycke, Regent and Medlock, following which Apax will hold […%] of the shares and voting rights in Mölnlycke. As the result of the proposed operation, Apax will acquire sole control of Mölnlycke and as such the transaction constitutes a concentration within the meaning of the Merger Regulation.

II. COMMUNITY DIMENSION

6. The combined aggregate worldwide turnover of the undertakings concerned exceeds EUR 5 billion (Apax: […] EUR, Mölnlycke: EUR 477 million, in 2004). The aggregate Community-wide turnover of the undertakings concerned exceeds EUR 250 million (Apax: […] EUR, Mölnlycke: […] EUR in 2004). None of the undertakings concerned achieves more than two-thirds of its aggregate Community-wide turnover in one and the same Member State. The concentration therefore has a Community dimension according to Article 1(2) of the Merger Regulation.

III. RELEVANT MARKETS

A - Relevant product markets

7. The proposed transaction relates to the manufacture and sale of surgical products and wound care management products.

1. Surgical products

8. Mölnlycke manufactures and markets single use (i) surgical gowns, (ii) drapes, (iii) caps, (iv) masks, (v) scrub suits, and (vi) swabs mainly used in surgical operation theatres. Their function is primarily to protect the person undergoing a surgical procedure (patient) and the persons performing the surgical procedure (hospital personnel). All these products belong to the surgical textile product category. Regent manufactures and markets surgical gloves used in surgical operation theatre.

1.1 Surgical textile products

9. Surgical gowns are worn by the hospital staff, surgeons and their assistants at the operation table. Their function is to protect both the patient and staff from infections during surgery. Drapes are put on the body of the patient. Scrub suits are non-sterile clothing worn by operating theatre staff all day. Sterile gown is worn over the scrub suit during an operation. Swabs are used to absorb liquids and the notifying party submits that surgical swabs are sterile swabs which are used to absorb liquids, primarily blood during a surgical procedure. Surgical swabs are always x-ray detectable, so that they contain a thread that is detectable by x-ray allowing them to found if accidentally left inside a patient following a procedure.

10. For the above products, the notifying party takes the view, that each of the above products has different characteristics and applications and is therefore not substitutable and submits that gowns, drapes, caps, masks, scrub suits and swabs each form separate product markets and need not to be further sub-divided. In its previous decision[2], the Commission addressed the market for surgical textiles where it assessed surgical drapes, swabs and gowns separately without defining separate markets. It also assessed whether single use and multiple use products constituted separate markets, but finally did not conclude on the scope of the relevant product market.

11. In the present case, respondents to the market investigation confirmed that most of the above mentioned surgical products existed as single used product and multiple use products but that raw materials and manufacturing processes were very different. Most surgical products suppliers only focus on single use or multiple use products. Most of the respondents indicate that single use surgical products offer substantial benefits in terms of protection and quality and are becoming more and more common. From the demand side perspective, hospitals can use either single use or multiple use surgical products but the processes differ for single and multiple use products. Due to increasing hygiene standards, many hospitals have switched to single use surgical products, which have gained a larger acceptance. These elements indicate that single use and multiple use surgical products may belong to separate relevant product markets.

12. Gowns, drapes, caps, masks, surgical swabs and scrub suits use similar raw materials (textile) and are manufactured according to similar production processes. Surgical products suppliers often produce a broad range of surgical textile products, which are sold to the same type of customers and used for the same purpose of protecting patients and hospital personnel during surgical procedure. However, from a demand side perspective, each surgical product cannot be substituted by another surgical product. Therefore, each of the above mentioned surgical textile products may belong to separate relevant product markets.

1.2 Surgical gloves

13. Surgical gloves are aimed at covering the hands of operating theatre staff during a surgical procedure. A variety of gloves exist depending on the raw material (powdered, non-powdered or synthetic) and the type of surgery for which they are intended (gloves for heart surgery, thin or thick gloves, smooth or rough gloves, etc.). All surgical gloves are only single use products.

