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Case No COMP/M.7021 - SWISSPORT / SERVISAIR

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

Article 6(1)(b) in conjunction with Art 6(2)
Date: 18/12/2013

***In electronic form on the EUR-Lex website under document
number 32013M7021***



EUROPEAN COMMISSION

Brussels, 18.12.2013
C(2013) 9666 final

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 Where possible the information omitted has been replaced by ranges of figures or a general description.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

To the notifying party:

Dear Sir/Madam,

**Subject: Case No COMP/M.7021 - Swissport/Servisair
Commission decision pursuant to Article 6(1)(b) in conjunction with Article 6(2) of Council Regulation No 139/2004¹**

¹ OJ L 24, 29.1.2004, p. 1 ('the Merger Regulation'). With effect from 1 December 2009, the Treaty on the Functioning of the European Union ('TFEU') has introduced certain changes, such as the replacement of 'Community' by 'Union' and 'common market' by 'internal market'. The terminology of the TFEU will be used throughout this decision.

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- (1) On 29 October 2013, the Commission received a notification of a proposed concentration pursuant to Article 4 of the Merger Regulation by which Swissport France Holding SAS ("Swissport", France), controlled by PAI Partners (France), acquires within the meaning of Article 3(1)(b) of the Merger Regulation control of the whole of Servisair SAS ("Servisair", France) by way of purchase of shares (the "Transaction"). Swissport and Servisair are collectively referred to as the "Parties".

I. THE PARTIES AND THE OPERATION

- (2) Swissport ("the Notifying Party") is a provider of airport ground handling, cargo handling, and related services, to airlines in Europe and abroad. Swissport is owned and controlled by PAI Partners SAS, a portfolio management company.
- (3) Servisair is a provider of airport ground handling, cargo handling, and related services, to airlines in Europe and abroad. Servisair is currently owned and controlled by Derichebourg SA, a French company active in the collection and recycling of waste materials, cleaning services, and related services.
- (4) The Transaction concerns the proposed acquisition by Swissport from Derichebourg of all outstanding shares in Servisair. The Transaction therefore constitutes a concentration within the meaning of Article 3(1)(b) of the Merger Regulation.

II. EU DIMENSION

- (5) The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 5 000 million (Swissport: EUR 9673 million; Servisair: EUR 690 million).² Each of them has an EU-wide turnover in excess of EUR 250 million (Swissport: EUR [...]; Servisair: [...]). However, neither company achieves more than two-thirds of its aggregate EU-wide turnover within one and the same Member State. Therefore, the notified operation has an EU dimension according to Article 1(2) of the Merger Regulation.

III. RELEVANT MARKETS

- (6) In the EEA, Swissport and Servisair are active in ground handling and cargo handling at a number of airports.³

² Turnover calculated in accordance with Article 5(1) of the Merger Regulation and the Commission Consolidated Jurisdictional Notice (OJ C95, 16.04.2008, p1).

³ The Parties are also active in (i) aviation security services, (ii) catering, (iii) fuelling, (iv) lounges, (v) maintenance and repair services, and (vi) ground handling services for executive aviation. However, given that these services can be split out from ground or cargo handling as making up separate relevant product markets and there is no substantial overlap between the Parties in these services, this Decision will not discuss these services in the following.

IV. PRODUCT MARKET DEFINITION

IV.1. Ground handling

IV.1.1 Description of the market

- (7) The Notifying Party views ramp, passenger, baggage, and airside cargo handling as making up one ground handling market.⁴ In the Notifying Party's opinion, this includes the provision of such ground handling services by airports as well as self- and third-party-handling by airlines.
- (8) Ramp services include aircraft loading and unloading, marshalling, push back and towing, cleaning, toilet and water servicing, de-icing, airport transportation (for both crew and passengers), freight and baggage transfer, and traffic operations (flight documentation and planning, crew briefing, weight and balance, load planning, ground to air communication, flight supervision).⁵
- (9) Passenger handling services include reservation and ticketing, supervision management, check-in services, basic security services, arrival and departure services and boarding assistance.⁶
- (10) Baggage handling comprises loading and unloading of baggage from an aircraft, handling baggage in the sorting area, sorting it, preparing it for departure, and transporting baggage from the sorting area to the reclaim area.⁷
- (11) At many airports in the EEA a ground handler requires a ramp licence to access the tarmac and aircraft, and the number of ramp licences is limited.⁸ These services are therefore referred to as "airside activities": namely those provided on the ramp and those provided in restricted areas, such as baggage handling. Consequently, ramp, passenger and baggage handling services are mainly airside activities. By contrast, landside

⁴ Council Directive 96/67/EC of October 15, 1996 on access to the ground handling market at Community airports, OJ 1996 L 272/36, as amended by Regulation 1882/2003 of the European Parliament and the Council of September 29, 2003, OJ 2003 L 284/1 (the "Ground Handling Directive") provides a broader definition of ground handling services. According to the Ground Handling Directive, the following services constitute ground handling services: ground administration and supervision; passenger handling; baggage handling; freight and mail handling; ramp handling; aircraft services; fuel and oil handling; aircraft maintenance; flight operations and crew administration; surface transport; and catering services. However, for the purposes of the present Decision, the term "*ground handling services*" will refer to ramp, passenger, baggage, and airside cargo handling services only. The inclusion of the other services where the Parties are active, like fuel handling, would not affect the competition assessment of the Transaction.

⁵ Ground Handling Directive, Annex, at point 5. Ramp handling services do not, however, include fuelling and catering, which are separate markets, because these services require different facilities, a different know-how and are generally supplied by different providers; COMP/M.6671 – *LBO/Aviapartner*, fn. 6.

⁶ Ground Handling Directive, Annex, at point 2. See also the IATA Standard Ground Handling Agreement ("SGHA"), Annexes 6.4.1-1 et seq., for a slightly different delineation of the market.

⁷ Ground Handling Directive, Annex, at point 3.

⁸ Ground Handling Directive, OJ L 272, 25.10.1996, p. 36.

activities (most notably cargo handling services) are provided in warehouses or in public areas of airports without a license or authorisation being required.⁹

- (12) The Commission has in the past defined a separate relevant product market for "ramp, passenger, and baggage handling services" (which includes airside cargo handling as part of ramp services) and distinguished these services from landside cargo handling services.¹⁰
- (13) Airside cargo handling is the transportation of cargo between the aircraft and the cargo handler's warehouse.¹¹ The Notifying Party argues that airside cargo handling services forms part of ramp, passenger, and baggage handling services. At airports where ramp services have not been liberalised but require a license, only the ramp licence holder can in principle provide airside cargo services. While the Commission's market investigation in *LBO France/Aviapartner* confirmed this view, the Commission left the question open as no competition concerns arose under any plausible market definition.¹²
- (14) The Commission has in the past also left open whether each of ramp, passenger, and baggage handling services constitute separate relevant product markets.¹³
- (15) The results of the market investigation have broadly confirmed the market definition as delineated in *LBO France/Aviapartner*. A clear majority of competitors, customers and airport managers alike supported the view that there was a separate product market for ground handling services consisting of ramp, passenger and baggage handling services.¹⁴ Likewise all three groups of respondents confirmed with clear majorities that airside cargo handling services belonged to the market of ground handling services.¹⁵
- (16) Moreover, the Commission considers that ground handling services as airside services necessitate similar expertise, personnel and equipment on the supply side. Furthermore, on the demand side, ramp, passenger and baggage services are generally contracted jointly.¹⁶
- (17) As concerns as possible further segmentation of the ground handling market, the results of the market investigation do not suggest that a further segmentation into smaller markets would be appropriate.¹⁷

⁹ COMP/M.6671 – *LBO France/Aviapartner*, para. 14.

¹⁰ Case COMP/M.6671 – *LBO France/Aviapartner*, paras. 12–20.

¹¹ Case COMP/M.6671 – *LBO France/Aviapartner*, para. 24.

¹² Case COMP/M.6671 – *LBO France/Aviapartner*, paras. 24–28.

¹³ Case COMP/M.6671 – *LBO France/Aviapartner*, para. 18, with further references.

¹⁴ Questionnaire Q1 to competitors, answers to question 5; Questionnaire Q2 to customers, answers to question 17; Questionnaire Q3 to airport managers, answers to question 9.

¹⁵ Questionnaire Q1 to competitors, answers to question 6; Questionnaire Q2 to customers, answers to question 18; Questionnaire Q3 to airport managers, answers to question 10.

¹⁶ Case COMP/M.6671 – *LBO France/Aviapartner*, para. 16.

¹⁷ Questionnaire Q1 to competitors, answers to question 5.2; Questionnaire Q2 to customers, answers to question 17.2; Questionnaire Q3 to airport managers, answers to question 9.2.

(18) The Commission therefore concludes that ground handling services, consisting of ramp, passenger, and baggage handling services as well as airside cargo handling services, constitute a relevant product market.

IV.1.2 Self-handling by airlines

(19) Other than obtaining their ground handling services from third party providers, airlines have the option of catering to their ground handling needs through "self-handling".¹⁸ A number of airlines engage in self-handling. Self-handling can be defined as "*a situation in which an airport user directly provides ground handling services for itself and concludes no contract with any third handling party for the provision of such services*".¹⁹

(20) In the context of ground handling services, previous decisions of the Commission²⁰ as well as the Study on the impact of Directive 96/67/EC on Ground Handling Services 1996–2007 discussed the distinction between self-handling and handling services to third-parties.

(21) The Notifying Party views self-handling as competitive with and as part of the same ground handling market as services provided by third-party handlers.²¹ According to the Notifying Party, self-handling airlines supply exactly the same services as third-party handlers, and airlines frequently switch back and forth between self-handling and third-party handling (or at least regularly evaluate such a switch). The Notifying Party therefore contends that the airline self-handling business is contestable and frequently contested by third-party ground handling providers and serves as a constraint on the competitive behaviour of third-party ground handling providers.

(22) In its most recent decision on ground handling, the Commission excluded self-handling from the contestable market.²² In the present case however, it can remain open whether self-handling forms part of the relevant product market or not because the assessment would not change materially either way.²³ The competitive assessment will take into account as relevant the effects of self-handling on an airport-by-airport basis by comparing both, the situation excluding as well as the situation including self-handling.

IV.1.3 Competition for the market

(23) Ramp, passenger and baggage handling services are, for the major part, airside services.²⁴ Therefore, access to the provision of these services is subject to a licence at a certain number of airports in the EEA (so called "closed" or "restricted" airports).²⁵ At these

¹⁸ See Art. 7 of the Ground Handling Directive.

¹⁹ Case COMP/M.6671 – *LBO France/Aviapartner*, para. 21.

²⁰ E.g. case M.6671 – *LBO France/Aviapartner*, paras. 21 and following.

²¹ Form CO, paras. 73 and following.

²² Case M.6671 – *LBO France/Aviapartner*, para.23.

²³ If airports provide ground handling and cargo handling services directly to airlines (separate from actually running the airport infrastructure), the Commission has in the past treated them as relevant competitors in ground handling (See case COMP/M.6671 – *LBO France/Aviapartner*, para. 100). In the present case and in line with the Notifying Party's submission, there is no reason to deviate from this approach.

²⁴ See paragraph (11).

²⁵ In the present case, the affected airports which still require a licence for airside services are Paris CDG as well as the Spanish overlap airports.

airports, the relevant authority organises tenders on the basis of which it chooses the licensees (the recipients of licences generally providing ramp, passenger, and baggage services at a given airport).

- (24) As such, a separate market for the tendering of ramp licences may exist, distinct from the product market for the actual provision of ramp, passenger and baggage services.
- (25) The Notifying Party believes that the analysis of a separate market for the competition for airside services/licenses is not relevant to the Transaction, because all airports that give rise to a material "overlap" are "open" or "liberalised" within the meaning of the Ground Handling Directive.
- (26) In particular, the Notifying Party submits that there could be no separate market for "the tendering of ramp licenses by public authorities" at "open" airports, as all the relevant permits are awarded to all providers who meet the necessary requirements and are not allocated through a tendering process.
- (27) The results of the Commission's market investigation have proven inconclusive as to the question of whether there indeed is a separate market for the competition for the market.²⁶ However, this issue can be left open as the Transaction raises no competition concerns at any of the affected closed airports or at airports where both Swissport and Servisair bid for such licences.

IV.2. Landside cargo handling

- (28) Landside cargo handling may comprise many different services, including cargo terminal operations, warehousing and inventory control, cargo security, handling of dangerous goods, documentation for import and export, customs clearance, global cargo tracking or even live animal management.²⁷
- (29) In *Lufthansa/Menzies/LCC*, the Commission considered landside cargo handling services as likely constituting a separate relevant product market from other ground handling services, but ultimately left the question open.²⁸ In *LBO France/Aviapartner*, the Commission concluded, based on its findings in the market investigation, that landside cargo handling services did constitute a separate relevant product market.²⁹
- (30) The Notifying Party agrees with the Commission's assessment in *LBO France/Aviapartner*.

²⁶ Questionnaire Q1 to competitors, answers to question 10; Questionnaire Q2 to customers, answers to question 20; Questionnaire Q3 to airport managers, answers to question 12.

²⁷ Ground Handling Directive, OJ L 272, 25.10.1996, p. 36, Annex. See also the IATA Standard Ground Handling Agreement ("SGHA"), Annex A, Section 5.

²⁸ Case COMP/M.1165 – *Lufthansa/Menzies/LCC*, paras. 10–11.

²⁹ Case COMP/M.6671 – *LBO France/Aviapartner*, paras. 38–39.

(31) The market investigation has broadly confirmed this approach. A clear majority within all groups of respondents considered that there was indeed a separate market for the provision of landside cargo handling services.³⁰

(32) Taking account of the Commission's precedents, the view of the Notifying Party and the results of the market investigation, the Commission concludes that the market of landside cargo handling services is a separate relevant market for the purpose of the assessment of this Transaction.

IV.3. Offline cargo handling

(33) Cargo handling services also relate to on-board freight (inbound) or freight to be loaded (outbound), so-called "online services". Online freight handling services involve online freight which is linked to a flight number and was or will be loaded at the airport where it is handled.

(34) Offline services are services provided for freight which will not be or was not loaded at the airport where it is handled. Offline services are not covered by the Ground Handling Directive. Offline services do not necessarily need to be provided at airports (the cargo is handled and prepared for flight at one airport, then transported by truck to another airport for loading onto the aircraft).

(35) The Notifying Party does not consider offline cargo transport services as part of the relevant "landside cargo handling" market.³¹

(36) The market investigation did not provide conclusive evidence on the question of whether offline service constitute a separate product market of their own, belong to cargo handling services, or rather to the overall market of freight forwarding.³² However given that the Transaction does not lead to competition concerns in offline cargo handling services under any plausible definition, the question can remain open.

V. GEOGRAPHIC MARKET DEFINITION

V.1. Ground handling

V.1.1 Competition in the market

(37) The Commission has considered in previous decisions that the geographic scope for the provision of all ground handling services is restricted to a specific airport (or possibly two neighbouring airports), arguing that the services required at a particular airport cannot be substituted for services provided at other airports.³³

³⁰ Questionnaire Q1 to competitors, answers to question 12; Questionnaire Q2 to customers, answers to question 22; Questionnaire Q3 to airport managers, answers to question 16.

³¹ Form CO, para. 96.

³² Questionnaire Q1 to competitors, answers to question 16; Questionnaire Q2 to customers, answers to question 24; Questionnaire Q3 to airport managers, answers to question 19.

³³ See notably Case COMP/M.6671 – *LBO France/Aviapartner*, para.5; Case No Case IV/M.1165, *Lufthansa/Menzies/LCC*, paras. 12 and following; Case COMP/M.4164 – *Ferrovial/Quebec/ GIC/BAA*,

- (38) In some decisions, however, the Commission considered the possibility that markets could be larger under specific circumstances.³⁴ More precisely, the Commission reached the conclusion that it could not be excluded that markets for ground handling services in Spain and in Greece may have a wider geographic dimension encompassing in some cases more than one airport. The question was finally left open, as the precise geographic market definition had no material impact on the assessment.
- (39) In *LBO France/Aviapartner*, the Commission regarded the market still to remain local for the time being although bids organised by airline customers might increasingly encompass more than one airport in the future. The Commission based this view on the fact that only the handlers which are active at a given airport can assist the airline opting to land at the same airport. A ground handler which has no authorisation, no warehouses, equipment and personnel at the airport cannot provide ground handling services at that airport, without first organising such a local presence. However, the Commission did not see the need to come to a firm conclusion as to the geographic size of the ground handling market.
- (40) In the present case, the Notifying Party has provided market data on an airport-by-airport basis (as well as at the national level for the countries in which there are affected markets). The Notifying Party notes however that pricing for ground handling services is constrained both by competitors active at a particular airport and by other competitors active in the region and throughout the EEA. According to the Notifying Party, this is due to the bidding nature of the business and the ease of entry at open airports in which the number of ground handlers is not limited.³⁵
- (41) In the course of the Commission's market investigation, large majorities in all groups of respondents considered the market related to single airports only.³⁶ A large majority of responding airlines furthermore stated that they purchased ramp, passenger and baggage services or organise their tender procedures for such services for single airports only.³⁷ And even in case airlines should organise tenders covering several airports, a clear majority still professed to mostly splitting the tendered contracts geographically by selecting different suppliers for different airports.³⁸ Finally, a majority of respondents in all groups of respondents confirmed that (where these services are still subject to licencing) licences for airside services are still mainly attributed on a single airport basis.³⁹

para. 23; or Case COMP/M.5440 – *Lufthansa/Austrian Airlines*, para. 43. See also Case No IV /M.1124 – *Maersk Air/LFV Holdings*, para. 22 and following; Case COMP/M.2254 – *Aviapartner/Maersk/Nova*, para. 17 and following; Case COMP/M.3823 – *MAG/Ferrovial Aeropuertos/Exeter Airport*, paras. 16 and following; Case COMP/M.5747 – *Iberia/British Airways*, OJ C 241, 8.9.2010, para. 46.

³⁴ See Case COMP/M.5830 – *Olympic / Aegean Airlines*, paras. 314 and following and Case No COMP/M.6447 – *IAG / BMI*, OJ C 161, 7.6.2012, p. 2, paras. 101 and following.

³⁵ Form CO, para. 107.

³⁶ Questionnaire Q1 to competitors, answers to question 7; Questionnaire Q2 to customers, answers to question 19; Questionnaire Q3 to airport managers, answers to question 13.

³⁷ Questionnaire Q2 to customers, answers to question 14.1.

³⁸ Questionnaire Q2 to customers, answers to question 15.2.

³⁹ Questionnaire Q1 to competitors, answers to question 11; Questionnaire Q2 to customers, answers to question 21; Questionnaire Q3 to airport managers, answers to question 15.

- (42) Taking into account the Commission's precedents, the views expressed by the Notifying Party and the results of the market investigation, the Commission considers the following: While it may indeed be the case that some airlines organise tender procedures comprising several airports simultaneously, the clear majority of airlines still award tenders locally and are prepared to split multi-station tenders comprising several airports among multiple bidders. Therefore the specific airport at which the ground handling services are to be provided seems to have decisive weight for customers.
- (43) What is more, from a supply perspective, ground handlers compete for ground handling contracts at the airport level and not at the level of a region or a whole country. While it is certainly possible to calculate the overall shares of ground handlers on a national level, these shares are a rather abstract representation of their various positions in the sector. One ground handler may be a dominant force at one airport but a distant competitor at another airport.
- (44) As a consequence, the Commission concludes that the geographic market for ground handling services remains – at least for the time being – local in size and does not extend beyond a single airport or possibly two or more neighbouring airports.

V.1.2 Competition for the market

- (45) In *LBO France/Aviapartner*, the Commission considered that the market for the competition for airside services would be at least national and possibly EEA-wide while leaving the exact market definition open.⁴⁰
- (46) The results of the market investigation have proven inconclusive as to the question of whether such a market exists or how the geographic scope of this market could be defined.⁴¹
- (47) However, the exact geographic market definition of such a potential market can remain open because no competition concerns arise at "closed" airports where licences to provide ground handling services are required.

