

***Case No COMP/M.4757 -
NORDIC CAPITAL /
THULE***

Only the English text is available and authentic.

**REGULATION (EC) No 139/2004
MERGER PROCEDURE**

Article 6(1)(b) NON-OPPOSITION
Date: 20/07/2007

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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 20-VII-2007

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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 Where possible the information omitted has been replaced by ranges of figures or a general description.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.4757 - NORDIC CAPITAL/ THULE
Notification of 15/06/2007 pursuant to Article 4 of Council Regulation
No 139/2004¹**

I. INTRODUCTION

1. On 15 June 2007, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EC) No 139/2004 ("the EC Merger Regulation") by which Nordic Capital VI Limited ("Nordic Capital"), a private equity fund, acquires within the meaning of Article 3(1)(b) of the Council Regulation control of the whole of Thule AB ("Thule") by way of purchase of shares.

II. THE PARTIES

2. Nordic Capital is a Channel-Island based investment fund, active in private equity investments in large and medium-sized companies with a focus to the Nordic region.
3. Thule is a Swedish company active in the manufacturing and sale of load carrying systems and trailers for passenger cars, tow bars and wiring kits, snow chains for passenger cars and heavy vehicles, accessories for recreational vehicles and various types of storage and organization solutions to protect and manage different products when "on the move".

¹ OJ L 24, 29.1.2004 p. 1.

III. THE CONCENTRATION

4. The operation consists of the acquisition by Nordic Capital of sole control of Thule by way of purchase of shares. The transaction therefore constitutes a concentration within the meaning of Article 3(1)(b) of the EC Merger Regulation.

IV. COMMUNITY DIMENSION

5. Nordic Capital has a world-wide turnover of [*] million EUR and a Community-wide turnover of [*] million EUR. Thule has a world-wide turnover of [*] million EUR and a Community-wide turnover of [*] million EUR². None of the undertakings concerned achieves more than two-thirds of its aggregate Community-wide turnover within one and the same Member State. Therefore the concentration has a Community dimension under Article 1(2) of the EC Merger Regulation.

V. COMPETITIVE ASSESSMENT

6. None of the portfolio companies controlled by Nordic Capital is engaged in business activities in the same relevant product and geographic market as Thule. Therefore the transaction does not give rise to any horizontal overlaps.
7. Minor vertical links exist between Thule's activities and two companies owned by Nordic Capital. Plastal, a supplier of injection-moulded and surface treated plastic components to the automotive industry, sells a type of injection-moulded plastic components which theoretically could be used by Thule in its production of load carrying systems and accessories for recreational vehicles. Another company in the portfolio of Nordic Capital, Bufab is a supplier of industrial fasteners and sells commodity standard fasteners to Thule. Thule uses industrial fasteners for its load carrying systems, accessories for recreational vehicles, trailers and tow bars.

A. MARKET DEFINITION

1) RELEVANT PRODUCT MARKETS

Downstream markets

Load carrying systems for passenger cars

8. Load carrying systems are attached to cars and serve to transport additional luggage. They are either attached to the roof, to the hatchback or to the trailer coupling and include roof rails, roof racks, roof boxes, carrier baskets, roof and rear mounted bike carriers and various other carriers.
9. The notifying party submits that the relevant product market should comprise all load carrying systems for cars. The question, whether the different type of load carrying systems, such as load carriers, bike carriers, ski carriers, water sport carriers, carrier baskets, special carriers and boxes belong to separate product markets can be left open, as the transaction will not raise serious doubts as to its compatibility with the common market under any product market definition.

² Turnover calculated in accordance with Article 5(1) of the Merger Regulation and the Commission Notice on the calculation of turnover (OJ C66, 2.3.1998, p. 25).

Accessories for recreational vehicles

10. Accessories for recreational vehicles include awnings, safari rooms, doorsteps/ladders, roof lights/vent systems, bike carriers and boxes. Even if the different accessories would constitute separate relevant product markets, the question of the precise product market definition can be left open for the purpose of the present decision.

Trailers for passenger cars

11. Trailers for cars are transport vehicles connected with and hauled by a car. The parties submit that the market for trailers for passenger cars can be divided into four segments: leisure or consumer trailers, boat trailers, commercial trailers and horse trailers. However, even if trailers which serve different transportation purposes might be considered as separate relevant product markets, the question of the precise product market definition can be left open for the purpose of the present case.