14. The notifying party takes the view that surgical gloves used in the sterile environment of the operating theatre form a separate product market from surgical textiles. It also submits that all surgical gloves belong to the same relevant product market as they all have the same function and since all major surgical gloves suppliers offer a broad range of gloves. The market investigation confirmed that surgical gloves belong to a separate market. It however underlined that the demand and use as well as average selling prices of each of the three gloves categories (powdered, non-powdered or synthetic) were significantly distinct. These three categories of surgical gloves may therefore constitute separate relevant product markets.

---

2 Case COMP/M.1075 – Nordic Capital/Mölnlycke.

1.3 CPT

15. In addition to the above surgical products, Mölnlycke manufactures Custom Procedure Trays ("CPTs"), which are pre-packaged and sterile assortments of surgical products. These assembled packages contain complete sets of sterile single use surgical products customised to meet the hospitals' and surgeons' needs for specific surgical procedures. The largest component by value in a typical CPT, according to the parties, is drapes and gowns (together around half of the value). Other components include swabs, syringes and suction tubes but a large number of surgical products may be included in CPTs. In view of the lack of demand side substitutability, various sub-segments of CPTs may constitute relevant product markets depending of the surgery they are intended for (general surgery, heart surgery, orthopaedics, etc.)

1.4 Antiseptics

16. The transaction also deals with surgical and non-surgical antiseptics used as skin cleansers for both medical and staff and patients, where both Medlock and Regent have activities but not Mölnlycke.

17. It is not necessary to define the relevant product markets for antiseptics for the purposes of the present decision, as the proposed operation does not give rise to any overlap in this area.

1.5 Conclusion on the product market definition concerning surgical products

18. For the purposes of the present case, the questions of whether the product markets for surgical textiles, surgical gloves and CPTs should be further segmented can be left open as under any alternative the proposed operation is not likely to give rise to competition concerns.

2. Wound care products

19. Wound care products include traditional wound care products like dressings and fixation products, swabs (gauze and non-wowen), which do not promote a moist wound healing environment, and advanced wound care products that are used for interacting and controlling certain aspects of the physical environment of the wound, for instance by absorbing wound fluids or providing a beneficial microenvironment, optimum temperature etc. These advanced wound care products have been developed to treat "hard to heal" wounds. Mölnlycke and Medlock both manufacture and sell advanced wound care products. Mölnlycke is also active in traditional wound care products.

2.1 Traditional and advanced wound care products

20. The notifying party submits that traditional and advanced wound care products belong to separate relevant product markets due to differences in characteristics, prices and R&D content. It further submits that innovation and marketing plays a significant role for advanced wound care products while competition is essentially driven by prices for traditional wound care products. This approach is consistent

with the Commission's findings in its previous decision[3] and with the result from the market investigation. Although some respondents argued that clinicians and nurses may select products across the entire wound care product range, traditional and advanced do not offer the same performance and are not used for the same purpose. As a consequence, traditional and advanced wound care products belong to separate relevant product markets.

2.2 Advanced wound care products and moist wound care products

21. According to the notifying party, advanced wound care products could be further subdivided into (i) moist wound care products; (ii) active wound care products; and (iii) biologically active wound care products. The functions performed by each of these product categories are distinct: (i) moist wound care products maintain optimum conditions for tissues to repair themselves; (ii) active wound care products encourage better healing by interacting with the tissues at a physiological and cellular level and (iii) biologically active wound care products either deliver bioactive compounds or are constructed from material having endogenous activity.

22. The market investigation confirmed this view as the three product categories differ in their efficacy level and desired clinical outcome. While most moist wound care products are regulated as medical device in Europe, active wound care products may be classified either as medical device or as pharmaceuticals and biologically active wound care products are regulated as pharmaceuticals. Finally, the underlying know-how and engineering involved in each product category also differ and the R&D investment to develop biologically active wound care product is substantially larger than for other advanced wound care products. Some suppliers active in moist wound care products do not have the competence to develop active or biologically active wound are products. As a result, moist wound care products, active wound care products, biologically active each belong to separate relevant product markets. However, it is not necessary to define the relevant product markets for active and biologically active wound care products for the purposes of the present decision, as the proposed operation does not give rise to any overlap in this area.