V.2. Landside cargo handling

- (48) The Commission has previously considered the geographic scope for the provision of all landside cargo handling services to be restricted to a specific airport (or possibly two neighbouring airports), based on the assumption that the services required at a particular airport could not be substituted for services provided at other airports.⁴²
- (49) The Notifying Party has provided market data on an airport-by-airport basis (as well as at the national level for the countries in which there are affected markets). The Notifying Party notes however that pricing for landside cargo handling services is constrained both by competitors active at a particular airport and by other competitors active in the region

⁴⁰ Case COMP/M.6671 – *LBO France/Aviapartner*, para. 65.

⁴¹ Questionnaire Q1 to competitors, answers to question 10; Questionnaire Q2 to customers, answers to question 20; Questionnaire Q3 to airport managers, answers to question 12.

⁴² Case M.6671 – *LBO France/Aviapartner*, para.67, with references to further cases.

and throughout the EEA. According to the Notifying Party, this is due to the bidding nature of the business.⁴³

(50) As concerns the results of the market investigation, clear majorities among all groups of respondents regarded the geographic scope for the provision of landside cargo handling services as restricted to a specific airport (or possibly neighbouring airports), based on the assumption that the services required at a particular airport could not be substituted for services provided at other airports.⁴⁴ Clear majorities among all groups of respondents indicated that airlines purchased landside cargo handling services or organised their tender procedures for such services on at a single airport level.⁴⁵ Even in case airlines should organise tenders covering several airports, a clear majority still declared to mostly split the tendered contracts geographically by selecting different suppliers for different airports.⁴⁶

(51) While the same trend, described in the section dealing with ground handling services, to conclude multi-airport contracts may be gaining momentum in the future also as regards cargo handling, the Commission considers that the clear majority of airlines still award tenders locally and are prepared to split multi-station tenders comprising several airports among multiple bidders. Therefore, the specific airport at which the landside cargo handling services are to be provided seems to have decisive weight for customers.

(52) As a consequence, the Commission considers that the geographic market for landside cargo handling services is most likely local in size and does not extend beyond a single airport (or neighbouring airports). However, given that the competitive assessment of the Transaction would not change, even if larger markets (that is national markets) are considered, the exact geographic market definition can be left open.

V.3. Offline cargo handling

(53) Concerning offline cargo handling services, majorities of all groups of respondents indicated in their answers to the Commission's market investigation that offline services are provided or purchased at single airport level.⁴⁷

(54) Given that the Transaction does not lead to any competition concerns regarding offline cargo handling services, the exact geographic definition of the market for offline services to freight forwarders and airlines can be left open.

⁴³ Form CO, para. 110.

⁴⁴ Questionnaire Q1 to competitors, answers to question 13; Questionnaire Q2 to customers, answers to question 23; Questionnaire Q3 to airport managers, answers to question 17.

⁴⁵ Questionnaire Q1 to competitors, answers to question 14; Questionnaire Q2 to customers, answers to question 14.2; Questionnaire Q3 to airport managers, answers to question 18.

⁴⁶ Questionnaire Q2 to customers, answers to question 15.1.

⁴⁷ Questionnaire Q1 to competitors, answers to question 16.3; Questionnaire Q2 to customers, answers to question 24.3; Questionnaire Q3 to airport managers, answers to question 20.

VI. COMPETITIVE ASSESSMENT

VI.1. General context for the assessment of the case

- (55) Ground handling services cover a wide range of ground-based aviation-related activities carried out for airlines at airports essential for the efficient use of air transport infrastructure and the performance of the aviation system in general.
- (56) Ground handling is a key factor in the aviation chain and in the overall quality of the air transport service for passengers, as illustrated, among others, by the fact that 70% of delays are caused by problems related to the turnaround of aircraft at airports and are generated by airlines or their ground-handlers, airports or other parties involved in the turnaround process.⁴⁸
- (57) Ground handling is a labour-intensive industry, as labour accounts for 65%-80% of the costs. The cost linked to ground handling for airlines amount to 5 to 12% of operating costs.⁴⁹
- (58) The Ground Handling Directive sets the regulatory framework for the provision of ground handling services by opening up competition for ground handling activities, which before fell in the airport operator's or airline's exclusive remit.
- (59) The Ground Handling Directive⁵⁰ liberalized the access to the market for third-party handling, but entitled Member States to limit competition to minimum of two suppliers for each of four services⁵¹ involving the aircraft itself (baggage handling, ramp handling, fuel and oil handling, freight and mail handling, also called the "*restricted services*"). Where this limitation is imposed, at least one of these suppliers shall be independent of the airport or the dominant air carrier at that airport.⁵²
- (60) Similar provisions exist with regard to self-handling, according to which Member States may reserve the right to self-handle the restricted services to no fewer than two airlines. If this limitation is in place, the selection of the supplier is organised on the basis of relevant, objective, transparent and non-discriminatory criteria (and not through tenders).⁵³
- (61) Only a limited number of countries (such as the UK, the Nordic countries, the Netherlands, and Poland) have fully liberalised ground handling services, including the

⁴⁸ Source: Eurocontrol Performance Review Commission, mentioned by Commission Staff Working Paper, Impact Assessment, accompanying the Proposal for a Regulation of the European Parliament and of the Council on groundhandling services at union airports and repealing Council Directive 96/67/EC, p. 12, fn. 38.

⁴⁹ Commission Staff Working Paper, Impact Assessment, accompanying the Proposal for a Regulation of the European Parliament and of the Council on groundhandling services at union airports and repealing Council Directive 96/67/EC, p. 11.

⁵⁰ Article 6, Ground Handling Directive.

⁵¹ Ground handling services covered by the Ground handling Directive are divided in eleven categories, mentioned above p. 4, fn 5.

⁵² Ground Handling Directive, Article 6(2) and (3).

⁵³ Ground Handling Directive, Article 7.

services to which access can be restricted on the basis of the Ground Handling Directive.⁵⁴ Besides, smaller airports that are not covered by the obligation to open access to third party ground handling are allowed to use only one provider in relation to all ground handling services.

- (62) In 2011 the Commission issued a proposal for a Regulation intended to replace and repeal the current Ground Handling Directive, in order to improve the competitive environment and to foster the coordination of ground operations at airports.⁵⁵

VI.2. Ground handling

VI.2.1 Affected "liberalised" airports

- (63) The Parties' activities overlap at 7 liberalised airports within the meaning of the Ground handling directive, and the Transaction gives rise to 6 horizontally affected markets: 5 in the U.K. and 1 in Finland⁵⁶. The respective market positions of the Parties at the affected airports are outlined in the tables below, Table 1 presenting the Parties' market shares for 2011, 2012 and 2013 *including* self-handling, and Table 2 presenting the Parties' market shares for 2011, 2012 and 2013 *excluding* self-handling.

Table 1: Overview of the Parties' market shares at the affected liberalized airports including self-handling

Ground Handling - Market Shares <i>including</i> Self-Handling									
Affected airports	2011			2012			2013		
	Swissport	Servisair	Combined	Swissport	Servisair	Combined	Swissport	Servisair	Combined
Helsinki	[0-5]	[5-10]	[10-20]	[50-60]	[10-20]	[70-80]	[60-70]	[10-20]	[70-80]
Birmingham	[30-40]	[60-70]	[90-100]	[10-20]	[60-70]	[70-80]	[5-10]	[60-70]	[70-80]
London Gatwick	[20-30]	[10-20]	[40-50]	[20-30]	[10-20]	[30-40]	[30-40]	[10-20]	[40-50]
Manchester	[10-20]	[40-50]	[60-70]	[20-30]	[40-50]	[60-70]	[20-30]	[30-40]	[50-60]
Newcastle	[70-80]	[20-30]	[90-100]	[60-70]	[30-40]	[90-100]	[60-70]	[30-40]	[90-100]
London Stansted	[40-50]	[10-20]	[60-70]	[70-80]	[0-5]	[80-90]	[60-70]	[5-10]	[70-80]

Source: Notifying party

⁵⁴ Europe's Airports 2030: Challenges Ahead, Commission Memo/11/857 of 1 December 2011, p.4.

⁵⁵ The key features of the Commission's proposal are the following: (i) full opening of the self-handling market; (ii) increase in the minimum number of service providers from two to three at large airports; (iii) mutual recognition of approvals with harmonised requirements; (iv) better management of centralised infrastructure (including a clear legal framework for the fees to be charged to ground handling service providers; (v) legal separation of airports and their ground handling activities; (vi) improved tender procedure (maximum duration of the tender procedure increased from 7 to 10 years); (vii) clarified rules for subcontracting (subcontracting by airports and self-handling airlines limited to ground of force majeure and prohibition of cascade subcontracting); (viii) increased coordination of ground services at airports; (ix) minimum quality standards for the performance of all ground handling providers at an airport; (x) reporting obligations on performance of ground handling services; (xi) compulsory minimum training for staff; (xii) possibilities for Member States to impose a requirement to take over staff with same conditions where there is a tender procedure. See, Proposal for a Regulation of the European Parliament and of the Council on groundhandling services at Union airports and repealing Council Directive 96/67/EC, of 1 December 2011, 2011/0397 (COD).

⁵⁶ The Parties overlap at London Heathrow but their combined market shares remain below [5-10]%.

Table 2: Overview of the Parties' market shares at the affected liberalized airports
excluding self-handling

Ground Handling - Market Shares <i>excluding</i> Self-Handling									
Affected airports	2011			2012			2013		
	Swissport	Servisair	Combined	Swissport	Servisair	Combined	Swissport	Servisair	Combined
Helsinki	[0-5]	[5-10]	[10-20]	[60-70]	[10-20]	[80-90]	[70-80]	[10-20]	[80-90]
Birmingham	[30-40]	[60-70]	[90-100]	[10-20]	[60-70]	[70-80]	[5-10]	[60-70]	[70-80]
London Gatwick	[30-40]	[10-20]	[50-60]	[30-40]	[10-20]	[40-50]	[30-40]	[10-20]	[40-50]
Manchester	[10-20]	[50-60]	[60-70]	[10-20]	[40-50]	[60-70]	[10-20]	[30-40]	[60-70]
Newcastle	[70-80]	[10-20]	[90-100]	[60-70]	[30-40]	[90-100]	[60-70]	[30-40]	[90-100]
London Stansted	[40-50]	[10-20]	[60-70]	[70-80]	[0-5]	[80-90]	[70-80]	[5-10]	[70-80]

Source: Notifying party

VI.2.2 Common competitive features

(64) The sections below describe the common competitive features for the affected airports.

VI.2.2.1 Competitive situation at the affected airports

The Parties' views

- (65) At liberalized airports, the number of handling licences for ground handling is not restricted. At such airports (e.g. Helsinki, Birmingham, London Gatwick, London Stansted, Manchester and Newcastle airports), any competitor can in theory participate in the selection process organised by airlines. The Notifying Party submits that ground handling is a bidding market at these airports and that to assess the competitive situation of the ground handling market at liberalised airports, one should take into consideration the number of viable and likely bidders for upcoming opportunities, rather than competitors' historical market shares at a given point in time. The Parties further submit that this is also justified by the fact that, at each airport, airlines tend to award contracts covering all their ramp, passenger and baggage handling services to one handler rather than splitting them among various suppliers. Therefore, because of both the bidding nature of the markets and the airlines' tendency to award one contract covering all ground handling services at an airport, demand and revenues are lumpy and tend to fluctuate at significant and inconsistent intervals (generally three years, depending on contract duration and the bidding for contracts upon their expiry).
- (66) Second, the Notifying Party puts forward that, post-Transaction, a large number of credible bidders will remain to ensure that all future bidding contests at the affected liberalized airports remain competitive, while prices under existing contracts remain determined by the competitive parameters of the previous bidding contest. According to the Notifying Party, the universe of competitors includes ground handlers currently active at these airports, ground handlers who have bid at the airport in the past, ground handling suppliers active at other airports or in other services at the same airport, as well as airlines and airports that offer ground handling services, as well as airlines switching to and from self-handling.

Commission assessment

- (67) The Commission market investigation confirmed that at the affected liberalized airports, the large majority of airlines usually group the various categories of ground handling services in their requests for proposals. In the vast majority of cases, they not only prefer suppliers submitting an offer for all or most ground handling services covered by their requests for proposals but they also prefer to sign a single agreement for all ground handling services at a given airport with one single provider⁵⁷.
- (68) Market shares can evolve significantly due to the award of a large contract by an airline from one ground handler to another. This depends mainly on whether this airline accounts for a significant share of the total ground handling volume at the given airport due to its number of flights. For example, as can be seen in Tables 1 and 2 above, at Helsinki airport, Swissport's share grew significantly when it won a contract for [...] in 2011. To a lesser extent, Swissport also acquired a larger share at London Stansted airport after signing a ground handling contract with [...] in 2011. Finally, at Birmingham airport, it is Menzies which took substantial market share from Swissport after winning the [...] contract in November 2011. However, notwithstanding these examples, the rate of renewal of ground handling services contracts is in general very high. [...].⁵⁸ It is also illustrated in "Section VI.2.3 – Airport by Airport Assessment", where Swissport's and Servisair's renewal rates are set out with respect to contracts at London Gatwick⁵⁹, Manchester⁶⁰, Birmingham⁶¹ and Newcastle⁶². Therefore, the competitive constraint exerted by other bidders on incumbent providers at any given airport among the affected liberalised airports appears rather limited.
- (69) In addition, as regards the number of viable and likely bidders for each of the affected liberalised airports, a majority of airlines generally only invites 3 suppliers to bid for ground handling services at a given airport⁶³. In responding to the Commission market investigation, airlines explained that, while they strive to reach out to as many suppliers as possible that have the relevant capabilities at the given airport, the number of potential suppliers at each airport depends on the current competitive conditions at that airport. This is also confirmed by that fact that the large majority of airlines often or always prefer to invite the ground handling suppliers already active for the services tendered at the given airport⁶⁴. This preference can be justified by the fact that these suppliers already have the necessary equipment and authorizations in place at the given airport. However, these same airlines rarely or never invite ground handling suppliers not already active at the given airport or active for other services, such as cargo handling⁶⁵. This is due to the fact that if they are in a different line of services or not already present at a given airport,

⁵⁷ Questionnaire Q2 to customers, answers to questions 9 and 10.

⁵⁸ See, e.g. Form CO, [...]

⁵⁹ Paragraph (112).

⁶⁰ Paragraph (132).

⁶¹ Paragraph (142).

⁶² Paragraph (154).

⁶³ Questionnaire Q2 to customers, answers to question 6.

⁶⁴ Questionnaire Q2 to customers, answers to question 8.1.

⁶⁵ Questionnaire Q2 to customers, answers to questions 8.2 and 8.3.

it might not make commercial sense for them to invest in the required equipment and manpower for one single contract at that airport. Airlines also cite the importance of a good track record for the type of service at a given airport for a ground handler to be a credible bidder. This is confirmed by the ground handling suppliers, the majority of which indicated that ground handlers already offering ground handling services at a given airport enjoy a competitive advantage *vis-à-vis* those not already active at this airport⁶⁶. Therefore, contrary to the Parties' argument, the universe of competitors does not generally include ground handling suppliers active at other airports or in other services at the same airport.

- (70) As regards airports as competitors, none of the airport managers at the affected airports in the U.K. supply ground handling services at their airport⁶⁷. As regards Helsinki airport, as explained in paragraph (163) below, the ground handler operated by the airport manager cannot be seen as able to exert a significant competitive pressure on the merged entity.
- (71) As regards airlines as actual or potential ground handling suppliers, two situations have to be distinguished: one where the airline self-supplies only to itself, and another where the airline provides ground handling services to other competing airlines also. The Commission market investigation has indicated that the constraint of self-handling does not appear sufficient to prevent the Parties from increasing their prices post-transaction. The threat by an airline to use self-handling would indeed appear quite remote, in particular at the affected liberalised airports⁶⁸. Besides, the possibility for an airline to allocate a ground handling contract to another airline which self-handles at the affected liberalised airports appears also very limited, if at all existent⁶⁹. Documents of the Parties also recognize [...].⁷⁰ Thus, it is concluded that the Parties' argument that the universe of viable and likely competitors at the affected liberalised airports includes airlines can be rejected.
- (72) Further airport-specific analyses of the above issues are conducted as relevant in the airport by airport assessment.

VI.2.2.2 Entry at the affected airports

The Parties' views

- (73) The Notifying Party argues that at the affected liberalized airports, barriers to entry and expansion are low. Regulatory authorisations, labour costs, equipment or warehousing capacity do not constitute a barrier to entry. The Notifying Party also argues that the costs for airlines to switch from a ground handler to another one are low. On this basis, entry at the affected liberalised airports is further facilitated by the fact that there is a long list of

⁶⁶ Questionnaire Q1 to competitors, answers to question 34.

⁶⁷ Questionnaire Q1 to competitors, answers to question 27; Questionnaire Q3 to airport managers, answers to questions 32 and 34. See also call between Newcastle Airport Manager and the case team - 28 October 2013- §11 of the minutes.

⁶⁸ Questionnaire Q2 to customers, answers to question 32.1.

⁶⁹ Questionnaire Q2 to customers, answers to questions 34 and 35.

⁷⁰ Form CO, [...].

contracts up for bid in the next one to two years alone, which a competitor ground handler could win instead of the Parties⁷¹.

Commission Assessment

- (74) Documents submitted by the Notifying Party under section 5.4 of the Form CO contain information that contradicts its claim set out above that barriers to entry and expansion are low. [...] ⁷². [...]. There is thus a discrepancy between the Notifying Party's position as set out in paragraph (73) and the information contained in the documents submitted under Section 5.4 of the Form CO. Competitors also refer to the cost of acquiring ground service equipment, the investment in training and overhead, the necessity to have a critical mass of contracts, and the limited space availability at any given airport as limiting their ability to enter at an airport where they are not yet active as ground handler⁷³.
- (75) In addition, the presence of established cargo operators at the affected liberalised airports does not appear to provide sufficient evidence of timely, likely and sufficient entry in the ground handling market. Indeed, the vast majority of competitors indicated that the fact that they provide landside cargo handling services at a given airport does not give them a competitive advantage for starting to offer ramp, passenger and baggage handling at that same airport.⁷⁴ Similarly, the Commission does not consider that the presence of operators active in certain activities of limited scope like de-icing, fuelling, cabin cleaning, or security services would provide sufficient evidence of timely, likely and sufficient entry in the ground handling market, at least absent clear entry projects supported by appropriate evidence.
- (76) Finally, as regards switching by airlines, the Commission market investigation drew mixed answers so that no clear conclusion can be drawn on whether airlines consider it to be rather easy or difficult to switch between ground handling suppliers⁷⁵. In general, switching costs do not appear high enough as to really prevent switching, but could become more significant in combination with other factors (e.g. operational risk). Notwithstanding that, the existence of contracts up for bid in the coming months or years is not in itself sufficient to show timely, likely and sufficient entry in the ground handling market at the affected liberalised airports, all the more so given the high renewal contract rate confirmed by the Parties as well as their competitor (see paragraph (68) above).
- (77) In view of the above it is concluded that barriers to entry at the affected airports are rather high. Further airport-specific analyses of the above issues are conducted as relevant in the airport by airport assessment.

⁷¹ See White Paper on Entry at the affected airports submitted by the Parties on 22 November 2013, para. 18.

⁷² Form CO, Annex 5.4., Document 9, slides 12 and 72.

⁷³ Questionnaire Q1 to competitors, answers to question 37.

⁷⁴ Questionnaire Q1 to competitors, answers to question 38.

⁷⁵ Questionnaire Q2 to customers, answers to question 37.1.

VI.2.2.3 Airlines' buyer power

The Parties' views

- (78) The Notifying Party further submits that airlines have substantial buyer power, which outweighs the negotiating power of ground handling companies. Accordingly, (1) airlines are sophisticated customers who often account for large shares of demand for ground handling services at a given airport; (2) switching costs are low; (3) airlines can threaten to switch to self-handling; (4) airlines can, and do, sponsor entry; and (5) airlines can leverage their buyer power across stations.

