

*Case No IV/M.497 -  
Matra Marconi Space /  
Satcomms*

Only the English text is available and authentic.

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

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Article 6(1)(b) NON-OPPOSITION  
Date: 14/10/1994

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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 14.10.1994

PUBLIC VERSION

MERGER PROCEDURE  
ARTICLE 6(1)(b) DECISION

To the notifying parties

Dear Sirs,

Subject : Case No IV/M.497 - Matra Marconi Space/Satcomms

Notification of 13.09.1994 pursuant to Article 4 of Council Regulation No 4064/89

1. On 13.09.1994, Matra Marconi Space NV (MMS) notified to the Commission its acquisition of certain assets of Ferranti International plc (Ferranti), namely its Satcomms division (Ferranti Satcomms). Ferranti is currently in administrative receivership. The acquisition had been completed prior to this notification subsequent to a derogation from the suspensive effect of Article 7(1) of Council Regulation No 4064/89 granted by the Commission on 5.8.1994 according to Article 7(4) of the same Regulation.
2. After examination of the notification, the Commission has concluded that the notified operation falls within the scope of application of Council Regulation No 4064/89 and does not raise serious doubts as to its compatibility with the common market and with the functioning of the EEA Agreement.

I. THE PARTIES

3. MMS is a joint venture between Matra Hachette SA (Matra) and The General Electric Company plc (GEC). It is engaged in the manufacture and supply of space systems, including satellites and their payloads, sub-systems for launchers and manned space flight vehicles, ground stations, and various other sub-systems and technologies.

4. Matra has activities in the following fields : aerospace and defence, telecommunications and information technology, automobile and transit systems, publishing, and broadcasting.
5. GEC has activities in the following fields : electronic systems, including satellite ground stations, power systems, telecommunications, consumer goods, electronic metrology, electronic components, and industrial apparatus.
6. Ferranti Satcomms is Ferranti's former business relating to satellite ground stations and microwave components/subsystems.

## II. THE OPERATION

7. MMS, through its subsidiary Matra Marconi Space UK Ltd (MMSUK), has acquired the main assets of Ferranti Satcomms, the satellite and communications division of Ferranti.

## III. CONCENTRATION OF COMMUNITY DIMENSION

8. The notified operation constitutes a concentration within the meaning of Articles 3(1)(b) and 1(2) of the Regulation.

## IV. COMPATIBILITY WITH THE COMMON MARKET

### Satellite ground stations

9. The question of product and geographic markets for satellites has already been examined by the Commission in its decisions of 23.8.1994 in case IV/M.437 - Matra Marconi Space/British Aerospace Space Systems and of 5.9.1994 in case IV/M.496 - Marconi/Finmeccanica.
10. In terms of the relevant product market for satellite ground stations, the Commission stated in the former decision that "market shares calculated on the basis of ground stations as a whole give a good indication of the relative strength of the prime contractors in this sector".
11. The Commission decision of 5.9.1994 examined the geographical reference market for satellite ground stations in terms of the EEA (European Economic Area), although the market may be global.
12. In this context, the current concentration does not raise any competition concerns. Matra Marconi Space's EEA market share -including that of the joint venture between GEC and Finmeccanica- is no more than [...] <sup>1</sup>. Ferranti Satcomms' turnover in this area (approximately ECU [...] <sup>2</sup>) represents an EEA market share of less than [...] <sup>3</sup>.

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<sup>1</sup> Business secret deleted. Between 5 and 15%

<sup>2</sup> Business secret deleted

<sup>3</sup> Business secret deleted. Less than 5%

Consequently, there is no significant change in the market position of the parties who will in any case have a combined market share of less than [...] <sup>4</sup> in the EEA. Furthermore, there are a number of strong alternative suppliers among which are Alcatel Espace, Deutsche Aerospace, Hughes Space and Communications, NEC Corp., Space Systems/Alliance (comprising Aérospatiale, Alcatel, DASA, Alenia and Loral) and Andrews Vsat. Finally, even if the distinction were to be made between civilian and military satellite ground stations, the addition in market share would still remain insignificant.

#### Microwave components

13. As regards microwave components for uses other than civil satellite ground terminals, there is no overlap in activity since neither MMS nor GEC nor Matra compete to any material extent with Ferranti Satcomms.

#### V. ANCILLARY RESTRAINTS

14. Clause 3 and schedules 7 and 8 of the acquisition agreement contain irrevocable, non-exclusive, royalty free worldwide licences concerning intellectual property and know-how granted by Ferranti to MMSUK as well as the corresponding license back arrangements by MMSUK to Ferranti, who also requires these licences for other areas of business. These licences are directly related and necessary to the successful division of the business.
15. Under Clause 17(2) of the acquisition agreement, MMSUK is restricted from dealing in certain ways with equipment that is used in the business, but belongs to third parties. Under this clause MMSUK takes over the corresponding obligations applicable to Ferranti relating to the use of third party equipment which is being purchased by MMSUK from Ferranti.
16. Under Clause 21(2) of the acquisition agreement, the parties agree to continue to maintain confidentiality in relation to the other businesses and assets of the Ferranti Group, about which the purchaser has obtained confidential information but has not purchased. Similarly under Clause 21(4) of the same agreement, Ferranti and the receivers agree to keep confidential the provisions of Clause 9 which relates to the terms on which MMSUK has agreed to carry out, perform and complete certain contracts entered into by or on behalf of Ferranti with third parties in connection with its satellite and communications division.
17. Under the Technical Assistance Agreement, the parties agree to provide to the other such advice and assistance relating to certain know-how as the other may request to enable it to conduct its business. The services are to be provided only for a limited transitional period (not beyond 28.2.95) and are necessary to guarantee that both the acquired business and the retained business have access to the necessary technical information during this transitional period thus enabling each part to operate separately.

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<sup>4</sup> Business secret deleted. Between 5 and 15%

Finally under Clause 10(2) of the Technical Assistance Agreement, Ferranti agrees that it shall not, and agrees to procure that certain of its businesses and any future purchasers of Ferranti's remaining businesses shall not, use or disclose confidential information relating to Ferranti's satellite and communications division. This restriction is necessary to enable the purchaser to take over fully the value of the assets transferred.

18. The Commission considers that the nature and duration of these restrictions are not disproportionate and are directly related and necessary to the successful implementation of the concentration. Therefore all of the above restrictions are covered by this decision to the extent described in the Agreements.

## VI. CONCLUSION

19. For the foregoing reasons, the proposed concentration does not raise serious doubts as to its compatibility with the common market and with the functioning of the EEA Agreement.

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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 functioning of the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of Council Regulation No 4064/89 and Article 57 of the EEA Agreement.

For the Commission,