23. Within the moist wound care product category, a number of product families can be identified: (i) hydrogels, (ii) hydrocolloids, (iii) alginates, (iv) foams, (v) films and (vi) contact layers. According to the notifying party, different product families can be applied interchangeably depending on the type of wound and the stage of wound evolution. It further submits that all product families constitute one single product market as they operate in the same way and none of the product families has a decisive advantage over the other that would limit its substitutability. Most respondents to the market investigation explained, however, that each family of moist wound care product had specific characteristics that made them appropriate or not suitable for a specific wound, although a moderate degree of substitutability exists. As an example, some respondents indicate that foams are gaining market share at the expense of hydrocolloids as they can be used for moderate to high exudating wounds. On the supply side, large suppliers of wound care products usually have a broad product range covering most moist wound care product families while smaller competitors may be more specialized.

---

3 Case COMP/JV.54- Smith&Nephew/Beiersdorf.

24. For the purposes of the present decision, the question of whether each moist wound care product family constitutes a relevant product market can be left open as under any alternative the proposed operation is not likely to give rise to competition concerns.

2.3 Customer segmentation

25. It is also submitted that the market in some Member States may need to be further divided into separate markets for hospital and community customers (wholesalers, prescribers and recommenders), due to differences in the competitive conditions and in price. This was confirmed by most market players for countries with reimbursement systems and, as a result, there are indications that the relevant product markets can further be sub-segmented into separate product markets for the hospital and community customers. For the purposes of this transaction however, the question whether there are separate relevant product markets for hospital and community customers can be left open as under any alternative the proposed operation is not likely to give rise to competition concerns.

B - Relevant geographic markets

1. Surgical products

26. The notifying party agrees with the Commission's conclusion in a previous decision[4] that the geographical market for surgical products is the EEA. The market investigation confirmed this geographic scope and indicated that surgical products are regulated by European standards and that price levels are similar across the EEA. There is therefore no barrier to surgical products trade within the EEA (except transportation costs in some occasions) and the main suppliers are active throughout the area. As a result, the markets for surgical products will be considered as EEA-wide in scope for the purposes of the present decision.

2. Wound care products

27. The notifying party submits that the relevant geographic market for advanced wound care is EEA wide. In a previous case[5], the Commission defined, however, the scope of the relevant product market for traditional wound care products as national due to large discrepancies in the market shares of leading players between individual Member States, large prices variations between Member Sates and customers' national sourcing and specifications. In contrast, the parties highlight the uniform safety regulations and requirements for regulatory approval across the EEA and the presence of the leading market players in all EEA countries.

28. The market investigation produced mixed results in this respect and respondents pointed out both national and EEA-wide market characteristics. On the one hand, the regulatory framework is similar across the EEA for moist wound care products and the same products are marketed in the EEA area by leading suppliers. On the other hand, sales patterns vary between countries depending on awareness and penetration of advanced wound care techniques and reimbursement and some countries have

4 Case COMP/M.1075-Nordic Capital / Mölnlycke.

5 Case COMP/JV.54 - Smith&Nephew/Beiersdorf.

specific national requirement for reimbursement applications. As an example, new technologies have rapidly penetrated the United Kingdom market compared to other European countries due to higher levels of awareness of advanced wound care techniques and more favourable reimbursement system for these products. Market participants underline that price variations between Member States are large and depend on the national reimbursement systems. Products existing on reimbursement lists also differ.

29. For the purposes of the present decision, the question of whether moist wound care product markets national or EEA-wide in scope can be left open as under any alternative the proposed operation is not likely to give rise to competition concerns.