Commission Assessment

- (79) First, as regards switching costs, as explained in paragraph (76) above, switching costs do not appear high enough as to really prevent switching, but could become more significant in combination with other factors (e.g. operational risk). Second, as regards the threat to switch to self-handling, as explained in paragraph (71) above, the constraint of self-handling does not appear sufficient to prevent the merged entity from increasing their prices post-transaction. Third, as regards sponsored entry, the large majority of airlines indicated that they have not (either alone or with other carriers) ever induced, or are in the process of inducing, a ground handler to launch services at any of the affected liberalised airports where it was not previously offering such services, by entering into a contract with this supplier.⁷⁶ The rare examples of such entry do not appear sufficient to prevent the merged entity from increasing prices post-transaction. Finally, as regards the airlines' bargaining power, the Commission market investigation drew mixed answers and no clear conclusion can be drawn on whether there would be countervailing buyer power.⁷⁷ The large majority of airlines indicated that their strength depends on their volume of operation as well as their flight schedules at any given airport. However, as regards presence at several airports, respondents to the Commission market investigation indicated that it is rather in the ground handlers' favour, in the sense that ground handlers active at numerous airports enjoy a competitive advantage vis-à-vis ground handlers active at a small number of airports.⁷⁸ They explain for example that, in addition to administrative efficiencies, it enables them to have a more flexible pricing policy with the ability to allow for losses at a given airport to gain revenues at a more profitable airport.
- (80) In view of the above, there are insufficient elements that would allow the Commission to conclude that airlines have substantial buyer power, which outweighs the negotiating power of ground handling companies.

⁷⁶ Questionnaire Q2 to customers, answers to question 39.

⁷⁷ Questionnaire Q1 to competitors, answers to question 21.1; Questionnaire Q2 to customers, answers to question 29.1.

⁷⁸ Questionnaire Q1 to competitors, answers to question 33.

The Parties' views

- (81) Swissport argues that one of the key features of ground and cargo handling markets is that these services are contracted through procurement auctions⁷⁹ that are best characterized as a managed tender process. This particular type of tender process implies that potential bidders and competitive constraint such as self-handling are also a competitive constrain on the actual bidders.
- (82) In the standard theoretical symmetric homogenous product Bertrand model, two bidders are sufficient to ensure a competitive market outcome. If the actual bidders are identical then the buyer would be indifferent between them and choose the winner randomly. In this case, in a large sample of contests the winning percentage of each firm should be equal to the inverse of the number of bidders. Furthermore, if there are no barriers to entry and buyer power (i.e. the market is perfectly contestable) then even one bidder could lead to the perfectly competitive outcome.
- (83) Swissport submitted an econometric analysis⁸⁰ to show that the ground handling market is best characterized by the theoretical homogenous product Bertrand model without barriers to entry. The database used for this purpose contains information describing procurement processes that took place between January 2010 to November 2013 in Helsinki (Finland), Birmingham (UK), London Gatwick (UK), Manchester (UK) and Newcastle (UK) airports for ground handling and London Heathrow (UK) airport for cargo handling. For each process, the database provides the identity of the airline which launched the request for proposal, the corresponding issuance date, duration and operation start date, the services requested, whether it was part of a multi-station contract, the estimated revenue, the identity of the (likely) bidders, the identity of previous handler (if relevant), and the winning handler. Swissport's proposed method for testing whether the observed markets conform to the Bertrand model is to assess whether competitors' win rates are random and depend only on the number of bidders. Two types of regression analyses were submitted. The first specification estimates how the observed winning rate changes with the number of bidders while the second specification tests whether the winning rate linearly changes with the inverse of the number of bidders.
- (84) The first regression analysis finds that Swissport's win rate significantly drops to approximately [...] % when Swissport faces at least one actual bid from a competitor and decreases further to approximately [...] % with six or more actual bidders. Servisair's win rate drops to approximately [...] %, below the theoretical benchmark (50%), when moving from tenders with one bidder to tenders with two actual bidders, [...].
- (85) The second regression analysis restricts the previous analysis and tests whether the slope of the linear function relating win rates to the inverse of the number of bidders is one (i.e.

⁷⁹ Procurement auction is a type of auction where the sellers submit competing bids to sell some service or good to the buyer.

⁸⁰ "Ground and Cargo Handling Tenders in Primary Affected Markets," submitted on 15 November 2013 and "Analysis of Win Rates in Primary Affected Ground Handling Markets" submitted on 21 November 2013.

the number of bidders perfectly explains the winning rate). The analysis finds that, for both Servisair and Swissport, the estimated parameter does not significantly differ from one. [...].

- (86) Swissport claims that incumbency effect is compatible with a competitive bidding market. If services are identical and equally priced, even very small switching costs will render switching non-optimal, resulting in observed incumbency effect. Hypothetical price rise would still be unprofitable as switching costs are very low. Incumbency effect has implications for switching rates, but there is no specific relationship between switching rates and the degree of competition.
- (87) The Notifying Party's analysis concludes that the theoretical static, symmetric firm homogenous product Bertrand model is a good theoretical benchmark. Furthermore, the managed tender process would suggest that even one single bidder *ex post* would suffice to preserve a competitive outcome as long as *ex ante* there was at least one additional potential bidder. Therefore, according to Swissport, the acquisition of Servisair by Swissport is unlikely to give rise to competitive effects because airlines will have ample competitive alternatives to elicit bidding at levels that prevailed pre-merger from legacy bidders, from new bidders that are already supplying at the airports of interest, and from new bidders that would be new suppliers at a particular airport.

Commission Assessment

- (88) The Commission considers that the analysis of the winning probabilities is at best indirect evidence about the competitiveness of the market or about the effect of the Transaction. Equal winning probabilities are consistent with other kinds of theoretical models as well (for example collusion). The qualitative analysis, as discussed in the Decision, confirmed that the different ground handling firms do not provide homogenous services; there are significant differences among the type of contracts as well. Incumbency effect is an indicator of the existence of at least some switching costs and the analysis of the winning rates alone cannot be used to quantify the size of the switching cost.
- (89) In general, as Swissport observes, the number of bidders is an endogenous variable in the winning rate regression. It is possible that some other underlying variable determines both the winning probability of the Parties and the number of bidders. It is also possible that a variable that the analysis does not control for (for example, in the main specification, the incumbency of any of the Parties; or simply the participation of the Parties in the bidding process, lower airport cost of some of the bidders, etc.) simultaneously increases the Parties' winning rate and decreases the number of bidders. Other bidders could decide to refrain from bidding or the airline could decide not to invite other bidders for contracts where the Parties were the previous handler. In this case, a simple regression would be likely to overestimate the effect of the number of bidders. For example, the 3rd, 4th and 5th bidders would only enter to those auctions where they think that they have a chance to win and the Parties would win at a lower rate there as a result.

To summarize, in order to obtain reliable empirical results, it is necessary to control for the differences between contracts and between bidders.⁸¹

- (90) Furthermore, the submitted analysis itself statistically rejects the homogenous product Bertrand competition model at the 10% significance level. After correcting for some econometric issues, listed and discussed below, the Commission found that Swissport's conclusions do not hold: the Bertrand model can be statistically rejected at any significance level for Servisair's bids; for Swissport, the Bertrand model cannot be rejected but this is largely due to the fact that the econometric exercise provides very imprecise estimates.
- a. Swissport's submission did not separate ground handling and cargo handling contracts. After excluding the cargo handling contracts (where typically the number of bidders is higher), the number of contests where, for instance, there are 5 bidders drops from [...] to [...] for Swissport and [...] to [...] for Servisair. In the first specification, after excluding the cargo handling contracts, it can be statistically rejected at the 5% significance level, that Servisair's winning probabilities coincide with the competitive model in case of the contests with two, three, five and six or more actual bidders (note that the statistical rejection, at the 5% significance level, already occurred in the original model presented by Notifying Party with two, three and six or more actual bidders).
 - b. In the second specification, Swissport's analysis tries to fit a single line to the data (relating win rates to the inverse of the number of bidders). The data used for that exercise include around [...]% of contracts with only one actual bidder, which by construction perfectly fit the line. Including these single bidder cases biases the results and improves the statistical fit without providing any economic significance. Under the first specification, which does not constrain the effects of the number of bidders to be the same, the Bertrand model is rejected in almost all cases. An alternative specification excluding the single bidder data would also be superior to the second specification presented by Swissport.
 - c. Another shortcoming of the second specification is that Swissport's regressions do not include a constant term. While the theoretical model predicts that the constant term should be zero, the specification simply assumes this without further testing. Excluding the constant term leads to econometric problems and potentially biases the estimates⁸². Once the constant term is included, the Commission can always reject the Bertrand prediction for Servisair, and the Swissport's results are not precise enough to allow a statistical differentiation between competing economic models.

⁸¹ In this regard, the data provided by the Parties included only limited information about the specific contracts.

⁸² See for example William Greene: *Econometrics* (Biasedness of the OLS-estimator for omitted variables in Sections 4.3.2), available at <http://people.stern.nyu.edu/wgreene/MathStat/GreeneChapter4.pdf>.

- (91) Therefore, the Commission concludes that the study submitted by the Notifying Party's does not allow reliable inferences to be drawn on the importance of potential bidders or buyer power.

VI.2.3 Airport by airport assessment

VI.2.3.1. London-Stansted

- (92) London Stansted ("STN") is a liberalised airport within the meaning of the Ground Handling Directive. In 2012, it handled 17.4 million passengers out of which 93% flew internationally while 7% flew domestically.⁸³
- (93) Table 3 below shows the main airlines active at STN according to their flight shares at the airport and their respective ground handlers.

Table 3: Departures of Top 10 airlines and their respective ground handling service providers - STN (2012)

Airline	%	Ground Handling Provider
Ryanair	[...]	[...]
Easyjet	[...]	[...]
germanwings	[...]	[...]
Air Berlin	[...]	[...]
Pegasus Airlines	[...]	[...]
Thomson Airways	[...]	[...]
Aurigny Air Services	[...]	[...]
Thomas Cook Airlines	[...]	[...]
bmibaby*	[...]	[...]
Atlasjet Airlines	[...]	[...]
Top 10	[...]	

* Ceases operations after 2012

Source: Notifying Parties⁸⁴

- (94) Therefore, amongst the main airlines active at this airport are (i) Ryanair accounting for [...] % of traffic, and (ii) easyJet accounting for [...] % of traffic.
- (95) The respective market positions of the Parties at STN are outlined in Table 4 below.

⁸³ Response to RFI 9, annex RFI 9 Q1.

⁸⁴ Annex Q 33 2(i) (Updated for RFI 10) [Nov 19].

Table 4: Market positions of the main ground handlers at STN

Stansted - Ground Handling Volume Market Share												
Competitor	Including self-handling						Excluding self-handling					
	2011		2012		2013		2011		2012		2013	
	Flights	(%)	Flights	(%)	Flights	(%)	Flights	(%)	Flights	(%)	Flights	(%)
Swissport	[...]	[40-50]	[...]	[70-80]	[...]	[60-70]	[...]	[40-50]	[...]	[70-80]	[...]	[70-80]
Servisair	[...]	[10-20]	[...]	[0-5]	[...]	[5-10]	[...]	[10-20]	[...]	[0-5]	[...]	[5-10]
<i>Combined</i>	[...]	[60-70]	[...]	[80-90]	[...]	[70-80]	[...]	[60-70]	[...]	[80-90]	[...]	[70-80]
Menzies	[...]	[30-40]	[...]	[20-30]	[...]	[20-30]	[...]	[30-40]	[...]	[20-30]	[...]	[20-30]
Selfhandling	--	--	--	--	[...]	[0-5]	--	--	--	--	--	--
Total	[...]	100	[...]	100	[...]	100	[...]	100	[...]	100	[...]	100

Source: Notifying Party⁸⁵

- (96) Swissport is by far the largest ground handler at STN, with a market share of [60-70]% including self-handling and [70-80]% excluding self-handling. [...] The second largest ground handler is Menzies, with a market share of [20-30]% including self-handling and [20-30]% excluding self-handling. [...]. Servisair has a market share of only [5-10]%.
- (97) The Notifying Party explains that the actual overlap is limited. According to the Parties, Servisair's presence is limited to airside cargo handling and de-icing; Servisair does not provide other ramp services and, in particular, does not provide passenger and baggage services at STN. The Notifying Party submits that Servisair exited this business in 2012 and has not bid for any ground handling business since then. Swissport on the other hand provides the full spectrum of ramp services, passenger services and baggage services but no de-icing or landside cargo services. Accordingly the actual overlap is limited to airside cargo services.⁸⁶
- (98) The merger-specific effects of the Transaction would therefore be very limited.
- (99) In light of the above and of the other available evidence, the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market on the market for ground handling services at Stansted airport.

VI.2.3.2. London Gatwick

- (100) London Gatwick ("LGW") is a liberalised airport within the meaning of the Ground Handling Directive. In 2012, it handled 34.2 million passengers, out of which 89% flew internationally while 11% flew domestically.⁸⁷
- (101) Table 5 below shows the main airlines active at LGW according to their flight shares at the airport and their respective ground handlers.

⁸⁵ Annex RFI 7 Q 9(a) revised for QP10.

⁸⁶ Form CO, paragraph 254.

⁸⁷ Response to RFI 9, annex RFI 9 Q1.

Table 5: Departures of Top 10 airlines and their respective ground handling service providers - LGW (2012)

Airline	%	Ground Handling Provider
Easyjet	[...]	[...]
British Airways	[...]	[...]
Flybe	[...]	[...]
Thomson Airways	[...]	[...]
Norwegian Air Shuttle	[...]	[...]
Monarch Airlines	[...]	[...]
Ryanair	[...]	[...]
Aer Lingus	[...]	[...]
Thomas Cook Airlines	[...]	[...]
Virgin Atlantic Airways	[...]	[...]
Top 10	[...]	

Source: Notifying Party⁸⁸

(102) Therefore, amongst the main airline companies active at this airport are (i) easyJet accounting for [...] % of the traffic, (ii) British Airways accounting for [...] % of the traffic, and (iii) Flybe accounting for [...] % of traffic.

(103) The respective market positions of the Parties at LGW are outlined in Table 6 below.

Table 6: Market positions of the main ground handlers at LGW (2011-2013)

Gatwick - Ground Handling Volume Market Share												
Competitor	Including self-handling						Excluding self-handling					
	2011		2012		2013		2011		2012		2013	
	Flights	(%)	Flights	(%)	Flights	(%)	Flights	(%)	Flights	(%)	Flights	(%)
Swissport	[...]	[20-30]	[...]	[20-30]	[...]	[30-40]	[...]	[30-40]	[...]	[30-40]	[...]	[30-40]
Servisair	[...]	[10-20]	[...]	[10-20]	[...]	[10-20]	[...]	[10-20]	[...]	[10-20]	[...]	[10-20]
Combined	[...]	[40-50]	[...]	[30-40]	[...]	[40-50]	[...]	[50-60]	[...]	[40-50]	[...]	[40-50]
Menzies	[...]	[30-40]	[...]	[40-50]	[...]	[40-50]	[...]	[40-50]	[...]	[50-60]	[...]	[40-50]
WFS *	--	--	--	--	[...]	[5-10]	--	--	--	--	[...]	[5-10]
British Airways*	[...]	[20-30]	[...]	[20-30]	[...]	[5-10]	--	--	--	--	--	--

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Annex Q 33 2(i) (Updated for RFI 10) [Nov 19].

ICTS*	--	[0-5]	--	[0-5]	--	[0-5]	--	[0-5]	--	[0-5]	--	[0-5]
Total	[...]	100	[...]	100	[...]	100	[...]	100	[...]	100	[...]	100

*Weighted by scope of services

Source: Notifying Party⁸⁹

- (104) Post-Transaction, the merged entity would have a market share of [40-50]% (including self-handling) or a market share of [40-50]% (excluding self-handling). The increment resulting from the Transaction would be [10-20]% (including self-handling) or [10-20]% (excluding self-handling).
- (105) As provided by paragraph 17 of the Commission's Horizontal Guidelines⁹⁰, a merger involving a firm whose market share will remain below 50 % after the merger may also raise competition concerns in view of other factors such as the strength and number of competitors, the presence of capacity constraints or the extent to which the products of the merging parties are close substitutes. The Commission has thus in several cases considered mergers resulting in firms holding market shares between 40 % and 50 %, and in some cases below 40 %, to lead to the creation or the strengthening of a dominant position.
- (106) The only significant competitor of the Merged Entity would be Menzies with a market share of [40-50]% (including self-handling) or [40-50]% (excluding self-handling). Menzies entered the ground handling market at LGW in 2010.⁹¹ It provides all passenger, ramp and airside cargo services excluding catering, passenger/baggage screening and into plane fuelling.⁹²
- (107) According to the information submitted by the Notifying Party, WFS has a market share of [5-10]%. WFS started by providing (only) landside cargo handling at LGW in 2011.⁹³ According to the Notifying Party, WFS entered the ground handling space at the end of 2012 by taking over British Airways' airside cargo handling business.⁹⁴ However, this information is incorrect since WFS explicitly confirmed not providing any airside cargo handling services or any other ground handling services at LGW.⁹⁵
- (108) ICTS has a negligible market share of less than [0-5]%. The Notifying Party explains that it recently won a contract with US Airways for certain passenger services (while ramp services were awarded to Menzies). US Airways has since moved all of its departures to London Heathrow and is no longer active at LGW.

⁸⁹ Annex RFI 7 Q 9(a) revised for QP10.

⁹⁰ Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings, OJ C 31, 5 February 2004, p. 5 (the "Horizontal Guidelines").

⁹¹ Menzies reply to question 4.1 of Questionnaire Q1 to Competitors.

⁹² Menzies reply to question 4.2 of Questionnaire Q1 to Competitors.

⁹³ WFS reply to question 4.1 of Questionnaire Q1 to Competitors.

⁹⁴ Form CO, para. 243.

⁹⁵ WFS, reply to request for information of 22 November 2013.

- (109) In view of the above, except for Menzies there are no other operators that could be seen as able to exert a significant competitive pressure on the Merged Entity.
- (110) The Notifying Party claims that self-handling exerts a competitive constraint on the ground handlers. However, this claim is not supported. The Commission recalls first the outcome of its analysis about self-handling.⁹⁶ Moreover, and specifically about LGW, the only airline currently self-handling is British Airways. British Airways self-handles passenger services. It also used to self-handle ramp services but has recently decided to outsource these. British Airways explained that "*The general trend in the industry is towards outsourcing ground handling services*".⁹⁷ In addition, almost none of the respondents to the market investigation buying ground handling services at LGW, facing a 5-10% price increase, claimed that they would switch to self-handling.
- (111) According to the historical bidding data provided by the Parties⁹⁸, over the past three years there were [...] bids at LGW where more than one contender participated. [...].⁹⁹ Menzies participated in [...] out of [...] bids with more than two contenders. Participation to bids by other ground handlers was very limited.
- (112) Moreover, based on the same data, it can be concluded that both Swissport and Servisair enjoy a significant incumbent advantage at LGW. When Swissport is the incumbent, it wins the bid in [...]% of cases. When Servisair is the incumbent, it wins the bid in [...]% of cases¹⁰⁰.
- (113) Therefore the Transaction will remove an important competitive force at LGW, reducing the number of incumbent ground handlers with significant operations from three to two.
- (114) Regarding barriers to entry, the Notifying Party refers to various entry examples. Menzies started providing ground handling services in LGW in 2007 and now has a market share of around [40-50]%. It serves [...]. ICTS recently won a contract with US Airways for certain passenger services (while US Airways awarded the ramp services to Menzies). However, as mentioned above, US Airways is no longer active at LGW. Moreover, ICTS is mainly active in the field of security services and thus is only a distant competitor of the Parties.
- (115) The Parties also refer to data expanding into cargo handling at LGW and to the fact that an important ground handling contract for Virgin Atlantic is up for tender shortly ([...]). The Parties moreover refer to ASIG being already active at LGW in fuelling and de-icing and with a strong presence at LHR in ground handling¹⁰¹. The Parties argue further that,

⁹⁶ See Section VI.2.2.