Tow bars and wiring kits

12. A tow bar is a bar or rigid linkage used to tow a vehicle, such as a trailer or a caravan to a car. Tow bars are specially designed for particular car models and have to comply with legal and technical requirements. Wiring kits are used to plug into the vehicle attached to the car in order to enable the lights of the attached vehicle to shine at the correct intensity.
13. According to the parties, the market for tow bars including wiring kits constitutes a relevant product market. As the transaction does not raise serious doubts as to its compatibility with the common market under any product market definition, the precise product market definition can be left open for the purpose of the present case.

Upstream markets

Injection-moulded thermoplastic components

14. Injection moulded thermoplastic components for the automotive industry are used by automotive manufacturers for example for bumpers, dashboards, glove compartments etc. In its previous decision³, the Commission found indications that thermoplastic and thermoset components for the automotive industry constitute separate product markets due to their physical characteristics and price, it did not conclude on the issue. As the transaction does not raise serious doubts as to its compatibility with the common market even under the narrower product market for injection-moulded thermoplastic components, the precise product market definition can be left open for the purpose of the present case.

³ Comp/M.4043 Plastal/Dynamit Nobel Kunsstoff

Industrial fasteners

15. Industrial fasteners are mechanical devices whose function is to join together two or more components in a product. Fastening capability is typically imparted to a piece of metal or plastic by the addition of threading (e.g. screws, nuts and bolts). The notifying party submits that the relevant product market is the market for industrial fasteners excluding the more specific fasteners for the aerospace industry and for the automotive industry.
16. The Commission considered in a previous decision that aerospace fasteners and low-cost commodity fasteners belong to separate product market.⁴ In another decision the Commission did not conclude on the question whether fasteners for the automotive industry and fasteners for non-automotive uses belong to the same product market.⁵
17. Industrial fasteners are manufactured according to international standards or customer-specific requirements. According to the notifying party, the same customers usually purchase both type of fasteners. From a supply-side perspective there are no material differences between the supply of one or another type of industrial fasteners and industrial fastener suppliers are able to supply all type of fasteners. Thule purchases both standard and customised fasteners. The question whether the market for standardised and customised industrial fasteners should be distinguished, or whether industrial fasteners and fasteners for the aerospace industry and for the automotive industry constitute separate product markets can be left open for the purpose of the present decision, as the transaction does not raise serious doubts as to its compatibility with the common market even under the narrowest product market definition.

2) RELEVANT GEOGRAPHIC MARKETS

Load carrying systems, tow bars, wiring kits

18. The notifying party submits that the markets are EEA-wide in scope given the lack of barriers to trade, low transportation costs and the high degree of cross-boarder trade flow. In its previous decision⁶ the Commission's found several indications that the markets in question are national in scope given, in particular, the significant price differences and the different market shares in the Member States, but did not conclude on the question.
19. As the proposed transaction would not lead to competition concerns even based on the narrowest possible geographic market definition, the exact definition of the relevant geographic markets for tow bars, wiring kits and the different types of load carrying systems can be left open for the purpose of the present decision.

⁴ Comp/M.2928 Alcoa/Fairchild

⁵ IV. 721 Textron/Valois

⁶ Comp/M.4129 Thule/CHAAS/Advanced Accessory Systems/Valley

Trailers

20. Concerning trailers, the notifying party submits that the relevant geographic market is still rather national than EEA-wide in scope. The notifying party refers in particular to the significant logistic costs resulting that most suppliers assemble the trailers as close to the relevant customers as possible. Due to the fact that the proposed transaction does not give rise to serious doubts as to its compatibility with the common market based even on the narrowest possible market definition (i.e. national markets for the different types of trailers), the exact definition of the geographic markets for trailers can be left open in the present case.

Injection-moulded thermoplastic components and industrial fasteners

21. According to the notifying party, the market for injection-moulded thermoplastic components is EEA-wide in scope. The notifying party indicates that transportation costs are low, there are no local or national product characteristics and procurement on the market is based on pan-European biddings. In line with the previous decision of the Commission⁷, the market for injection-moulded thermoplastic components is analysed at EEA-level for the purpose of the present decision.
22. According to the notifying party, the market for industrial fasteners is EEA-wide in scope. Transportation costs amount to [*] and the level of imports to the EEA amount to approximately [*] of the European sales. On the other hand the notifying party also indicates that there are price differences in the different Member States. Although there are a number of European and international standards, a number of European countries also have their own laws governing fasteners. However, the precise geographic market definition can be left open for the purposes of the present decision.