IV. COMPETITIVE ASSESSMENT

A – Surgical products

1. Horizontal overlap

30. There is no horizontal overlap between the parties in the field of surgical products as Mölnlycke is active in surgical textile products and CPTs and Regent and Medlock in surgical gloves and antiseptics.

2. Vertical overlap

31. A vertical relationship exists as some of the products produced by Regent and Medlock (surgical gloves, fixation bandages and stockinettes) may be incorporated within Mölnlycke's Custom Procedure Trays ("CPTs").

32. CPT is an emerging market in Europe with a current annual growth rate of 20%. Currently, CPTs are used in only 5% of all surgical procedures in Europe while this rate reaches 50% in the United States. With total sales of CPTs in 2004 of […] EUR and according to its own estimates, Mölnlycke is the number 3 manufacturer of these products in the EEA with an approximate [10-20%] market share in 2004. The market is very fragmented and leading market players include Alcon, Cardinal health, Rocialle and Hartmann.

33. It is submitted that following a detailed specification by the customer, Mölnlycke acquires products and brands prescribed by the customer for each type of surgical product and provides the compilation as a CPT. The content of the CPTs sold by Mölnlycke varies significantly as there are some five thousand components that can form part of a CPT. Although the notifying party claims that the brands of CPT components are chosen by the customers, the market investigation indicated that CPT suppliers clearly had a preference for in-house products. Some [40-50%]of the value of Mölnlycke's CPTs represents Mölnlycke's own products.

34. On the upstream market, for surgical gloves, Apax estimates that Regent's market share amounts to [30-40%] in 2004, with the closest competitor Ansell having a market share of [30-40%] and the next closest competitor Sempermed [10-20%] at the European level.[6] In addition, a major supplier of surgical gloves indicated that the vast majority of

---

6 Europe including Germany, Italy, France, the United Kingdom, Spain, Belgium, Netherlands and Scandinavia.

surgical gloves is bought separately by end users (not in CPTs') as there are various sizes of surgical gloves, which cannot be all included in CPTs. Stockinettes and bandages each represent less than [10%] of Mölnlycke's total CPT sales (around […] EUR in the EEA in 2004). On this basis, there is no risk of foreclosure and the vertical link in the single use surgical products markets is not likely to significantly impede effective competition in the EEA.

3. Portfolio effect

35. Some respondents to the market investigation raised the concern that Mölnlycke's extended product range in the field of single use surgical products could negatively affect competition on those markets. Following the proposed transaction, Mölnlycke will have an extended product range of single use surgical product, including surgical gloves. Mölnlycke is already the clear market leader in the EEA in drapes ([20-30%] market share, followed by Cardinal Health with [10-20%]), gowns ([20-30%], Cardinal Health [0-10%]), caps ([40-50%], EIF [10-20%]), and number 2 in face masks ([20-30%], after Kimberley Clark, [30-40%]) and swabs ([10-20%], Hartmann, [10-20%]). Based on the company' enlarged product range and strong market positions, combined with customers' trend to source product packages (CPTs), foreclosure of smaller competitors on those markets could be envisaged as a result of portfolio effects.

36. The Commission assessed this risk during its investigation and focused on current competitive conditions and the presence of alternative suppliers in each product category. The market investigation showed that single use surgical products markets were becoming commodity products with competition based not mainly on quality but more and more on prices. As a consequence, a large number of surgical products suppliers manufacture or source their product from low cost countries such as Mexico and Thailand. The market investigation also indicated that European suppliers could revert to reliable and efficient suppliers in these countries and that at least three of four competitors could already match the breadth of Mölnlycke product portfolio. As for CPTs, surgical product manufacturers are competing fiercely to gain market share on this fast growing market. Given the large number of possible components, each CPT supplier (including Mölnlycke) is obliged to source a large part of the products from third parties. In this context, it is unlikely that the proposed transaction may significantly impede effective competition on those markets as a result of portfolio effects.