⁹⁷ Minutes of a conference call with British Airways of 22 October 2013, paragraph 18.

⁹⁸ Annex Q 40.2 (revised).

⁹⁹ [...]

¹⁰⁰ NERA Analysis: Ground and Cargo Handling Tenders in Primary Affected Markets, as submitted on 14 November 2013, p. 19.

¹⁰¹ Swissport presentation at the State of Play Meeting of 19 November 2013, p. 14.

due to their location in the London area, ASIG, dnata and Cobalt could easily transfer resources to LGW and enter or expand their presence.¹⁰²

- (116) The Parties also refer to the fact that at LGW, there are more than [...] upcoming contract opportunities in the next 2 years, including full ground handling (with ramp services), passenger and ramp services, or airside cargo handling. A number of these opportunities are of large volumes.¹⁰³
- (117) First, as described above in section VI.2.2, there are rather high barriers to entry in general, even at liberalized airports. Moreover, while it is correct that there are a significant number of upcoming contract opportunities in the next 2 years, the Commission's analysis has shown that the contract incumbent enjoys a significant advantage. Finally, while a small number of respondents to the market investigation did express some degree of interest in entering LGW as ground handlers¹⁰⁴, none of these expressions of interest were supported by enough evidence showing likelihood of timely and sufficient entry to constitute a competitive constraint on the merged entity and defeat the anticompetitive effects of the Transaction at LGW in the medium-long term.
- (118) In light of the above and of the other available evidence, the Commission considers that the Transaction raises serious doubts as to its compatibility with the internal market on the market for ground handling services at London Gatwick airport.

VI.2.3.3. Manchester

- (119) Manchester ("MAN") is a liberalised airport within the meaning of the Ground Handling Directive. In 2012, it handled 19.8 million passengers, of which 88% flew internationally and 12% flew domestically.¹⁰⁵
- (120) Table 7 below shows the main airlines active at MAN according to their flight shares at the airport and their respective ground handlers.

¹⁰² The Parties also refer to WFS entering the ground handling space at the end of 2012, which would lead WFS to bidding on future ground handling opportunities at LGW as they come up. However, as set out above, this is incorrect and WFS does not provide any airside cargo handling services, or any other ground handling services at LGW.

¹⁰³ White Paper of 22 November 2013, page 9.

¹⁰⁴ Questionnaire Q1 to competitors, answers to question 41.1.

¹⁰⁵ Response to RFI 9, annex RFI 9 Q1

Table 7: Departures of Top 10 airlines and their respective ground handling service providers - MAN (2012)

Airline	%	Ground Handling Provider
Flybe	[...]	[...]
Ryanair	[...]	[...]
British Airways	[...]	[...]
Easyjet	[...]	[...]
Thomson Airways	[...]	[...]
Lufthansa	[...]	[...]
Monarch Airlines	[...]	[...]
Jet2.com	[...]	[...]
bmi british midland*	[...]	[...]
Thomas Cook Airlines	[...]	[...]
Top 10	[...]	

* Ceases operations after 2012.

Source: Notifying Party¹⁰⁶

(121) Therefore, amongst the main airline companies active at this airport are (i) Flybe accounting for [...]% of the traffic, (ii) Ryanair and British Airways both accounting for [...]% of the traffic and (iii) easyJet and Thomson Airways accounting for [...]% of the traffic.

(122) The respective market positions of the Parties at MAN are outlined in Table 8 below.

Table 8: Market positions of the main ground handlers at MAN (2011-2013)¹⁰⁷

Manchester - Ground Handling Volume Market Share												
Competitor	Including self-handling						Excluding self-handling					
	2011		2012		2013		2011		2012		2013	
	Flights	(%)	Flights	(%)	Flights	(%)	Flights	(%)	Flights	(%)	Flights	(%)
Swissport	[...]	[10-20]	[...]	[20-30]	[...]	[20-30]	[...]	[10-20]	[...]	[20-30]	[...]	[20-30]
Servisair	[...]	[40-50]	[...]	[40-50]	[...]	[30-40]	[...]	[50-60]	[...]	[40-50]	[...]	[30-40]
Combined	[...]	[60-70]	[...]	[60-70]	[...]	[50-60]	[...]	[60-70]	[...]	[60-70]	[...]	[60-70]
Menzies	[...]	[10-20]	[...]	[20-30]	[...]	[30-40]	[...]	[10-20]	[...]	[20-30]	[...]	[30-40]

¹⁰⁶ Annex Q 33 2(i) (Updated for RFI 10) [Nov 19]

¹⁰⁷ See paragraph (127) where it is explained that this does not yet reflect WFS's activities.

Jet2.com	[...]	[5-10]	[...]	[5-10]	[...]	[5-10]	--	--	--	--	--	--
dnata	--	--	--	--	--	--	--	--	--	--	--	--
Premier Handling	[...]	[0-5]	[...]	[0-5]	--	--	[...]	[0-5]	[...]	[0-5]	--	--
Aviance	--	--	--	--	--	--	--	--	--	--	--	--
Flight Support	[...]	[5-10]	[...]	[5-10]	--	--	[...]	[5-10]	[...]	[5-10]	--	--
WFS	--	--	--	--	--	--	--	--	--	--	--	--
ICTS	--	[0-5]	--	[0-5]	--	--	--	[0-5]	--	[0-5]	--	--
Other	[...]	[5-10]	--	--	[...]	[0-5]	[...]	[5-10]	--	--	[...]	[0-5]
Total	[...]	100	[...]	100	[...]	100	[...]	100	[...]	100	[...]	100

Source: Notifying Party¹⁰⁸

(123) Post-Transaction, the merged entity would have a market share of [50-60]% (including self-handling) and [60-70]% (excluding self-handling). The increment resulting from the Transaction would be [20-30]% (including self-handling) or [20-30]% (excluding self-handling).

(124) As provided at paragraph 17 of the Horizontal Guidelines, such very large combined market shares may in themselves be evidence of the existence of a dominant position.

(125) However, post-Transaction the merged entity would face strong competition from at least two other ground handlers already active at the airport, namely Menzies and WFS.¹⁰⁹

(126) Menzies has a market share of [30-40]% (including self-handling) or [30-40]% (excluding self-handling). Menzies serves [...] airlines at MAN, namely [...]. It acquired Flight Support in 2012.

(127) WFS' market share is not reflected in Table 8; it commenced passenger and ramp handling at Manchester Airport in April 2013 after being awarded a ground handling licence. Since then, it won a full handling contract with Turkish Airlines, a full handling contract with Libyan Airlines and more recently a three year ramp handling contract with Jet2.com, which will switch from self-handling to outsourcing as from January 2014. Under the terms of the Jet2.com agreement, WFS will provide a full range of ramp services, including aircraft pushback and towing as well as baggage loading and unloading. Despite its recent entry into the ground handling business at MAN, WFS has nevertheless already managed to secure 3 ground handling contracts.

(128) According to the historical bidding data provided by the Parties¹¹⁰, over the past three years there were [...] bids at MAN where more than one contender participated. [...]. Swissport participated in [...], Servisair participated in [...]¹¹¹.

¹⁰⁸ Annex 39 (updated for RFI 10) [Nov 19].

¹⁰⁹ ICTS has only limited activities, [...]. Premiere Handling is a local handler based at MAN. According to the Notifying Party Premiere Handling handle mainly ad hoc flights and have extensive capacity to take on further business as can be seen by the fact that they bid on [...]. Premiere Handling nevertheless has only very limited activities at MAN.

- (129) The historical data show that, besides the Parties, there have been two other important players, namely Menzies and WFS.¹¹²
- (130) Menzies participated in [...] out of [...] bids with more than two contenders and therefore was a very active bidder as well.
- (131) WFS also significantly participated in tenders organized by carriers, namely in [...] bids out of the [...] bids with more than two contenders. Most of the tenders to which WFS has participated were full handling contracts, with only one contract being limited to ramp handling (namely the recently won Jet2 contract). According to Parties' data, WFS's participation to tenders at MAN has steadily increased over the last three years. WFS participated to [...] tenders issued in 2010, to [...] tenders issued in 2011, to [...] tenders issued in 2012, and to [...] tenders issued in 2013¹¹³. It can be expected that WFS will be in a good position post Transaction to continue increasing its business at MAN, and acting as a fierce competitor to the Merged Entity and to Menzies in upcoming bids.
- (132) The historical data show that ground handlers at MAN have an incumbent advantage. When Swissport is the incumbent, it wins the bid in [...] % of cases. When Servisair is the incumbent, it wins the bid in [...] % of cases¹¹⁴. When Menzies is the incumbent, it wins the bid in [...] % of the cases¹¹⁵. It can be expected that WFS would enjoy a similar incumbency advantage when the contracts of the airlines for which it currently provides ground handling services come up for renewal.
- (133) Therefore, post-Transaction there will remain at least two significant other players, besides the Merged Entity.
- (134) In light of the above and of the other available evidence, the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market on the market for ground handling services at Manchester airport.

VI.2.3.4. Birmingham (BHX)

- (135) Birmingham Airport ("BHX") is a liberalised airport within the meaning of the Ground Handling Directive. In 2012, it handled approximately 8.9 million passengers, out of which 87% flew internationally while 13% flew domestically¹¹⁶.

110 Form CO, Annex 40.2.

111 [...]

112 Besides the Parties, Menzies and WFS, there were also other bidders in recent tenders at MAN, but to a limited extent only.

113 The exact date of the issuance of the Request for Proposals is unknown for three recent tenders with operational start date in 2013 or 2014. These three tenders have been included in the 2013 tenders. Moreover, it seems that the Parties' data omit the tender for the full handling contract for [...].

114 NERA Analysis: Ground and Cargo Handling Tenders in Primary Affected Markets, as submitted on 14 November 2013, p. 19.

115 Calculated on the basis of the data in Annex Q 40.2 (revised).

116 Parties' response to RFI 9, annex RFI 9 Q1.

(136) Table 9 below shows the main airlines active at BHX according to their shares of the traffic at the airport and their respective ground handlers.

Table 9: Departures of Top 10 airlines and their respective ground handling service providers - BHX (2012)

Airline	%	Ground Handling Provider
Flybe	[...]	[...]
Ryanair	[...]	[...]
Lufthansa	[...]	[...]
Monarch Airlines	[...]	[...]
Aer Lingus	[...]	[...]
Thomson Airways	[...]	[...]
bmibaby ¹¹⁷	[...]	[...]
KLM-Royal Dutch Airlines	[...]	[...]
Brussels Airlines	[...]	[...]
Air France	[...]	[...]
Top 10	[...]	

Source: Notifying Party

(137) Therefore, amongst the main airlines active at this airport are (i) Flybe accounting for [...] % of the traffic and (ii) Ryanair accounting for [...] % of the traffic.

(138) The respective market positions of the Parties at BHX are outlined in Table 10 below.

Table 10: Market positions of the main ground handlers at BHX (2011-2013)

Competitors	2011		2012		2013	
	Flights	%	Flights	%	Flights	%
Swissport	[...]	[30-40]	[...]	[10-20]	[...]	[5-10]
Servisair	[...]	[60-70]	[...]	[60-70]	[...]	[60-70]
Combined	[...]	[90-100]	[...]	[70-80]	[...]	[70-80]
Menzies	--	--	[...]	[20-30]	[...]	[30-40]
Total	[...]	100	[...]	100	[...]	100

Source: Notifying Party

(139) Post-Transaction, the merged entity would become the largest provider of ground handling services at BHX with a market share of [70-80]%, Menzies being the only remaining competitor.

¹¹⁷ bmibaby ceased operations in 2013.

- (140) As provided by paragraph 17 of the Commission's the Horizontal Guidelines¹¹⁸, such very large combined market shares may in themselves be evidence of the existence of a dominant position.
- (141) No airline carrier is currently self-handling or has expressed an intention to switch to self-handling during the Commission's market investigation.
- (142) In addition, according to the historical bidding data provided by the Parties, over the past three years, at BHX, only three ground handling companies participated in bids, i.e. Swissport, Servisair and Menzies¹¹⁹. In addition, Menzies only participated in [...], leaving Servisair and Swissport to compete against each other in [...]. Moreover, based on the same data, it can be concluded that both Swissport and Servisair enjoy a significant incumbent advantage at BHX. When Swissport is the incumbent, it wins the bid in [...] % of cases and when Servisair is the incumbent, it wins the bid in [...] % of cases¹²⁰. Therefore, the Transaction will remove an important competitive force at BHX, reducing the number of incumbent ground handlers from three to two.
- (143) Furthermore, regarding barriers to entry, the Notifying Party submits that Menzies recently entered BHX, by taking substantial market share from Swissport in winning the [...] contract in November 2011, and later a contract from [...]. This explains Swissport's declining presence over the past three years and Menzies' significant growth since its 2012 entry. The Notifying Party considers that barriers to entry are therefore low and submits that BHX is an easy site for expansion for London area competitors who could transfer resources to BHX and enter this market like Menzies did in 2012.
- (144) However, first, as described above in section VI.2.2, there are rather high barriers to entry in general, even at liberalized airports. Moreover, the BHX airport manager has indicated that expansion of ground handling companies at this airport could be limited by airside space¹²¹.
- (145) Finally, a small number of respondents to the market investigation did express some degree of interest in entering BHX as ground handlers¹²². However, none of these expressions of interest were supported by enough evidence showing likelihood of timely and sufficient entry to constitute a competitive constraint on the merged entity and defeat the anticompetitive effects of the Transaction at BHX in the medium-long term.
- (146) [...]. However, this statement was not supported by any solid evidence.
- (147) In light of the above and of the other available evidence, the Commission considers that the Transaction raises serious doubts as to its compatibility with the internal market on the market for ground handling services at Birmingham airport.

118 Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings, OJ C 31, 5 February 2004, p. 5 (the "Horizontal Guidelines").

119 Form CO, [...].

120 [...]

121 Questionnaire Q3 to airport managers, answer to question 36.1.

122 Questionnaire Q1 to competitors, answers to question 41.1.

VI.2.3.5. Newcastle (NCL)

(148) Newcastle Airport ("NCL") is a liberalised airport within the meaning of the Ground Handling Directive. In 2012, it handled approximately 4.4 million passengers, out of which 73% flew internationally while 27% flew domestically¹²³.

(149) Table 11 below shows the main airlines active at NCL according to their shares of the traffic at the airport and their respective ground handlers.

Table 11: Departures of Top 10 airlines and their respective ground handling service providers - NCL (2012)

Airline	%	Ground Handling Provider
easyJet	[...]	[...]
Flybe	[...]	[...]
Eastern Airways	[...]	[...]
Jet2.com	[...]	[...]
British Airways	[...]	[...]
KLM-Royal Dutch Airlines	[...]	[...]
Thomson Airways	[...]	[...]
Thomas Cook Airlines	[...]	[...]
Air France	[...]	[...]
Ryanair	[...]	[...]
Top 10	[...]	

Source: Notifying Party

(150) Therefore, amongst the main airline companies active at this airport are (i) easyJet accounting for [...] % of the traffic and (ii) Flybe accounting for [...] % of the traffic.

(151) The respective market positions of the Parties at NCL are outlined in Table 12 below:

¹²³ Parties' response to RFI 9, annex RFI 9 Q1.

Table 12: Market positions of the main ground handlers at NCL (2012 and 2013)

Competitors	Including self-handling						Excluding self-handling					
	2011		2012		2013		2011		2012		2013	
	Flights	%	Flights	%	Flights	%	Flights	%	Flights	%	Flights	%
Swissport	[...]	[70-80]	[...]	[60-70]	[...]	[60-70]	[...]	[70-80]	[...]	[60-70]	[...]	[60-70]
Servisair	[...]	[20-30]	[...]	[30-40]	[...]	[30-40]	[...]	[20-30]	[...]	[30-40]	[...]	[30-40]
Combined	[...]	[90-100]	[...]	[90-100]	[...]	[90-100]	[...]	[90-100]	[...]	[90-100]	[...]	[90-100]
Gate Aviation ¹²⁴	[...]	[0-5]	-	-	-	-	[...]	[0-5]	-	-	-	-
Jet2.com	[...]	[0-5]	[...]	[0-5]	[...]	[0-5]	-	-	-	-	-	-
Total	[...]	100	[...]	100	[...]	100	[...]	100	[...]	100	[...]	100

Source: Notifying Party

(152) Since Gate Aviation ceased its operations at NCL in 2010, the Parties are the only two active third-party ground handlers at this airport. Post-Transaction, the merged entity would become the only provider of ground handling services at NCL. Therefore, the Transaction will result in a monopoly situation at NCL.

(153) Only Jet2 currently self-handles part of its ground handling needs, i.e. passenger services. No other airline has expressed an intention to switch to self-handling during the Commission's market investigation.

(154) According to the historical bidding data provided by the Parties, over the past three years, at NCL, only two ground handling companies consistently participated in bids where there was more than one contender, i.e. Swissport and Servisair¹²⁵. Moreover, Swissport and Servisair enjoy a significant incumbent advantage at NCL. When Swissport is the incumbent, it wins the bid in [...] % of cases, and when Servisair is the incumbent, it wins the bid in [...] % of cases¹²⁶. Therefore, the Transaction will remove an important competitive force at NCL.

(155) Furthermore, regarding barriers to entry, the Parties submit that other third-party ground handlers such as dnata, Menzies and WFS are likely to enter NCL. However, first, as described above in section VI.2.2, there are rather high barriers to entry in general, even at liberalized airports. Moreover, the NCL airport manager has indicated that the airport has only limited physical ramp and accommodation space for other ground handlers to

¹²⁴ Gate Aviation ceased operations at NCL in 2010 but continued to serve a few of their customers in early 2011.

¹²⁵ Form CO, Annex 40.2.

¹²⁶ NERA Analysis: Ground and Cargo Handling Tenders in Primary Affected Markets, as submitted on 14 November 2013, p. 19.

enter and that both incumbent ground handlers already occupy key ramp accommodation¹²⁷.

(156) Finally, a small number of respondents to the market investigation did express some degree of interest in entering NCL as ground handlers¹²⁸. However, none of these expressions of interest were supported by enough evidence showing likelihood of timely and sufficient entry to constitute a competitive constraint on the merged entity and defeat the anticompetitive effects of the Transaction at NCL in the medium-long term.

(157) In light of the above and of the other available evidence, the Commission considers that the Transaction raises serious doubts as to its compatibility with the internal market on the market for ground handling services at Newcastle airport.

VI.2.3.6. Helsinki airport (HEL)

(158) Helsinki airport ("HEL") is the main Finnish air hub: in 2012, it handled approximately 14.9 million passengers, out of which 82% flew internationally while 18% domestically.¹²⁹ HEL accounted for about 77% of the 2012 passenger traffic in Finland.

(159) Table 13 below shows the main airlines active at HEL according to their flight shares at the airport and their respective ground handlers:

¹²⁷ Questionnaire Q3 to airport managers, answers to questions 8.1 and 36.1.

¹²⁸ Questionnaire Q1 to competitors, answers to question 41.1.

¹²⁹ Parties' response to RFI 9, annex RFI 9 Q1.

Table 13: Departures of Top 10 airlines and their respective ground handling service providers - HEL (2012)

Airline	%	Ground Handling Provider
Finnair	[...]	[...]
Blue1	[...]	[...]
Flybe	[...]	[...]
Norwegian Air Shuttle	[...]	[...]
Lufthansa	[...]	[...]
Air Baltic Corporation	[...]	[...]
SAS Scandinavian Airlines	[...]	[...]
KLM-Royal Dutch Airlines	[...]	[...]
Air Berlin	[...]	[...]
Estonian Air	[...]	[...]
Top 10	[...]	