B. COMPETITIVE ASSESSMENT

23. As mentioned above the proposed transaction does not result in any horizontal overlap. It will give rise to some vertical issues, with two of Nordic Capital portfolio companies, Plastal and Bufab, active in up-stream markets. As it will be detailed below Plastal and Bufab nevertheless are minor players on the up-stream markets.
24. Non-horizontal mergers normally pose no threat to effective competition unless the merged entity has market power in at least one of the markets concerned. Market shares provide useful first indications of the market power and the competitive importance of both the merging parties and their competitors. Thule has about [35-45%] market share on the EEA market for *load carrying systems*. On the basis of a narrower market definition it has market shares well above [20-30%] in a number of national markets in particular for load carriers, bike carriers, ski carriers and water sport carriers. Specifically, in the market for *roof rails*, which is relevant for the potential vertical issues arising from the activities of Plastal, Thule has a market share of about [10-20%] EEA-wide but has market shares above [20-30%] in a number of national markets. Concerning trailers, Thule's markets are also above [20-30%] in different segments in Denmark, Norway, Sweden and Italy. With regard to *tow bars and wiring kits*, Thule's market share is around [20-30%] at EEA-level but has higher

⁷ In Comp/M.4043 Plastal/Dynamit Nobel Kunsstoff relating to thermoset and thermoplastic components for the automotive industry, the Commission assessed the competition effects of the transaction at EEA-level.

market shares in a number of national markets. In the market for accessories for recreational vehicles Thule's market share EEA-wide in 2006 was [30-40%]. It has also market shares exceeding [20-30%] in a number of national markets.

Injection-moulded thermoplastic components

25. Plastal sells surface-treated injection moulded thermoplastic components for manufacturers in the automotive industry. Its market share in the EEA market for injection-moulded thermoplastic components is approximately [5-15%]. In the narrower market for injection-moulded thermoplastic components for the automotive industry it has [5-15%] market share.
26. According to its current commercial strategy, Plastal is entirely focusing on the automotive industry, where customers require specific customised large-series products and does not supply either Thule or any of its competitors. Technically, Plastal's thermoplastic components could, however, be used for the production of a specific type of load-carrying system, roof rails. Even if post-merger Plastal would become the exclusive supplier of Thule, it would, however, not lead to any anti-competitive effects.
27. No customer foreclosure can arise as a result of the transaction because load carrying system customers in general accounts only for a small part of the market. The purchases of the leading company, Thule cover well below [0-5%] of the EEA market for injection-moulded thermoplastic components. Therefore even if Thule would purchase entirely from Plastal, thermoplastic components suppliers would have access to [90-100%] of the market.
28. No input foreclosure can arise either given Plastal's limited market share, and the number of competitors on the market, such as Faurecia [20-30%], Visteon [5-15%], Plastic Omnium [5-15%], Peguform [5-15%], Johnson Controls [5-15%]. Even if the company would refuse to supply Thule's competitors, there would remain enough alternative suppliers on the market.

Industrial fasteners

29. Bufab's market share in the EEA-wide market for industrial fasteners is negligible (approximately [0-5%]). Even on the hypothetical narrower markets for standardized industrial fasteners and for customised industrial fasteners Bufab has a market share below [0-5%] and about [0-5%] respectively. Looking at national markets, Bufab is less than [5-15%] in all the Member States, except Sweden where it has about [15-25%] market share.
30. Bufab currently sells certain commodity standard fasteners (screws, bolts, nuts and rivets) to Thule for load carrying systems and for accessories for recreational vehicles. It also supplies other companies in the market for load carrying systems and three further recreational vehicles suppliers. Thule uses industrial fasteners, both standardised and customised, for its load carrying systems, accessories for recreational vehicles, trailers and tow bars.
31. Given Bufab's low market shares in the market for industrial fasteners, whether standardised or customised, it is not able to have significant influence on the conditions of competition in the markets where Thule is active. Even if Bufab would refuse to supply Thule's competitors, there would be numerous suppliers on the

market, such as Bossard [0-5%], Reyher [0-5%], Böllhoff [0-5%] to serve these customers.

32. Customer foreclosure can also be excluded as a result of the proposed concentration. Whereas industrial fasteners are used in many different industries for diverse applications, Thule's EEA-wide market demand for these products is insignificant. Even by switching its fastener procurement entirely to Bufab, Thule could theoretically foreclose less than [0-5%] of the market for industrial fasteners in the EEA. Therefore, even if Thule were to switch all its demand for industrial fasteners to Bufab, this could have only an insignificant impact on Bufab's competitors.
33. Consequently, given the presence of alternative industrial fastener suppliers and limited level of Thule's fastener need, the merged entity is unlikely to have the ability and incentive to foreclose its competitors whether upstream or downstream.

IV. CONCLUSION

34. 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