B – Wound care products

Horizontal overlap

37. The transaction only gives rise to a horizontal overlap between Mölnlycke's and Medlock's activities in the field of moist wound care products.

38. Mölnlycke's wound care activities include both traditional[7] and advanced wound care products. Its moist wound care portfolio includes a broad range of product families: hydrogels, alginates, foams, films and contact layers. The company also currently develops […] (active wound care) […] and […] (biologically active wound care) […]. Sales of moist wound care products accounted for [20-30%] of the company's turnover

7 Various types of absorbents dressing and fixation products for wound management and also non-woven and gauze swabs.

in 2004. Mölnlycke achieves sales world-wide, North-America and Europe being its most significant markets. Pursuant to an independent industry analyst Frost& Sullivan[8], Mölnlycke is the 5th largest advanced wound care product supplier in Europe and has been consistently the fastest growing supplier in Europe.

39. Medlock is also active in advanced wound care products, including foam dressings under the *Lyofoam* -brand (moist wound care) and foam dressings with honey or silver marketed under the *Avance*- brand (active wound care). Medlock's focus is the market in the United Kingdom and it has some exports to other Member States. Frost & Sullivan's report ranks Medlock as being a smaller competitor in Europe included in the category of "other competitors" (less than 5% each).

40. At the European level, according to the same study, leading suppliers in advanced wound care are Smith & Nephew ("S&N", [20-30%] market share in 2003), ConvaTec ([20-30%]), Coloplast ([10-20%]) and Johnson & Johnson ([10-20%]). Based on these figures, it can be concluded that the proposed transaction is not likely to negatively impact effective competition should EEA-wide geographic market be considered. The next paragraph demonstrates that this result remains valid should narrower product and geographic market definitions be retained.

41. If the relevant geographic market were to be national, the moist wound care products for hospitals and community in the United Kingdom would constitute an affected market in the meaning of the Merger Regulation as, following the transaction, the new entity would have a market share of [20-30%] (Mölnlycke [20-30%] and Apax [0-10%] in 2004[9]). The new entity would thus be the market leader in the United Kingdom moist wound care market but closely followed by S&N with [20-30%], ConvaTec with [10-20%] and Johnson & Johnson with [10-20%] market share respectively. In 2004, the total market for moist wound care products amounted to EUR 147 million in the United Kingdom.

42. After the transaction, the new entity will still face competition from experienced and established market players in the United Kingdom that offer a broad range of moist wound care products throughout Europe. As Medlock is not a major market player, the addition of market share is limited and does not significantly strengthen Mölnlycke's market position. The market investigation has shown that innovation and product development are key drivers in moist wound care products markets and, as a result, suppliers' market shares tend to fluctuate over time depending on the success of new products. As an example, Mölnlycke was able to increase its market share from [10-20%] in 2002 to [20-30%] in 2004 through the development and marketing of its *Safetac* technology. Thus, market shares alone are not sufficient to establish suppliers' market power in the moist wound care markets and the capability of suppliers to bring new technologies to the patients and to market them efficiently is essential.

43. In this context, it is important to highlight that the proposed acquisition will not strengthen Mölnlycke's R&D moist wound care capability as Medlock does not have any in-house capabilities in this field but has licensed technologies from third

---

8 "Frost & Sullivan Strategic Analysis of the European Advanced Wound Management Market", September 2004.

9 Mölnlycke's and Medlock's combined market share in 2002 was only [10-20%].

parties. The ability of S&N, ConvaTec and Johnson & Johnson to compete effectively with the new entity in the United Kingdom will therefore remain unchanged after the merger. This was also confirmed by the market investigation as no concerns were raised in this respect. The strong growth (+22% from 2002 to 2004 for moist wound care products in the United Kingdom) that these markets have experienced in the past three years and are continuing to experience also make these market very attractive for wound care suppliers and ensure effective competition.