Source: Notifying Party¹³⁰

(160) The respective market positions of the Parties and the main ground handlers at HEL are outlined in Table 14 below:

130 Annex Q 33 2(i) (Updated for RFI 10) [Nov 19]

Table 14: Market positions of the main ground handlers at HEL

Helsinki - Ground Handling Volume Market Share												
Competitor	Including self-handling						Excluding self-handling					
	2011		2012		2013		2011		2012		2013	
	Flights	(%)	Flights	(%)	Flights	(%)	Flights	(%)	Flights	(%)	Flights	(%)
Swissport	[...]	[0-5]	[...]	[50-60]	[...]	[60-70]	[...]	[0-5]	[...]	[60-70]	[...]	[70-80]
Servisair	[...]	[5-10]	[...]	[10-20]	[...]	[10-20]	[...]	[5-10]	[...]	[10-20]	[...]	[10-20]
Combined	[...]	[10-20]	[...]	[70-80]	[...]	[70-80]	[...]	[10-20]	[...]	[80-90]	[...]	[80-90]
ISS Aviation	[...]	[20-30]	[...]	[5-10]	[...]	[5-10]	[...]	[20-30]	[...]	[5-10]	[...]	[5-10]
Havas	[...]	[0-5]	[...]	[0-5]	[...]	[0-5]	[...]	[0-5]	[...]	[0-5]	[...]	[0-5]
Nordic Airport Services	[...]	[0-5]	[...]	[0-5]	[...]	[0-5]	[...]	[0-5]	[...]	[0-5]	[...]	[0-5]
Interhandling	[...]	[10-20]	--	--	--	--	[...]	[10-20]	--	--	--	--
Northport Oy	[...]	[40-50]	--	--	--	--	[...]	[40-50]	--	--	--	--
Finnair*	--	--	[...]	[10-20]	[...]	[10-20]	--	--	--	--	--	--
Finavia/Airpro Oy	[...]	[5-10]	[...]	[0-5]	[...]	[0-5]	[...]	[5-10]	[...]	[5-10]	[...]	[0-5]
ADI*	--	[0-5]	--	[0-5]	--	[0-5]	--	[0-5]	--	[0-5]	--	[0-5]
Total	[...]	100	[...]	100	[...]	100	[...]	100	[...]	100	[...]	100

* Weighted by scope of services.

Source: Notifying Party¹³¹

(161) The Parties will enjoy a strong position at Helsinki airport. Indeed, in 2013, they hold a combined market share of [70-80]% including self-handling, and [80-90]% excluding self-handling, with in both hypotheses a significant increment brought about by the Transaction (respectively [10-20]% and [10-20]%, should self-handling be included or not).

(162) As provided at paragraph 17 of the Horizontal Guidelines, such very large combined market shares may in themselves be evidence of the existence of a dominant position.

(163) As regards the Parties' biggest competitor at HEL, namely ISS Aviation, it lags far behind the combined entity with a limited market share of [5-10]% (with and without self-handling). Importantly, ISS has seen its presence in the recent years decreasing from [20-30]% to [5-10]% between 2011 and 2013. Likewise, as concerns Airpro Oy, the ground handler operated by HEL airport manager, Finnavia, its market position has been substantially reduced over the last 3 years. These two operators could not be seen as able to exert a significant competitive pressure on the merged entity.

131 Annex RFI 7 Q 9(a) revised for QP10

- (164) The Notifying Party claims that self-handling exerts a competitive constraint on the ground handlers. However, such claim is not supported. The Commission recalls first the outcome of its analysis about self-handling.¹³² Moreover, and specifically about HEL, the only airline company currently self-handling at HEL is Finnair. [...]. Finnair ultimately decided to award [...] all of its ramp business ([...]),¹³³ while self-handling only a reduced part of its ground handling needs, namely its passenger services.¹³⁴
- (165) In addition, almost none of the respondents to the market investigation buying ground handling services at HEL, facing a 5-10% price increase, claimed that they would switch to self-handling. For instance, [...].¹³⁵
- (166) The Notifying Party also argues that competition at HEL has been vibrant over years, with substantial entry and exit as the market has developed. For example, Havas, via a joint venture with Air Baltic, entered at HEL in 2010. It served not only their shareholder Air Baltic, but also other international airlines such as Icelandair, Malev (prior to its bankruptcy), Lufthansa and Turkish Airlines' subsidiary Sun Express, and Primera Air. However, in late 2012, Havas lost a number of contracts and were not able to win certain new contracts (such as the Lufthansa contract, previously handled by ISS). Their two remaining customers (Icelandair and Air Baltic) issued tenders upon receiving notice from Havas and ultimately awarded their business to ISS Aviation and Servisair respectively. The Lufthansa business for which Havas had been bidding was won by Swissport. As a consequence, Havas stopped operating at HEL; its entry cannot therefore be considered as successful.¹³⁶
- (167) Furthermore, the Parties argue that Nordic Aero Services also entered ground handling at Helsinki in 2011 with a focus on ramp services, but has been looking to expand. Indeed, in 2012, Nordic Aero Services (part of the Aviator Group)¹³⁷ and Airpro (the ground handler owned by the Helsinki airport authority) have teamed up to submit joint bids on almost all new business at Helsinki in the past year, with Airpro handling passenger services and Nordic Aero handling ramp services. The Parties consider that this has effectively created a more significant competitor with the backing of the airport authority and the experience and resources needed to better serve all of the carriers' needs at Helsinki. However, Nordic Aero confirmed [...].¹³⁸
- (168) One competitor did express some degree of interest in entering HEL as ground handler *post* Transaction. However, this entry would have very limited scope, and there is not enough evidence showing likelihood of timely and sufficient entry to constitute a

132 See Section IV.2.1 Common competitive features at the affected liberalised airports.

133 [...]

134 Given the recent entry of Swissport at HEL [...], it was not feasible to conduct a meaningful bidding data analysis for HEL.

135 [...]

136 Moreover, as described above in section VI.2.2, there are rather high barriers to entry in general, even at liberalized airports.

137 Aviator has a significant presence in Norway, Sweden, and Denmark.

138 [...]

competitive constraint on the merged entity and defeat the anticompetitive effects of the Transaction at HEL in the medium-long term.

(169) Finally, in the course of the market investigation, market players operating at HEL voiced concerns as to a possible negative impact of the Transaction. For instance, Finnavia, the HEL airport manager explained that: "[...]".¹³⁹ Similarly, Finnair stated that: "[...]".¹⁴⁰

(170) In light of the above and of the other available evidence, the Commission considers that the Transaction raises serious doubts as to its compatibility with the internal market on the market for ground handling services at Helsinki airport.

VI.2.4 Affected "restricted" airports

(171) The Parties' activities overlap at 10 restricted airports within the meaning of the Ground handling directive, in each of which the Transaction gives rise to a horizontally affected market: 1 in France, 9 in Spain.

VI.2.4.1. Paris Charles-De-Gaulle (CDG)

(172) Paris Charles-De-Gaulle Airport ("CDG") handled in 2012 approximately 61.6 million passengers, out of which 91% flew internationally while 9% flew domestically¹⁴¹.

(173) The main airline company active at this airport is Air France, which accounts for [...]% of the traffic. Table 15 below shows the main airlines active at CDG according to their shares of the traffic at the airport and their respective ground handlers.

Table 15: Departures of Top 5 airlines and their respective ground handling service providers - CDG (2012)

Airline	%	Ground Handling Provider
Air France	[...]	[...]
Easyjet	[...]	[...]
Lufthansa	[...]	[...]
Alitalia	[...]	[...]
Flybe	[...]	[...]
Top 10	[...]	

Source: Notifying Party

(174) The respective market positions of the Parties at CDG are outlined in Table 16 below.

139 Call between Finnavia and the case team - 29 October 2013- §22 of the minutes.

140 Call between Finnair and the case team - 21 October 2013- §25 of the minutes.

141 Parties' response to RFI 9, annex RFI 9 Q1.

Table 16: Market positions of the main ground handlers at CDG (2012 and 2013)

Competitor	Including self-handling						Excluding self-handling					
	2011		2012		2013		2011		2012		2013	
	Flights	%	Flights	%	Flights	%	Flights	%	Flights	%	Flights	%
Swissport	[...]	[10-20]	[...]	[10-20]	[...]	[10-20]	[...]	[20-30]	[...]	[20-30]	[...]	[20-30]
Servisair	[...]	[0-5]	[...]	[0-5]	[...]	[0-5]	[...]	[0-5]	[...]	[0-5]	[...]	[0-5]
Combined	[...]	[10-20]	[...]	[10-20]	[...]	[20-30]	[...]	[20-30]	[...]	[20-30]	[...]	[20-30]
Alyzia	[...]	[20-30]	[...]	[20-30]	[...]	[20-30]	[...]	[30-40]	[...]	[30-40]	[...]	[30-40]
Groupe Europe Handling	[...]	[30-40]	[...]	[30-40]	[...]	[20-30]	[...]	[40-50]	[...]	[40-50]	[...]	[30-40]
Air France	[...]	[20-30]	[...]	[20-30]	[...]	[20-30]	-	-	-	-	-	-
Total	[...]	100	[...]	100	[...]	100	[...]	100	[...]	100	[...]	100

Source: Notifying Party

(175) Servisair does not have a general ground handling license at CDG. The actual overlap between the Parties is very limited, as Servisair is only active in airside cargo handling. The Transaction will lead to combined market shares of [20-30]%; the very small increment being brought about by Servisair's limited activity in airside cargo handling ([0-5]%). Post-Transaction, the merged entity will continue to face strong competition from other well-established ground handlers such as Alyzia and Groupe Europe Handling. WFS is also present at CDG as a ground handling subcontractor of Air France¹⁴². In addition, Air France is self-handling as well as providing ground handling services to a number of airlines active at CDG¹⁴³.

(176) Lastly, no substantiated competition concerns were raised by respondents to the market investigation with respect to ground handling at CDG.

(177) In light of the above and of the other available evidence, the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market on the market for ground handling services at Paris Charles-de-Gaulle airport.

VI.2.4.2. Affected airports in Spain

(178) Airports in Spain are restricted airports within the meaning of the Ground Handling Directive with respect to ramp services. The respective numbers of passengers at the nine affected airports in Spain for 2012 are presented in Table 17 below:

¹⁴² Questionnaire Q1 to competitors, answer to question 4.2. [...]. See Call between WFS and the case team - 24 October 2013- §13 of the minutes.

¹⁴³ Questionnaire Q2 to customers, answer to question 31.

Table 17: Number of passengers at the Affected airports in Spain

Airport	Passengers 2012	Passengers - Ratio 2012	
		International	Domestic
Alicante (ALC)	8,8 mio.	84%	16%
Almería (LEI)	740 000	43%	57%
Barcelona (BCN)	35 mio.	67%	33%
Fuertaventura (FUE)	4,4 mio.	77%	23%
Jerez (XRY)	845 000	45%	55%
Lanzarote (ACE)	5,2 mio.	67%	33%
Madrid (MAD)	45,2 mio.	68%	32%
Málaga (AGP)	12,6 mio.	81%	19%
Valencia (VLC)	4,7 mio.	66%	34%

Source: Notifying Party¹⁴⁴

(179) Servisair has permits for the provision of passenger services, i.e. ticketing and supervision, and also performs some general aviation services. However, absent a ramp licence, it is not active on the ramp at all. Servisair thus does not compete in and has not competed “for” these markets. In contrast, Swissport provides the full spectrum of ramp, passenger, and baggage services at the affected airports in Spain. This includes the provision of ticketing and supervision services at all nine Spanish affected airports but as part of its basic ground handling service offering. As a consequence, the actual overlaps between the Parties are limited as shown in Table 18 below:

Table 18: Parties' market positions at the nine affected airports in Spain

Airport	Including self-handling ¹⁴⁵						Excluding self-handling					
	2012			2013			2012			2013		
	Swissport	Servisair	Combined	Swissport	Servisair	Combined	Swissport	Servisair	Combined	Swissport	Servisair	Combined
Alicante	[10-20]	[0-5]	[10-20]	[10-20]	[0-5]	[10-20]	[20-30]	[0-5]	[20-30]	[20-30]	[0-5]	[20-30]
Almeria	[10-20]	[0-5]	[10-20]	[10-20]	[0-5]	[10-20]	[10-20]	[0-5]	[10-20]	[10-20]	[0-5]	[10-20]
Arrecife	[20-30]	[0-5]	[20-30]	[20-30]	[0-5]	[20-30]	[40-50]	[0-5]	[40-50]	[40-50]	[0-5]	[40-50]
Barcelona	[20-30]	[0-5]	[20-30]	[20-30]	[0-5]	[20-30]	[30-40]	[0-5]	[20-30]	[20-30]	[0-5]	[30-40]
Fuerteventura	[20-30]	[0-5]	[20-30]	[30-40]	[0-5]	[30-40]	[50-60]	[0-5]	[50-60]	[50-60]	[0-5]	[50-60]
Jerez	[20-30]	[5-10]	[20-30]	[20-30]	[0-5]	[20-30]	[40-50]	[5-10]	[50-60]	[30-40]	[0-5]	[30-40]
Madrid	[20-30]	[0-5]	[20-30]	[20-30]	[0-5]	[20-30]	[30-40]	[0-5]	[40-50]	[40-50]	[0-5]	[40-50]
Malaga	[10-20]	[0-5]	[10-20]	[10-20]	[0-5]	[10-20]	[30-40]	[5-10]	[40-50]	[30-40]	[0-5]	[30-40]
Valencia	[20-30]	[0-5]	[20-30]	[20-30]	[0-5]	[20-30]	[60-70]	[5-10]	[70-80]	[80-90]	[0-5]	[80-90]

¹⁴⁴ Parties' response to RFI 9, annex RFI 9 Q1.

¹⁴⁵ Self-handling by airlines is commonly used in the affected airports in Spain, in particular by Iberia, the Spanish flag-carrier: out of the respective top 10 airline companies at these airports (except at Almeria airport where none of the airline companies self-handles) the share of self-handling varies between [20-30]% (Barcelona airport) and [70-80]% (Jerez airport).

Source: Notifying Party¹⁴⁶

(180) The Transaction will lead to combined market shares up to [30-40]%, including self-handling (Fuerteventura) and up to [80-90]%, excluding self-handling (Valencia). Nevertheless, at all the affected airports, the increment being brought about by Servisair's limited activity is minimal (at most [0-5]%) so that merger-specific effects of the Transaction are very limited.

(181) Lastly, some respondents to the market investigation raised concerns as to the loss of a potential bidder for the next call for tenders for ramp licence which is expected to occur in 2014.¹⁴⁷ However, at the last license tender organised by AENA, the Spanish airport authority, [...]. Moreover, at the remaining stations, a sufficient number of bidders will remain *post* Transaction for the call for tenders (see also Section VI.2.5 Competition for the market) to be organized in 2014 by AENA.

(182) In light of the above and of the other available evidence, the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market on the market for ground handling services at affected Spanish airports.

VI.2.5 Competition for the market

(183) The Transaction does not give rise to any competition concerns regarding competition for the market for airside services.

(184) All airports that give rise to a material overlap are liberalised within the meaning of the Ground Handling Directive. To be able to operate at "open" airports, ground handlers must obtain a permit (authorization) from the airport authority. The necessary permits at "open" airports are awarded to all providers who meet the necessary requirements and are not distributed through a tender process.

(185) As concerns restricted airports, [...]. At Lisbon and Porto there were [...] companies bidding for these licenses, at Faro there were [...].¹⁴⁸

(186) At Paris CDG (the only overlap airport in France), ground handling services for cargo aircraft are fully liberalised (only ground handling for passenger services remains restricted). Servisair is active only in airside cargo handling (with a share of [0-5]% or less), [...].

(187) At the Spanish overlap airports, ramp ground handling services are not liberalised. Servisair is active in certain passenger services, such as ticketing and supervision which are liberalised). [...] ¹⁴⁹ [...].

¹⁴⁶ Annex RFI 7 Q 9(b) revised for QP10.

¹⁴⁷ Questionnaire Q2 to customers, answer to questions 47 and 47.1.

¹⁴⁸ Form CO, para. 102.

¹⁴⁹ I.e. airports with more than 2 million passenger movements or 50 000 tonnes of freight per annum.

(188) In light of the above and of the other available evidence, the Commission considers that the Transaction will not lead to serious doubts as to its compatibility with the Internal Market on a potential market for the competition for airside services.

VI.3. Landside cargo handling

(189) As regards landside cargo handling services, the Parties' activities overlap at three affected airports, namely London Heathrow, London Gatwick and Manchester.

(190) Table 19 below summarises the effects of the Transaction in terms of market share by volume, for the provision of landside cargo handling services, excluding airside cargo handling services at the three UK affected airports:

Table 19: Overview of the Parties' market shares on the landside cargo handling at the UK affected airports

Airport	Shares (2012) including self-handling			Shares (2012) excluding self-handling		
	Swissport	Servisair	Combined	Swissport	Servisair	Combined
London Heathrow	[5-10]% ¹⁵⁰	[10-20]% ¹⁵⁰	[20-30]%	[10-20]%	[20-30]% ¹⁵¹	[30-40]%
London Gatwick	— ¹⁵²	—	—	[0-5]%	[50-60]%	[50-60]%
Manchester	— ¹⁵³	—	—	[0-5]%	[50-60]%	[50-60]%

Source: Notifying party – Form CO

(191) At London Heathrow, the merged entity would become the largest cargo handler following the implementation of the Transaction. However, it would face strong competition from at least three other well-established cargo handlers, namely dnata (with a 2012 market share of [10-20]% including self-handling and [20-30]% excluding self-handling), WFS (with a 2012 market share of [10-20]% including self-handling and [20-30]% excluding self-handling), and Menzies (with a 2012 market share of [5-10]% including self-handling and [10-20]% excluding self-handling).

(192) Moreover, London Heathrow does not present any substantial barriers to entry for landside cargo handling services. No concerns about insufficient warehouse space were raised in the course of the market investigation. The Notifying Party estimates that there is a substantial amount of excess warehouse capacity available at Heathrow.¹⁵⁴

(193) In general, no substantiated competition concerns were raised by respondents to the market investigation with regard to landside cargo handling at London Heathrow.

¹⁵⁰ Includes [5-10]% share of Heathrow Cargo Handling Ltd ("HCH"): Servisair owns a 50%-shareholding in HCH, with the remaining 50% of the entity owned by Air France. Servisair and Air France have joint control over HCH, which is active in the provision of cargo handling services at London Heathrow Airport. This share includes 100% of the volume handled through HCH. It therefore overstates Servisair's position as it attributes all of HCH's share to Servisair.

¹⁵¹ Includes [10-20]% share of HCH. See footnote 150.

¹⁵² No self-handling activities at London Gatwick.

¹⁵³ No self-handling activities at Manchester.

¹⁵⁴ Form CO, Annex Q40.4.

- (194) The increments in market shares are very limited at London Gatwick and Manchester airports, so that no significant merger-specific effect could reasonably be expected there.
- (195) Moreover, at London Gatwick, the merged entity will be exposed to competition from WFS (which is currently the second largest and only other competitor active in landside cargo handling) and from dnata, [...] ¹⁵⁵[...]. Furthermore there seems to be ample warehouse space available at London Gatwick for potential future entrants. ¹⁵⁶
- (196) At Manchester, Swissport's presence is very limited [...]. The Transaction will therefore not change the number of cargo handlers physically active at Manchester airport.
- (197) In light of the above and of the other available evidence, it is concluded that the Transaction does not raise serious doubts as to its compatibility with the internal market in the markets of landside cargo handling services at London Heathrow, London Gatwick, and Manchester airports.
- (198) On a UK-wide market, the effects of the Transaction in terms of market share by volume, for the provision of landside cargo handling services, excluding airside cargo handling services are summarised in Table 20 below:

Table 20: Overview of the Parties' market shares on the landside cargo handling in the UK

Country	Shares (2012) including self-handling			Shares (2012) excluding self-handling		
	Swissport	Servisair	Combined	Swissport	Servisair	Combined
UK	[5-10]%	[20-30] % ¹⁵⁷	[20-30]%	[5-10]%	[30-40] % ¹⁵⁸	[30-40]%

Source: Notifying party – Form CO

- (199) According to the Parties, there is quite a significant number of market players offering cargo handling services, such as notably WFS (with a 2012 market share of [10-20]% including self-handling and [10-20]% excluding self-handling) and dnata (with a 2012 market share of [10-20]% including self-handling and [10-20]% excluding self-handling), [...] ¹⁵⁹.
- (200) In light of the above and of the other available evidence (e.g. the analyses made in relation to the competitive features at the affected airports), it is concluded that the Transaction does not raise serious doubts as to its compatibility with the internal market in the UK market of landside cargo handling services.

VI.4. Offline services

- (201) Servisair provides certain offline road cargo transport services in the UK and Ireland, and it also sub-contracts some transport services to third parties. Swissport is not active in

¹⁵⁵ [...]

¹⁵⁶ Form CO, Annex Q40.4.

¹⁵⁷ Includes [0-5] % share of HCH. See footnote 150.

¹⁵⁸ Includes [5-10] % share of HCH. See footnote 150.

¹⁵⁹ [...].

offline road cargo transport services between airports. To the extent Swissport needs to transport cargo from one airport to another, Swissport sub-contracts these transport services to third parties; it is not itself involved in any such transportation.¹⁶⁰

(202) In the course of the market investigation, no substantiated concerns have been raised with regard to the provision of offline services.

(203) Moreover, [...].¹⁶¹ WFS is also active at UK level in this market.¹⁶²

(204) In light of the above and of the other available evidence, it is concluded that the Transaction does not raise any doubts as to its compatibility with the Internal Market with regard to offline services.

VI.5. Conglomerate effects

(205) Conglomerate effects concern companies that are active in closely related markets.¹⁶³ Ground handling services (ramp, passenger and baggage as well as airside cargo handling services) on the one side and landside cargo handling services on the other side may be considered as neighbouring markets. These services may be provided to the same customers (although the range of customers for cargo handling services are wider because it includes full-cargo airlines and freight-forwarders) and/or at the same venue (although there is a strict separation between airside services with access to the ramp and landside services that lack that access) and both belong to the overall sector of ground handling services.¹⁶⁴

(206) However, the Transaction is unlikely to lead to any conglomerate effects between ground handling services and landside cargo handling services because the Parties will not have the ability and incentive to leverage a position on one market to another by means of tying or bundling or other exclusionary practices (conglomerate foreclosure).

(207) The Notifying Party contends that the conclusion reached by the Commission in *LBO France/Aviapartner*, i.e. that the transaction was unlikely to lead to conglomerate effects, should be upheld for this Transaction. More specifically, the Notifying Party raises the following points:¹⁶⁵

- [...];
- [...];
- [...];

¹⁶⁰ Form CO, p. 28.

¹⁶¹ [...]

¹⁶² See <http://81.93.5.95/services/cargo-handling/european-trucking-services/> where it is explained that WFS provides daily departures at several UK airports.

¹⁶³ Article 91 and ff., Guidelines on the assessment of non-horizontal mergers under the Council Regulation on the control of concentrations between undertakings (OJ C 265, 18 October 2008, p.6).

¹⁶⁴ Case COMP/M.6671 – *LBO France/Aviapartner*, para. 152.

¹⁶⁵ Form CO, para. 219.

- [...];
 - many of the Parties' competitors in Europe, such as Menzies, WFS, and dnata, are able to offer essentially the same portfolio of services to their customers, either directly or via sub-contracting. Accordingly, a bundling strategy would not give Swissport and Servisair a competitive advantage over their competitors;
 - airlines have the ability to pick and choose services from different suppliers, and it is in fact common for airlines to award ground handling contracts on the one hand and landside cargo handling contracts to different suppliers.
 - at all the EEA airports where such conglomerate effects could arise, either (i) at least one of the Parties is already active on both ground handling or landside cargo handling or (ii) the activity of one of the Parties is very limited in terms of services offered ([...]). Therefore, the Transaction would, as such, be unlikely to lead to significant conglomerate effects.
- (208) The Commission's market investigation has not resulted in the identification of any substantiated competition concerns with regard to conglomerate effects. A majority of customers were undecided on the question of whether the Merged Entity would have a competitive advantage through the fact that they would be able to offer offline cargo handling services in conjunction with landside cargo handling services and did not raise any particular competition concerns with regard to bundling.¹⁶⁶ Some competitors argued that airlines may occasionally prefer to have the same supplier for both ground handling and landside cargo handling at one airport¹⁶⁷ and one competitor raised general concerns with regard to bundling without substantiating these concerns.¹⁶⁸
- (209) The Commission considers furthermore that, other than in the *LBO France/Aviapartner* case, the current Transaction does not involve the combination of a significant landside cargo handling agent (such as WFS) and a large competitor in ground handling (such as Aviapartner) active at the same airports. In the case at hand, Swissport and Servisair provide similar ground and cargo handling services largely at non-overlap airports,¹⁶⁹ and would therefore not have any incentives (or the ability) to bundle ground and cargo handling products as a result of the Transaction.

¹⁶⁶ Q2 – Questionnaire to Customers, answers to question 44.

¹⁶⁷ Menzies Aviation stated for example: "*In most cases we do not see airlines seeking to source landside cargo services from the same supplier as their passenger and ramp handlers although this may happen.*" WFS said: "*This would be practically convenient but airlines tend to outsource to several handlers in order to keep their negotiation power and improve their ability to switch in case they would need it (strikes, failure etc.). In any event, where they outsource these services to the same handler, they generally do so under different contracts.*" Equally Aviapartner submitted the following: "*We see both situations. Sometimes carriers wish to bundle ramp, passenger and baggage with one handler, sometimes carriers will source passenger services from one handler and other services from another handler. With regard to cargo services, we see that carriers look at this separately. Only unloading of belly cargo will normally be performed by the handler that provides ramp services.*" See Q1 – Questionnaire to Competitors, answers to question 36.

¹⁶⁸ See Q1 – Questionnaire to Competitors, answers to question 36.

¹⁶⁹ Form CO, [Annex Q 19](#) (overview of the Parties' activities at airports in the EEA).

(210) [...].¹⁷⁰ [...].¹⁷¹

(211) In light of the above and of the other available evidence, it is concluded that the Transaction does not raise any doubts as to its compatibility with the Internal Market with regard to conglomerate effects.

VII. COMMITMENTS

VII.1. Commitments submitted by the Parties

(212) In order to address the serious doubts raised by the Transaction regarding the ground handling market at Helsinki, Newcastle, Birmingham and Gatwick airports, Swissport submitted commitments.

(213) Swissport provided a draft set of commitments on 23 November 2013. This draft did not include divestments of the full increment at all airports where serious doubts have been identified.

(214) Following a meeting with the case-team on 26 November 2013, Swissport provided formal remedies on 27 November 2013. While improved compared to the draft of 23 November, these remedies contained: (i) a non-compete clause, preventing Swissport from bidding against the new entrant for any contracts that were part of the divestment business, following the closing and up to one year after the adoption of this decision, thus leaving customers with only one bidder – i.e. the new entrant – at some airports; (ii) exceptions to the transfer of all contracts attached to a divested station, without describing the magnitude of these exceptions; (iii) some unclear clauses.

(215) Swissport submitted revised commitments on 29 November 2013 (the "revised Commitments"). The revised Commitments contained several clarifications e.g. with respect to the scope of the divestment and they no longer contained the non-compete clause referred to in paragraph (214) above. Instead, they explicitly confirmed Swissport's right to bid for contracts, including any of the contracts transferred to the Divestment Business and Swissport's right to submit unsolicited contract offers, including to airlines whose contracts have been transferred. On 29 November 2013, the Commission launched a market test in order to gather the opinion of market participants.

(216) In order to address a number of issues that were identified by respondents to the Market Test, Swissport submitted an improved version of the commitments on 12 December 2013 (the "final Commitments")¹⁷².

(217) The most important improvements of the final Commitments as compared to the revised Commitments were:

¹⁷⁰ Answers to RFI 7, Annex 5(a).

¹⁷¹ [...]

¹⁷² A first version of the improved Commitments was sent on 12 December 2013, replaced by a second one on the same day, correcting in particular some cross-references. The latter version is analysed here.

- At Helsinki, the station manager has been added to the list of key personnel that will be transferred to the purchaser.
- All the contracts with suppliers that currently supply inputs to the business, including equipment, real estate, electricity, water, fuel, oil, spare parts and other consumables are identified and listed in the schedule to the Commitments.
- (Stand-alone) de-icing contracts are included in the Divestment Businesses.
- The mechanism through which full ground handling contracts would either be split-up to carve out de-icing and lounge services, or transferred in full with the purchaser sub-contracting these services back to Swissport has been deleted. In the final Commitments, the relevant ground handling contracts will be divested in full to the purchaser.
- The arrangement with respect to multi-station contracts has been improved by the introduction of a third option: if the airline customer rejects both the contract split and sub-contracting, Swissport commits to divest one or more alternative contracts equivalent in size and commercial terms (based on the 2013 figures in the Schedule) at equivalent commercial terms and a remaining duration of at least 1 year.
- The compensation mechanism through which Swissport guarantees the purchaser a certain minimum volume of business for a limited period of time has been improved. Most importantly, the duration has been extended from [...] to [...]. Also, the wording now clarifies that the 2013 figures in the Schedule are the relevant benchmark. It is also noted that, following the inclusion of (stand-alone) de-icing contracts in the scope of the Divestment Business, it is specified that Swissport will not be required to replace any standalone de-icing contract of minor importance.
- The final Commitments no longer contain an explicit confirmation of Swissport's right to bid in tenders relating to transferred contracts, or to submit unsolicited offers to airlines whose contracts have been transferred.

(218) As will be shown below, the Commission considers the final Commitments suitable to entirely remove the serious doubts identified.

(219) The final Commitments aim at addressing the Commission's concerns with respect to the ground handling markets at Helsinki, Birmingham, Newcastle and Gatwick airports by ensuring entry by suitable competitor(s) which can compete effectively with the Merged Entity on a lasting basis at these airports.

(220) The main aspects of the final Commitments are summarised below.

(221) Swissport undertakes to divest to one or more purchaser(s) (i) Servisair's ground handling business at Helsinki airport, (ii) Swissport's ground handling business at Birmingham airport, (iii) Servisair's ground handling business at Newcastle airport, and (iv) Servisair's

ground handling business at London Gatwick airport (hereafter each referred to as "Divestment Business").

- (222) The Divestment Businesses will each time include the relevant ground handling contracts, ground handling assets, ground handling employees (including key personnel) and ground handling supply contracts (to the extent that the purchaser wishes to maintain them).
- (223) Some of the contracts to be divested at Birmingham, Newcastle and London Gatwick airports are multiple-station contracts. These contracts cover the provision of ground handling services at several airports, including airports where no concerns have been identified. A special arrangement is foreseen for these multi-station contracts: they will be split so that only the ground handling operations at the relevant airport are transferred to the purchaser. If the customer rejects such a split, the contracts will be transferred in full with the purchaser sub-contracting the ground handling activities at the other airports back to Swissport. If the customer rejects both the contract split and sub-contracting, Swissport commits to divest one or more alternative contracts at equivalent commercial terms and a remaining duration of at least 1 year.
- (224) Swissport will ensure that, at the [...] anniversary of the closing of the sale of the Divestment Business, the Purchaser will be in possession of a Ground Handling business at that airport that is equivalent in size and commercial terms other than the contract duration (annualized, based on the 2013 figures in the Schedule) to the Divestment Business described in the Schedule. To this end, Swissport commits to divest one or more alternative ground handling contracts until [...] after the Closing of the sale of the Divestment Business at a particular airport, after the Effective Date, in the event that any of the ground handling customer contracts that Swissport commits to divest at a particular airport are terminated (or a customer has given formal notice of its intention to terminate one of the contracts before contract expiration and within 90 days of issuance of such notice) or not otherwise renewed by a customer. However, Swissport will not be required to replace any standalone de-icing contract with total annual revenues (per contract) of less than EUR [...] (based on 2013 revenue data) at the affected airports.¹⁷³
- (225) In order to maintain the structural effect of the Commitments, Swissport shall, for a period of ten (10) years after the Effective Date, not acquire direct or indirect influence over the whole or part of the Divestment Business, unless the Commission has previously found that the structure of the market has changed to such an extent that the absence of influence over the Divestment Business is no longer necessary.¹⁷⁴ The Commission notes that in the specific circumstances of this case, bidding for contracts (and winning the bids) or submitting unsolicited bids is not tantamount to acquiring direct or indirect influence over the whole or part of the Divestment Business (see also paragraphs 247-248 below).

¹⁷³ Clause 3(e) of the final Commitments.

¹⁷⁴ Clause 4 of the final Commitments.

- (226) The Commitments also include clauses about the nomination of a trustee, and if necessary, of a divestiture trustee.
- (227) Moreover, the commitments include measures regarding hold-separate obligations of Swissport, including the appointment of a hold-separate manager for Helsinki airport and one for the UK airports.

VII.2. Analysis of the final Commitments

VII.2.1 Legal framework for the assessment of remedies

- (228) As set out in the Commission Notice on remedies, the Commission assesses the compatibility of a notified concentration with the internal market on the basis of its effect on the structure of competition in the European Union. Where a concentration raises serious doubts which could lead to a significant impediment to effective competition, the parties may seek to modify the concentration so as to resolve the serious doubts identified by the Commission with a view to having the merger cleared.
- (229) According to the European Union Courts' case law, commitments must be likely to eliminate competition concerns identified and ensure competitive market structures. In particular, contrary to those entered into during the phase II procedure, commitments offered in Phase I are intended not to prevent a significant impediment on effective competition but rather to clearly dispel all serious doubts in that regard. The Commission enjoys a broad discretion in assessing whether these remedies constitute a direct and sufficient response capable of dispelling any such doubts.
- (230) In assessing whether or not the remedies will restore effective competition, the Commission considers inter alia the type, scale and scope of the remedies by reference to the structure and the particular characteristics of the market in which these serious doubts arise. It should be highlighted, however, that commitments in Phase I can only be accepted when the competition problem is readily identifiable and can easily be remedied.
- (231) The divested activities must consist of a viable business that, if operated by a suitable purchaser, can compete effectively with the Merged Entity on a lasting basis and that is divested as a going concern.¹⁷⁵
- (232) The business must include all the assets which contribute to its current operation or which are necessary to ensure its viability and competitiveness and all personnel which are currently employed or which are necessary to ensure the business' viability and competitiveness. Personnel and assets which are currently shared between the business to be divested and other businesses of the parties, but which contribute to the operation of the business or which are necessary to ensure its viability and competitiveness, must also be included. Otherwise, the viability and competitiveness of the business to be divested would be endangered. Therefore, the divested business must contain the personnel

¹⁷⁵ Commission Notice on remedies, paragraph 23.

providing essential functions for the business, at least in a sufficient proportion to meet the on-going needs of the divested business.¹⁷⁶

(233) Furthermore, the intended effect of the divestiture will only be achieved if and once the business is transferred to a suitable purchaser with proven relevant expertise and ability to maintain and develop the divested business as a viable and active competitive undertaking.

VII.2.2 Suitability to solve competition concerns

(234) With the final Commitments, Swissport undertakes to divest to one or more purchaser(s)
(i) Servisair's ground handling business at Helsinki, Newcastle and London Gatwick and
(ii) Swissport's ground handling business at Birmingham.

(235) Pursuant to the final Commitments, the Divestment Businesses will include all ground handling contracts (baggage, passenger, ramp, airside cargo handling and de-icing services).

(236) While the revised Commitments still excluded some de-icing services, in the final Commitments these de-icing services will be included in the Divestment Businesses.

(237) As set out in paragraph (223), some of the contracts to be divested at Birmingham, Newcastle and London Gatwick are multiple-station contracts, covering the provision of ground handling services at several airports, including airports where no concerns have been identified. Under the revised Commitments, these multi-station contracts would either be split so that only the ground handling operations at the relevant airport are transferred to the purchaser or transferred in full with the purchaser sub-contracting the ground handling activities at the other airports back to Swissport. The results of the market test (which was conducted on the basis of the revised Commitments) showed however that several competitors and customers considered that this arrangement could lead to some possible implementation problems. They had concerns about the workability of the arrangement and customers felt undermined in their freedom to choose a ground handling supplier.¹⁷⁷ In response to these specific concerns, Swissport introduced in the final Commitments a third option: if the customer rejects both the contract split and sub-contracting, Swissport commits to divest one or more alternative contracts at equivalent commercial terms and a remaining duration of at least 1 year. This option seems appropriate since it safeguards both the rights of customers in case they oppose to the contract split or to the sub-contracting option and of the purchaser who has the guarantee to acquire a certain volume of business. Any such contract replacement will take place under the supervision of the Monitoring Trustee.

¹⁷⁶ Commission Notice on remedies, paragraphs 25 and 26.

¹⁷⁷ See responses to question 2 of the market test to Competitors and question 2 of the market test to Customers.

(238) Moreover, Swissport provided evidence on the existence of a sufficient pool of alternative ground handling contracts that can be drawn upon and that can be transferred if necessary.¹⁷⁸

(239) In view of the above, it is concluded that the remedies materially divest the increment brought about by the Transaction at the four airports where the Commission has identified concerns, restoring a level playing field at each station.

VII.2.3 *Viability and competitiveness*

VII.2.3.1. *Scope of the Divestment Business*

(240) The Divestment Business includes relevant ground handling contracts, ground handling assets, ground handling employees and ground handling supply contracts (to the extent that the purchaser wishes to maintain them).

(241) In their responses to the market investigation, some competitors and customers commented about the splitting-up of contracts and in particular about the carve-out of de-icing services and lounge services. Some respondents also requested that it should be clarified which rental and lease agreements would be transferred as part of the Divestment Business, and they insisted that all key employees should be transferred.

(242) In order to address these concerns, Swissport enlarged the scope of the Divestment Business in the final Commitments. Indeed, in the final Commitments, de-icing services are no longer carved-out and will be transferred to the purchaser as part of the Divestment Business. Similarly, lounge services that are part of larger ground handling contracts will be transferred to the purchaser¹⁷⁹. Swissport also added the Station Manager at Helsinki to the list of key ground handling employees that would be transferred as part of the Divestment Business. Finally, Swissport identified and listed in the schedule to the Commitments all the contracts with suppliers that currently supply inputs to the business, including equipment, real estate, electricity, water, fuel, oil, spare parts and other consumables.

(243) Licences to operate at the relevant airports do not seem to be transferable. Therefore, it seems that Servisair's and Swissport's current licence to operate at the relevant airports cannot be transferred as part of the Divestment Business. As a result, the purchaser of the Divestment Business will most likely need to obtain its own licence to operate at the relevant airports. Airport managers responding to the market test nevertheless indicated that it would be possible for a suitable purchaser to obtain easily and within a reasonable time frame the required licence.¹⁸⁰

¹⁷⁸ Information submitted on 12 December 2013.

¹⁷⁹ To the extent that the purchaser does not already operate their own lounge, Swissport shall commit to making available its lounge for continued use by the customers for the duration of the contracts at issue.

¹⁸⁰ Responses to question 3 of the market test to Airport Managers and e-mail correspondence with Newcastle International Airport LTD of 6 December 2013.

(244) In light of the above and in particular taking into account the improvements made in the final Commitments, it is concluded that the Divestment Businesses will include all the assets which contribute to their current operation or which are necessary to ensure their viability and competitiveness and all personnel which are currently employed or which are necessary to ensure the business' viability and competitiveness.

VII.2.3.2. *Viability and competitiveness of the Divestment Business*

(245) A majority of the respondents to the market test that expressed an opinion considers that the Helsinki and London Gatwick Divestment Business are viable and will allow a suitable purchaser to effectively compete for the provision of ground handling services at these airports. Answers to the market test show mixed views with respect to the viability of the Birmingham and Newcastle Divestment Businesses.¹⁸¹

(246) [...].¹⁸² [...] a considerable number of competitors have expressed interest in acquiring one or more Divestment Businesses including [...] – see also section VII.2.4 below), [...].