44. In case separate markets were defined for each wound care product family and for hospitals and community customers, the proposed transaction would give rise to affected markets only for the hospital and community foams market in the United Kingdom and Austria. Foams are one of the fastest growing segments of wound care based on its simplicity and wide ranging functionality (+30% from 2002 to 2004 for foams in the United Kingdom). They now represent the largest moist wound care product family in the EEA.

45. In the United Kingdom foams market for hospitals, the parties would obtain a combined market share of [20-30%] (Mölnlycke [10-20%] and Medlock [10-20%]) and S&N would remain the market leader with [50-60%], followed by Coloplast with [0-10%]. In the foams market for community customers in the United Kingdom, the parties would obtain a combined market share of [40-50%] (Mölnlycke [30-40%] and Medlock [0-10%]) and S&N would remain the market leader with [40-50%], followed by Johnson & Johnson with [10-20%]. Mölnlycke gained significant market shares in this market from 2002 to 2004, while Medlock sales were declining[10].

46. In addition to the previous arguments (presence of strong competitors, limited addition of market shares and innovation-driven markets), in case of a product market limited to foams, the parties will continue to face partial or potential competition from suppliers of other families of moist wound care products. As evidenced by the market investigation, other families of wound care products are partially substitutable to foams depending on the type of wound and their suppliers exert a competitive pressure on the foams markets. Moreover, as the foams market offers attractive perspectives, these suppliers would appear to have an interest, as well as the ability, to enter in the foams markets, especially if prices were to increase. ConvaTec, being the second supplier of moist wound care products at the European level and already marketing foams outside of the United Kingdom, would appear well positioned to enter the United Kingdom foams market.

47. The parties also emphasize that both hospital and community segment enjoy significant buyer power. In the United Kingdom, in the hospital segment, wound care product prices are negotiated centrally by the NHS Purchasing and hospitals or consortia and Supply Agency (PaSA) and the products are distributed by NHS Logistics. Wound care products need to be listed on individual hospitals formularies so that medical staff can use them and this listing depends essentially on the cost effectiveness of the product. Hospitals hence enjoy significant buying power through this centralized procedure. In the community segment, the pricing of products that are reimbursable on Drug Tariff is examined by the Prescription Pricing Authority ("PPA"), which evaluates their costs

---

10 Mölnlycke's and Medlock's combined market share in 2002 for the United Kingdom foams market for community customer was only [20-30%].

top those of the most effective alternative treatment. In this segment, the products are then generally prescribed by nurses and dispensed by pharmacists, who get delivered through wholesalers.

48. The Commission's market investigation, including discussion with NHS PaSA and PPA could confirm that the reduction in the number of suppliers following the proposed transaction was neither likely to reduce product choice nor to deteriorate price and delivery conditions for NHS institutions and therefore for hospitals and community customers.

49. In the Austrian foams market for hospitals, the parties would obtain a combined market share of [40-50%] (Mölnlycke [30-40%] and Medlock [0-10%]), followed by S&N and Johnson & Johnson with respectively [30-40%] and [10-20%]. In the Austrian foams market for community customers, the parties would obtain a combined market share of [30-40%] (Mölnlycke [30-40%] and Medlock [0-10%]). S&N would remain the market leader with [30-40%], followed by the new entity and Johnson & Johnson with [10-20%]. Medlock only sells its products in Austria through a distributor. The proposed transaction is not likely to impede effective competition on those markets due to the presence of strong competitors, the limited addition of market shares and Austrian hospitals significant buying power. Hospitals generally set up purchasing groups to centralise purchasing and publish open tenders for all supply contracts in excess of 20,000 euros.

50. Finally, even under the narrowest product and geographic definitions envisaged above, the transaction is not likely to significantly impede effective competition in markets for moist wound care products in the EEA.

51. In light of the above, it can be concluded that the concentration will not significantly impede effective competition in the common market or in a significant part of it, in particular as a result of the creation or strengthening of a dominant position.

V. CONCLUSION

52. 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 (EC) No 139/2004.

For the Commission, signed,
Neelie KROES
Member of the Commission