(247) Besides, respondents to the market test indicated in particular that the viability can be affected by Swissport's right to bid for upcoming tenders for transferred contracts.¹⁸³ The revised Commitments stated that Swissport would not be prevented at any time from bidding for ground handling contracts, including for the contracts transferred as part of the Divestment Business, nor would it be prevented from submitting unsolicited ground handling offers to affected airlines.¹⁸⁴ The market test showed that while a majority of the customers that expressed an opinion was in favour of such arrangement, some competitors considered that it could affect the reality of the divestment and affect the viability of the Divestment Business¹⁸⁵. Clause 4 of the final Commitments foresees that in order to maintain the structural effect of the Commitments, Swissport shall, for a period of ten (10) years after the Effective Date, not acquire direct or indirect influence over the whole or part of the Divestment Business, unless the Commission has previously found that the structure of the market has changed to such an extent that the absence of influence over the Divestment Business is no longer necessary to render the proposed concentration compatible with the internal market. This standard clause is typically included in divestiture commitments.

(248) Due to the specific nature of the ground handling market which is a bidding market where several competitors bid for one and the same contract and where contracts can change owner also in the absence of the merger, the Commission shares Swissport's view that bidding for contracts (and winning the bids) or even submitting unsolicited contract

181 Responses to question 4 of the market test to Competitors, question 4 of the market test to Customers and question 5 of the market test to Airport Managers.

182 Correspondence of the Notifying Party of 3 December 2013.

183 Responses to question 5 of the market test to Competitors.

184 Clause 4(a) of the revised Commitments.

185 Responses to question 5 of the market test to Competitors.

offers should not be considered as tantamount to acquiring direct or indirect influence over the whole or part of the Divestment Business in the meaning of clause 4 of the final Commitments. Therefore, in the specific circumstances of this case bidding for contracts or submitting unsolicited contract offers, including for contracts that were transferred as part of the Divestment Businesses, would not be a breach of clause 4 of the final Commitments.

- (249) Respondents also emphasized the need to ensure a minimum size of the Divestment Business for a sufficiently long period of time.¹⁸⁶
- (250) The revised Commitments contained a compensation arrangement pursuant to which Swissport would guarantee a minimum size of the Divestment Business up to [...] after closing of the sale of the Divestment Business.
- (251) In their responses to the market test, competitors generally considered that it is appropriate for Swissport to ensure that the scope of the Divestment Business is not reduced for some time after closing.¹⁸⁷ Some competitors raised concerns about the complexity of the mechanism¹⁸⁸ or stressed the need to closely value the additional contracts that would be transferred¹⁸⁹. In addition, concerns were raised about a time period of [...] being insufficient.¹⁹⁰
- (252) The results of the market test showed mixed views amid customers. For instance, while some considered it to be a fair and competitive solution¹⁹¹, others stressed that a transfer of a ground handling contract should not be decided upon unilaterally by the ground handler¹⁹². Other respondents indicated that the purchaser of the divestment business would be in a better position than Servisair was prior to the acquisition of its business by Swissport¹⁹³
- (253) In response to these concerns, Swissport improved the compensation arrangement on several points. Under the final Commitments, until [...] after the Closing of the sale of the Divestment Business at a particular airport, after the Effective Date, in the event that any of the customer contracts that Swissport commits to divest at a particular airport are terminated or not otherwise renewed by a customer, Swissport commits to divest one or more Alternative Ground Handling Contracts to ensure that, at the [...] anniversary of the closing of the sale of the Divestment Business, the Purchaser will be in possession of a Ground Handling business at that airport that is equivalent in size and commercial terms

186 Response to question 6 of the market test to Competitors.

187 Responses to question 6 of the market test to Competitors, question 6 of the market test to Customers and question 7 of the market test to Airport Managers.

188 Response of e.g. WFS to question 6 of the market test for Competitors.

189 See for example the response of Deutsche Post AG and Menzies Aviation to question 6 of the market test for Competitors.

190 Response of e.g. WFS to question 6 of the market test for Competitors.

191 See for example responses of Air Canada and Emirates to question 6 of the market test to Competitors.

192 See for example responses of Aer Arann, KLM Royal Dutch Airlines, Swiss International Air Lines and Virgin Atlantic Airways to question 6 of the market test to Customers.

193 Response of Finnair to question 6 of the market test to Customers.

other than the contract duration (annualized, based on the 2013 figures in the Schedule) to the Divestment Business described in the Schedule.

- (254) The duration of the compensation obligation was extended from [...] (under the revised Commitments) to [...] (in the final Commitments).
- (255) The final Commitments also clarify that the relevant benchmark for contracts that need to be replaced are the 2013 figures in the Schedule. They also clarify that a formal notice by a customer to terminate a contract within 90 days would trigger the compensation obligation, insofar the notice is given within [...] form closing of the divestment.
- (256) The final Commitments precise that Swissport will not be required to replace any standalone de-icing contract with total annual revenues (per contract) of less than €[...] (based on 2013 revenue data) at the affected airports. However, these contracts are of minor importance, even taken together.
- (257) The wording of the compensation arrangement in the final Commitments implies that, should the purchaser meanwhile have acquired additional ground handling business at the airport (e.g. by winning a contract for an airline), this contract will be taken into account when determining the need and extent for Swissport's obligation to compensate the purchaser for any lost contracts.
- (258) It is finally noted that Swissport provided evidence on the existence of a sufficient pool of alternative ground handling contracts that can be drawn upon and that can be transferred if necessary and that any contract transfer will be carried out under supervision and following the approval of the Monitoring Trustee.
- (259) In view of the above it is concluded that the compensation mechanism in the final Commitments is sufficient to ensure that the scope of the Divestment Business is not reduced by early termination or absence of renewal of any contract to be divested, and this for a period of [...] after closing of the sale of the relevant Divestment Business. Such arrangement appears to be adequate to ensure viability of the Divestment Business, while the Purchaser gathers sufficient information and know-how to be in a position to bid effectively for new contracts, and win these contracts.
- (260) Respondents also referred to the need for a short divestiture period¹⁹⁴. It is thereby noted that the final Commitments provide a strict time schedule for the divestiture. In particular, Swissport commits to find a purchaser (or purchasers) and to enter into a final binding sale and purchase agreement(s) for the sale of the Divestment Business by [...] at the latest. Otherwise it shall grant the Divestiture Trustee an exclusive mandate to sell the Divestment Business (or the remaining portion of the Divestment Business not already sold to an approved purchaser) by [...] at the latest.
- (261) Swissport has entered into discussion with some purchasers already before the present Decision.

¹⁹⁴ Response to question 4 of the Market Test to Customers.

(262) The Divestment Business thus seems to be viable and lasting to ensure effective competition at the four stations.

VII.2.3.3. *Other issues*

(263) The Commitments also include clauses about the nomination of a trustee, and if necessary, of a divestiture trustee.

(264) Moreover, the commitments include measures regarding hold-separate obligations of Swissport, including the appointment of a hold-separate manager for Helsinki airport and another one for the UK airports.

(265) In addition the commitments include, *inter alia*, appropriate measures regarding the separation of the divested businesses from their retained businesses, the preservation of the viability, marketability and competitiveness of the divested businesses, including the appointment of a monitoring trustee and, if necessary, a divestiture trustee, and of a hold-separate manager. These should address the concerns raised by some of the respondents regarding Swissport having access to commercially sensitive information of the Divestment Business.

VII.2.4 *Attractiveness of the Divestment Businesses to find a suitable purchaser*

(266) Swissport submits that [Information on potential purchasers of the divested businesses] and [Information on potential purchasers of the divested businesses] would be likely purchasers of the divested businesses. Contacts with [...] companies allowed the Commission to get confirmation of their interest in acquiring the aforementioned divestment businesses.

(267) [Information on potential purchasers of the divested businesses]¹⁹⁵. [Information on potential purchasers of the divested businesses].¹⁹⁶ [Information on potential purchasers of the divested businesses].

(268) [Information on potential purchasers of the divested businesses].¹⁹⁷ [Information on potential purchasers of the divested businesses].¹⁹⁸

(269) [Information on potential purchasers of the divested businesses].¹⁹⁹ [Information on potential purchasers of the divested businesses].²⁰⁰

¹⁹⁵ [Information on potential purchasers of the divested businesses], response to question 4.1 of Questionnaire Q1 to Competitors.

¹⁹⁶ [Information on potential purchasers of the divested businesses], response to questions 4.1 and 4.2 of Questionnaire Q1 to Competitors.

¹⁹⁷ [Information on potential purchasers of the divested businesses], response to question 4.1 of Questionnaire Q1 to Competitors.

¹⁹⁸ Minutes of a conference call with [Information on potential purchasers of the divested businesses] held on 15 November 2013, para 5.

¹⁹⁹ Minutes of a conference call with [Information on potential purchasers of the divested businesses] held on 15 November 2013, para 5, 8 and 12.

(270) Moreover, the outcome of the market test showed that, in addition to [Information on potential purchasers of the divested businesses], there are other competitors interested in acquiring all or some of the Divestment Business at each of the four airports.²⁰¹

(271) The Divestment Businesses therefore seem sufficiently attractive to find (a) suitable purchaser(s) with proven relevant expertise and ability to maintain and develop the divested business as a viable and active competitive undertaking.

VII.3. Overall conclusion on the final Commitments

(272) In light of the above and of the other available evidence, it is concluded that the final Commitments submitted to the Commission are sufficient to eliminate all serious doubts identified in the competition analysis.

VII.4. Conditions and obligations

(273) Under the first sentence of the second subparagraph of Article 6(2) of the Merger Regulation, the Commission may attach to its decision conditions and obligations intended to ensure that the undertakings concerned comply with the commitments they have entered into vis-à-vis the Commission with a view to rendering the concentration compatible with the internal market.

(274) The achievement of the measure that gives rise to the structural change of the market is a condition, whereas the implementing steps which are necessary to achieve this result are generally obligations on the Parties. Where a condition is not fulfilled, the Commission's decision declaring the concentration compatible with the internal market no longer stands. Where the undertakings concerned commit a breach of an obligation, the Commission may revoke the clearance decision in accordance with Article 8(6) of the Merger Regulation. The undertakings concerned may also be subject to fines and periodic penalty payments under Articles 14(2) and 15(1) of the Merger Regulation.

(275) In accordance with the distinction described above, the decision in this case is conditioned on the full compliance with the requirements set out in sections A, B, C, and D of the final Commitments (conditions), whereas the other sections of the final Commitments constitute obligations on Swissport.

(276) The detailed text of the final Commitments is annexed to the present decision. The full text of the final Commitments forms an integral part to this decision.

200 [Information on potential purchasers of the divested businesses], reply to question 8.5 of the market test to Competitors.

201 Responses to question 8 of the market test to Competitors.

VIII. CONCLUSION

(277) For the above reasons, the Commission has decided not to oppose the notified Transaction as modified by the final Commitments and to declare it compatible with the internal market and with the EEA Agreement, subject to full compliance with the conditions and obligations laid down in the final Commitments annexed to the present decision. This decision is adopted in application of Article 6(1)(b) in conjunction with Article 6(2) of the Merger Regulation.

For the Commission

(signed)

Joaquín ALMUNIA

Vice-President

Case M.7021 – Swissport/Servisair
COMMITMENTS TO THE EUROPEAN COMMISSION

Pursuant to Article 6(2) of Council Regulation (EC) No. 139/2004 (the “*Merger Regulation*”), Swissport France Holding SAS (“*Swissport*”) hereby provides the following Commitments (the “*Commitments*”) in order to enable the European Commission (the “*Commission*”) to declare Swissport’s acquisition of control of Servisair SAS (“*Servisair*”, together with Swissport, the “*Parties*”) compatible with the common market and the EEA Agreement by a decision pursuant to Article 6(1)(b) of the Merger Regulation (the “*Decision*”).

The Commitments shall take effect upon the date of adoption of the Decision.

This text shall be interpreted in the light of the Decision to the extent that the Commitments are attached as conditions and obligations, in the general framework of Community law, in particular in the light of the Merger Regulation, and by reference to the Commission Notice on remedies acceptable under Council Regulation (EC) No 139/2004 and under Commission Regulation (EC) No 802/2004.

Section A. Definitions

For the purpose of the Commitments, the following terms shall have the following meaning:

Affected Airline: an airline that is a counterparty to a Ground Handling contract that is part of the Divestment Business as defined in the Schedule or an airline that is a counterparty to an Alternative Ground Handling Contract at the same airport.

Affiliated Undertakings: undertakings controlled by the Parties and/or by the ultimate parents of the Parties, whereby the notion of control shall be interpreted pursuant to Article 3 Merger Regulation and in the light of the Commission Consolidated Jurisdictional Notice under Council Regulation (EC) No 139/2004.

Alternative Ground Handling Contract: a Ground Handling contract as defined in paragraph 3 of these Commitments.

Closing: the transfer of the legal title of the Divestment Business to the Purchaser.

Divestment Business: the business or businesses as defined in Section B and the Schedule that Swissport commits to divest.

Divestiture Trustee: one or more natural or legal person(s), independent from the Parties, who are approved by the Commission and appointed by Swissport and who have received from Swissport the exclusive Trustee Mandate to sell the Divestment Business to a Purchaser at no minimum price.

Effective Date: the date of adoption of the Decision.

First Divestiture Period: until [...].

Ground Handling: baggage, passenger, ramp, and airside cargo handling, as well as de-icing services.²⁰²

Hold Separate Managers: the persons appointed by Swissport for the Divestment Business to manage the day-to-day business under the supervision of the Monitoring Trustee.

Key Personnel: all personnel necessary to maintain the viability and competitiveness of the Divestment Business, as listed in the Schedule.

Monitoring Trustee: one or more natural or legal person(s), independent from the Parties, who are approved by the Commission and appointed by Swissport, and who have the duty to monitor Swissport's compliance with the conditions and obligations attached to the Decision.

Personnel: all personnel currently employed by the Divestment Business, including Key Personnel, staff seconded to the Divestment Business, shared personnel and the additional personnel listed in the Schedule.

Purchaser: the entity(ies) approved by the Commission as acquirer(s) of the Divestment Business in accordance with the criteria set out in Section D.

Trustee(s): the Monitoring Trustee and the Divestiture Trustee.

Trustee Divestiture Period: the period of [...] from the end of the First Divestiture Period.

Section B. The Divestment Business

Commitment to divest

1. In order to restore effective competition, Swissport commits to divest, or procure the divestiture of the Divestment Business by the end of the Trustee Divestiture Period as a going concern to a purchaser and on terms of sale approved by the Commission in accordance with the procedure described at paragraph 15. To carry out the divestiture, Swissport commits to find a purchaser (or purchasers) and to enter into a final binding sale and purchase agreement(s) for the sale of the Divestment Business within the First Divestiture Period. If Swissport has not entered into such an agreement (or agreements) with respect to the full Divestment Business at the end of the First Divestiture Period, Swissport shall grant the Divestiture Trustee an exclusive mandate to sell the Divestment

²⁰² For avoidance of doubt, Ground Handling does not include lounge services. However, to the extent lounge revenues make up part of a broader Ground Handling contract at the affected airports, these lounge revenues are included in the divestitures as defined in the Schedule.

Business (or the remaining portion of the Divestment Business not already sold to an approved Purchaser) in accordance with the procedure described in paragraph 24 in the Trustee Divestiture Period.

2. Swissport shall be deemed to have complied with this commitment if, by the end of the Trustee Divestiture Period, Swissport has entered into a final binding sale and purchase agreement(s) with respect to the full Divestment Business, if the Commission approves the Purchaser(s) and the terms in accordance with the procedure described in paragraph 15 and if the closing of the sale of the Divestment Business takes place within a period not exceeding three (3) months after the approval of the Purchaser and the terms of sale by the Commission.

Structure and definition of the Divestment Business

3. The Divestment Business consists of newly created corporate entities (together the “*Newcos*”) to which Swissport will transfer, or cause Servisair to transfer, the following ground handling activities prior to the divestiture of these newly created corporate entities to one or more Purchaser(s):
 - (a) ***Helsinki.*** At Helsinki, the divestiture will consist of the sale of Servisair’s entire Finnish Ground Handling business. All of Servisair’s Ground Handling assets (including its Ground Handling contracts) will be contributed to a new “Finland Handling Newco Ltd.” company, of which 100% of the shares will then be sold to a suitable buyer. All Servisair Ground Handling contracts, all Servisair Ground Handling assets (including all Ground Handling equipment), all Servisair Ground Handling employees (including, in particular, but not limited to, the station manager, the resources and planning manager, the finance and administration manager, the accounting manager, the ramp manager, and the passenger services manager) and all Servisair Ground Handling supply contracts (to the extent the buyer wishes to maintain them) will thus be contributed to Finland Handling Newco Ltd. (which will then be acquired by the divestiture buyer in full).²⁰³
 - (b) ***Birmingham.*** At Birmingham, the divestiture will consist of the sale of Swissport’s entire Ground Handling business. All of Swissport’s Ground Handling assets (including its Ground Handling contracts) will be contributed to a new “Birmingham Handling Newco Ltd.” company, of which 100% of the shares will then be sold to a suitable buyer, *except that* multi-station contracts covering the provision of Ground Handling services at airports other than Birmingham will,

²⁰³ For the avoidance of doubt, to the extent the provision of lounge services are included in a Helsinki Servisair Ground Handling contract being divested (see the Schedule), these services shall not be carved out of the contract that is divested. To the extent the divestiture buyer at Helsinki does not already operate their own lounge, Swissport shall commit to making available Servisair’s lounge for continued use by the customers at issue for the duration of the contracts at issue.

under the supervision of the Monitoring Trustee, (i) be split such that only Birmingham Ground Handling services will be contributed to Birmingham Handling Newco Ltd. or (ii) if the Affected Airline impacted by the particular contract at issue rejects such a split, be contributed in full to Birmingham Handling Newco Ltd. subject to an agreement with the approved Purchaser that the Purchaser will subcontract the non-Birmingham Ground Handling services back to Swissport at the same terms for the duration of the contract. If an Affected Airline rejects both of these multi-station revenue alternatives (*i.e.*, a contract split and a sub-contracting solution), Swissport commits to divest one or more alternative Servisair contracts equivalent in size and commercial terms (based on the 2013 figures in the Schedule), and with a remaining duration of at least one (1) year at that airport (an “**Alternative Ground Handling Contract**”) in place of the Affected Airline’s contract. Subject to this caveat, all Swissport Ground Handling contracts, all Swissport Ground Handling fixed assets (including all Ground Handling equipment), all Swissport Ground Handling employees (including, in particular, but not limited to, the station manager, the airside operations manager, the airside shift managers, and the landside shift manager), and all Swissport Ground Handling supply contracts (to the extent the buyer wishes to maintain them) will thus be contributed to Birmingham Handling Newco Ltd. (which will then be acquired by the divestiture buyer in full).

- (c) **Newcastle.** At Newcastle, the divestiture will consist of the sale of Servisair’s entire Ground Handling business. All of Servisair’s Ground Handling assets (including its Ground Handling contracts) will be contributed to a new “Newcastle Handling Newco Ltd.” company, of which 100% of the shares will then be sold to a suitable buyer, except that multi-station contracts covering the provision of Ground Handling services at airports other than Newcastle will, under the supervision of the Monitoring Trustee, (i) be split such that only Newcastle Ground Handling services will be contributed to Newcastle Handling Newco Ltd. or (ii) if the Affected Airline impacted by the particular contract at issue rejects such a split, be contributed in full to Newcastle Handling Newco Ltd. subject to an agreement with the approved Purchaser that the Purchaser will subcontract these non-Newcastle Ground Handling services back to Swissport at the same terms for the duration of the contract. If an Affected Airline rejects both of these multi-station revenue alternatives (*i.e.*, a contract split and a sub-contracting solution), Swissport commits to divest one or more Swissport Alternative Ground Handling Contracts in place of the Affected Airline’s contract. Subject to this caveat, all Servisair Ground Handling contracts, all Servisair Ground Handling fixed assets (including all Ground Handling equipment), all Servisair Ground Handling employees (including, in particular, but not limited to, the station manager, the ground handling operations manager, the ramp supervisors, and the station trainer), and all Servisair Ground Handling supply contracts (to the extent the buyer wishes to maintain them) will thus be contributed to Newcastle

Handling Newco Ltd. (which will then be acquired by the divestiture buyer in full)²⁰⁴

- (d) **London Gatwick.** At Gatwick, the divestiture will consist of the sale of Servisair's entire Ground Handling business. All of Servisair's Ground Handling assets (including its Ground Handling contracts) will be contributed to a new "Gatwick Handling Newco Ltd." company, of which 100% of the shares will then be sold to a suitable buyer, *except that* multi-station contracts covering the provision of Ground Handling services at airports other than Gatwick will, under the supervision of the Monitoring Trustee, (i) be split such that only Gatwick Ground Handling services will be contributed to Gatwick Handling Newco Ltd., or (ii) if the Affected Airline impacted by the particular contract at issue rejects such a split, be contributed in full to Gatwick Handling Newco Ltd. subject to an agreement with the approved Purchaser that the Purchaser will subcontract these non-Gatwick Ground Handling services back to Swissport at the same terms for the duration of the contract. If an Affected Airline rejects both of these multi-station revenue alternatives (*i.e.* a contract split and a sub-contracting solution), Swissport commits to divest one or more alternate Swissport Alternative Ground Handling Contracts in place of the Affected Airline's contract. Subject to this caveat, all Servisair Ground Handling contracts, all Servisair Ground Handling fixed assets (including all Ground Handling equipment), all Servisair Ground Handling employees (including, in particular, but not limited to, the London stations manager, the passenger manager, the airside operations manager, the head of operations and planning, and the service delivery managers), and all Servisair Ground Handling supply contracts (to the extent the buyer wishes to maintain them) will thus be contributed to Gatwick Handling Newco Ltd. (which will then be acquired by the divestiture buyer in full).²⁰⁵

The scope of the Divestment Business at each airport as defined in the Schedule is subject to the following adjustment:

- (e) Until [...] after the Closing of the sale of the Divestment Business at a particular airport, after the Effective Date, in the event that any of the Ground Handling customer contracts that Swissport commits to divest at a particular airport are

²⁰⁴ For the avoidance of doubt, to the extent the provision of lounge services is included in a Newcastle Servisair Ground Handling contract being divested (see the Schedule), these services shall not be carved out of the contract that is divested. To the extent the divestiture buyer at Newcastle does not already operate their own lounge, Swissport shall commit to making available Servisair's lounge for continued use by the customers at issue for the duration of the contracts at issue.

²⁰⁵ For the avoidance of doubt, to the extent the provision of lounge services is included in a Gatwick Servisair Ground Handling contract being divested (see the Schedule), these services shall not be carved out of the contract that is divested. To the extent the divestiture buyer at Gatwick does not already operate their own lounge, Swissport shall commit to making available Servisair's lounge for continued use by the customers at issue for the duration of the contracts at issue.

terminated (or a customer has given formal notice of its intention to terminate one of the contracts before contract expiration and within 90 days of issuance of such notice), or these contracts are not otherwise renewed by a customer, Swissport commits to divest one or more Alternative Ground Handling Contracts to ensure that, at the [...] of the closing of the sale of the Divestment Business, the Purchaser will be in possession of a Ground Handling business at that airport that is equivalent in size and commercial terms other than the contract duration (annualized, based on the 2013 figures in the Schedule) to the Divestment Business described in the Schedule, *except that* Swissport will not be required to replace any stand-alone de-icing contract with total annual revenues (per contract) of less than €[...] (based on 2013 revenue data) at the affected airports. Any such contract transfer will be carried out under supervision and following the approval of the Monitoring Trustee.

The present legal and functional structure of the Divestment Business as operated to date, and the proposed legal and functional structure of the Divestment Business on the date of divestment, are described in the Schedule. The Divestment Business includes, as applicable:

- (f) all tangible and intangible assets (including intellectual property rights), which contribute to the current operation or are necessary to ensure the viability and competitiveness of the Divestment Business;
 - (g) all transferable licenses, permits, and authorizations issued by any governmental organization for the benefit of the Divestment Business;²⁰⁶
 - (h) all contracts, leases, commitments and customer orders of the Divestment Business; all customer, credit and other records of the Divestment Business (items referred to under (f)-(h) collectively referred to as “*Assets*”); and
 - (i) the Personnel.
4. In order to maintain the structural effect of the Commitments, Swissport shall, for a period of ten (10) years after the Effective Date, not acquire direct or indirect influence over the whole or part of the Divestment Business, unless the Commission has previously found that the structure of the market has changed to such an extent that the absence of influence over the Divestment Business is no longer necessary to render the proposed concentration compatible with the internal market.

²⁰⁶ To the extent any of the licences, permits, and authorizations issued by any governmental organization for the benefit of the Divestment Business are not readily transferable, Swissport commits, at the Purchaser’s request, to use its best efforts assist the Purchaser to obtain any required licences, permits, and authorizations.

Section C. Related commitments

Preservation of viability, marketability and competitiveness

5. From the Effective Date until Closing, Swissport shall preserve the economic viability, marketability and competitiveness of the Divestment Business, in accordance with good business practice, and shall minimize as far as possible any risk of loss of competitive potential of the Divestment Business. In particular, Swissport undertakes:
 - (a) not to carry out any act upon its own authority that might have a significant adverse impact on the value, management or competitiveness of the Divestment Business or that might alter the nature and scope of activity, or the industrial or commercial strategy or the investment policy of the Divestment Business;
 - (b) to make available sufficient resources for the development of the Divestment Business, on the basis and continuation of the existing business plans;
 - (c) to take all reasonable steps, including appropriate incentive schemes (based on industry practice), to encourage all Key Personnel to remain with the Divestment Business.

Hold-separate obligations of Swissport

6. Swissport commits, from the Effective Date until Closing, to keep the Divestment Business separate from the businesses it is retaining and to ensure that Key Personnel of the Divestment Business – including the Hold Separate Managers – have no involvement in any business retained and vice versa. Swissport shall also ensure that the Personnel does not report to any individual outside the Divestment Business.
7. Until Closing, Swissport shall assist the Monitoring Trustee in ensuring that the Newcos are managed as distinct and saleable entities separate from the businesses retained by Swissport. Swissport shall appoint one Hold Separate Manager for each of Finland (in relation to the business divested at Helsinki) and the UK (in relation to the businesses divested at Birmingham, Newcastle, and London Gatwick) and who shall be responsible for the management of the Divestment Business, under the supervision of the Monitoring Trustee. The Hold Separate Managers shall manage the Newcos independently and in the best interest of the business with a view to ensuring its continued economic viability, marketability and competitiveness and its independence from the businesses retained by Swissport.
8. To ensure that the Newcos are held and managed as separate entities the Monitoring Trustee shall exercise Swissport's rights as an indirect shareholder in any of the Newcos (except for Swissport's rights for dividends that are due before Closing), with the aim of acting in the best interest of the business, determined on a stand-alone basis, as an independent financial investor, and with a view to fulfilling Swissport's obligations under the Commitments. Furthermore, the Monitoring Trustee shall have the power to replace

members of the management board, supervisory board or non-executive directors of the board of directors at any of the Newcos. Upon request of the Monitoring Trustee, Swissport shall cause all or any members of any of the Newcos to resign.

Ring-fencing

9. Swissport shall implement all necessary measures to ensure that it does not after the Effective Date obtain any business secrets, know-how, commercial information, or any other information of a confidential or proprietary nature relating to the Divestment Business. In particular, the participation of the Divestment Business in a central information technology network shall be severed to the extent possible, without compromising the viability of the Divestment Business. Swissport may obtain information relating to the Divestment Business which is reasonably necessary for the divestiture of the Divestment Business or whose disclosure to Swissport is required by law.

Non-solicitation clause

10. Swissport undertakes, subject to customary limitations, not to solicit, and to procure that Affiliated Undertakings do not solicit, the Key Personnel transferred with the Divestment Business for a period of three (3) years after Closing.

Due diligence

11. In order to enable potential purchasers to carry out a reasonable due diligence of the Divestment Business, Swissport shall, subject to customary confidentiality assurances and dependent on the stage of the divestiture process:
 - (a) provide to potential purchasers sufficient information as regards the Divestment Business;
 - (b) provide to potential purchasers sufficient information relating to the Personnel and allow them reasonable access to the Personnel.

Reporting

12. Swissport shall submit written reports (in English) on potential purchasers of the Divestment Business and developments in the negotiations with such potential purchasers to the Commission and the Monitoring Trustee no later than 10 business days after the end of every month following the Effective Date (or otherwise at the Commission's request).
13. The Parties shall inform the Commission and the Monitoring Trustee on the preparation of the data room documentation and the due diligence procedure and shall submit a copy of any information memorandum to the Commission and the Monitoring Trustee before sending any such memorandum out to potential purchasers.

Section D. The Purchaser(s)

14. In order to ensure the immediate restoration of effective competition, the Purchaser(s), in order to be approved by the Commission, must:
 - (a) be independent of and unconnected to the Parties;
 - (b) have the financial resources, proven expertise and incentive to maintain and develop the Divestment Business as a viable and active competitive force in competition with the Parties and other competitors;
 - (c) neither be likely to create, in the light of the information available to the Commission, prima facie competition concerns nor give rise to a risk that the implementation of the Commitments will be delayed, and must, in particular, reasonably be expected to obtain all necessary approvals from the relevant regulatory authorities for the acquisition of the Divestment Business (the before-mentioned criteria for the Purchaser hereafter the “*Purchaser Requirements*”).
15. The final binding sale and purchase agreement shall be conditional on the Commission’s approval. When Swissport has reached an agreement with one or more Purchaser(s), it shall submit a fully documented and reasoned proposal, including a copy of the final agreement(s), to the Commission and the Monitoring Trustee. Swissport must be able to demonstrate to the Commission that the Purchaser(s) meet(s) the Purchaser Requirements and that the Divestment Business is being sold in a manner consistent with the Commitments. For the approval, the Commission shall verify that the Purchaser(s) fulfill(s) the Purchaser Requirements and that the Divestment Business is being sold in a manner consistent with the Commitments. The Commission may approve the sale of the Divestment Business without one or more Assets or parts of the Personnel, if this does not affect the viability and competitiveness of the Divestment Business after the sale, taking account of the proposed Purchaser(s).

Section E. Trustee

I. Appointment Procedure

16. Swissport shall appoint a Monitoring Trustee to carry out the functions specified in the Commitments for a Monitoring Trustee. If Swissport has not entered into a binding sales and purchase agreement(s) one month before the end of the First Divestiture Period for the full Divestment Business or if the Commission has rejected a Purchaser(s) proposed by Swissport at that time or thereafter, Swissport shall appoint a Divestiture Trustee to carry out the functions specified in the Commitments for a Divestiture Trustee. The appointment of the Divestiture Trustee shall take effect upon the commencement of the Extended Divestment Period.

17. The Trustee shall be independent of the Parties, possess the necessary qualifications to carry out its mandate, for example an independent expert with specific expertise in the airline and/or ground handling industries, and shall neither have nor become exposed to a conflict of interest. The Trustee shall be remunerated by the Parties in a way that does not impede the independent and effective fulfillment of its mandate. In particular, where the remuneration package of a Divestiture Trustee includes a success premium linked to the final sale value of the Divestment Business, the fee shall also be linked to a divestiture within the Trustee Divestiture Period.

Proposal by Swissport

18. No later than one week after the Effective Date, Swissport shall submit a list of one or more persons whom Swissport proposes to appoint as the Monitoring Trustee to the Commission for approval. No later than one month before the end of the First Divestiture Period, Swissport shall submit a list of one or more persons whom Swissport proposes to appoint as Divestiture Trustee to the Commission for approval. The proposal shall contain sufficient information for the Commission to verify that the proposed Trustee fulfils the requirements set out in paragraph 17 and shall include:
- (a) the full terms of the proposed mandate, which shall include all provisions necessary to enable the Trustee to fulfill its duties under these Commitments;
 - (b) the outline of a work plan which describes how the Trustee intends to carry out its assigned tasks;
 - (c) an indication whether the proposed Trustee is to act as both Monitoring Trustee and Divestiture Trustee or whether different trustees are proposed for the two functions.

Approval or rejection by the Commission

19. The Commission shall have the discretion to approve or reject the proposed Trustee(s) and to approve the proposed mandate subject to any modifications it deems necessary for the Trustee to fulfill its obligations. If only one name is approved, Swissport shall appoint or cause to be appointed, the individual or institution concerned as Trustee, in accordance with the mandate approved by the Commission. If more than one name is approved, Swissport shall be free to choose the Trustee to be appointed from among the names approved. The Trustee shall be appointed within one week of the Commission's approval, in accordance with the mandate approved by the Commission.

New proposal by Swissport

20. If all the proposed Trustees are rejected, Swissport shall submit the names of at least two more individuals or institutions within one week of being informed of the rejection, in accordance with the requirements and the procedure set out in paragraphs 16 and 19.

Trustee nominated by the Commission

21. If all further proposed Trustees are rejected by the Commission, the Commission shall nominate a Trustee, whom Swissport shall appoint, or cause to be appointed, in accordance with a trustee mandate approved by the Commission.

II. Functions of the Trustee

22. The Trustee shall assume its specified duties in order to ensure compliance with the Commitments. The Commission may, on its own initiative or at the request of the Trustee or Swissport, give any orders or instructions to the Trustee in order to ensure compliance with the conditions and obligations attached to the Decision.

Duties and obligations of the Monitoring Trustee

23. The Monitoring Trustee shall:
- (a) propose in its first report to the Commission a detailed work plan describing how it intends to monitor compliance with the obligations and conditions attached to the Decision.
 - (b) oversee the on-going management of the Divestment Business that has not already been divested to an approved Purchaser with a view to ensuring its continued economic viability, marketability and competitiveness and monitor compliance by Swissport with the conditions and obligations attached to the Decision. To that end the Monitoring Trustee shall:
 - (i) monitor the preservation of the economic viability, marketability and competitiveness of the Divestment Business that has not already been divested to an approved Purchaser, and the keeping separate of such Divestment Business from the business retained by Swissport, in accordance with paragraphs 5 and 6 of the Commitments;
 - (ii) supervise the management of the Divestment Business that has not already been divested to an approved Purchaser as a distinct and saleable entity, in accordance with paragraph 7 of the Commitments;
 - (iii) (1) in consultation with Swissport, determine all necessary measures to ensure that Swissport does not after the effective date obtain any business secrets, know-how, commercial information, or any other information of a confidential or proprietary nature relating to the Divestment Business, in particular strive for the severing of the Divestment Business' participation in a central information technology network to the extent possible, without compromising the viability of the Divestment Business, and (2) decide whether such information may be disclosed to Swissport as the disclosure

is reasonably necessary to allow Swissport to carry out the divestiture or as the disclosure is required by law;

- (iv) monitor the splitting of assets and the allocation of Personnel between the Divestment Business that has not already been divested to an approved Purchaser and Swissport or Affiliated Undertakings; and
 - (v) monitor and approve any contract transfers pursuant to paragraph 3 and all its subparts.
- (c) assume the other functions assigned to the Monitoring Trustee under the conditions and obligations attached to the Decision;
- (d) propose to Swissport such measures as the Monitoring Trustee considers necessary to ensure Swissport's compliance with the conditions and obligations attached to the Decision, in particular the maintenance of the full economic viability, marketability or competitiveness of the Divestment Business that has not already been divested to an approved Purchaser, the holding separate of such Divestment Business and the non-disclosure of competitively sensitive information;
- (e) review and assess potential purchasers as well as the progress of the divestiture process and verify that, dependent on the stage of the divestiture process, (1) potential purchasers receive sufficient information relating to the Divestment Business and the Personnel in particular by reviewing, if available, the data room documentation, the information memorandum and the due diligence process, and (2) potential purchasers are granted reasonable access to the Personnel;
- (f) provide to the Commission, sending Swissport a non-confidential copy at the same time, a written report within 15 business days after the end of every month. The report shall cover the operation and management of the Divestment Business that has not already been divested to an approved Purchaser so that the Commission can assess whether the business is held in a manner consistent with the Commitments and the progress of the divestiture process as well as potential purchasers. In addition to these reports, the Monitoring Trustee shall promptly report in writing to the Commission, sending Swissport a non-confidential copy at the same time, if it concludes on reasonable grounds that Swissport is failing to comply with these Commitments; and
- (g) within one week after receipt of the documented proposal referred to in paragraph 15, submit to the Commission a reasoned opinion as to the suitability and independence of the proposed purchaser and the viability of the Divestment Business after the Sale and as to whether the Divestment Business is sold in a manner consistent with the conditions and obligations attached to the Decision, in particular, if relevant, whether the Sale of the Divestment Business without one or

more Assets or not all of the Personnel affects the viability of the Divestment Business after the sale, taking account of the proposed purchaser.

Duties and obligations of the Divestiture Trustee

24. Within the Trustee Divestiture Period, the Divestiture Trustee shall sell at no minimum price the Divestment Business that has not already been divested to an approved Purchaser to a purchaser, provided that the Commission has approved both the purchaser and the final binding sale and purchase agreement in accordance with the procedure laid down in paragraph 15. The Divestiture Trustee shall include in the sale and purchase agreement such terms and conditions as it considers appropriate for an expedient sale in the Trustee Divestiture Period. In particular, the Divestiture Trustee may include in the sale and purchase agreement such customary representations and warranties and indemnities as are reasonably required to effect the sale. The Divestiture Trustee shall protect the legitimate financial interests of Swissport, subject to Swissport's unconditional obligation to divest at no minimum price in the Trustee Divestiture Period.
25. In the Trustee Divestiture Period (or otherwise at the Commission's request), the Divestiture Trustee shall provide the Commission with a comprehensive monthly report (in English) on the progress of the divestiture process. Such reports shall be submitted within 15 business days after the end of every month with a simultaneous copy to the Monitoring Trustee and a non-confidential copy to Swissport.

III. Duties and obligations of the Parties

26. Swissport shall provide and shall cause its advisors to provide the Trustee with all such cooperation, assistance and information as the Trustee may reasonably require to perform its tasks. The Trustee shall have full and complete access to any of Swissport's, Servisair's, and the Divestment Business' books, records, documents, management or other personnel, facilities, sites and technical information necessary for fulfilling its duties under the Commitments and Swissport and the Divestment Business shall provide the Trustee upon request with copies of any document. Swissport and the Divestment Business shall make available to the Trustee one or more offices on their premises and shall be available for meetings in order to provide the Trustee with all information necessary for the performance of its tasks.
27. Swissport shall provide the Monitoring Trustee with all managerial and administrative support that it may reasonably request on behalf of the management of the Divestment Business. This shall include all administrative support functions relating to the Divestment Business which are currently carried out at headquarters level. Swissport shall provide and shall cause its advisors to provide the Monitoring Trustee, on request, with the information submitted to potential purchasers, in particular give the Monitoring Trustee access to the data room documentation and all other information granted to potential purchasers in the due diligence procedure. Swissport shall inform the

Monitoring Trustee on possible purchasers, submit a list of potential purchasers, and keep the Monitoring Trustee informed of all developments in the divestiture process.

28. Swissport shall grant or procure Affiliated Undertakings to grant comprehensive powers of attorney, duly executed, to the Divestiture Trustee to effect the sale, the Closing and all actions and declarations which the Divestiture Trustee considers necessary or appropriate to achieve the sale and the Closing, including the appointment of advisors to assist with the sale process. Upon request of the Divestiture Trustee, Swissport shall cause the documents required for effecting the sale and the Closing to be duly executed.
29. Swissport shall indemnify the Trustee and its employees and agents (each an “*Indemnified Party*”) and hold each Indemnified Party harmless against, and hereby agrees that an Indemnified Party shall have no liability to Swissport for any liabilities arising out of the performance of the Trustee’s duties under the Commitments, except to the extent that such liabilities result from the wilful default, recklessness, gross negligence, or bad faith of the Trustee, its employees, agents, or advisors.
30. At the expense of Swissport, the Trustee may appoint advisors (in particular for corporate finance or legal advice), subject to Swissport’s approval (this approval not to be unreasonably withheld or delayed), if the Trustee considers the appointment of such advisors necessary or appropriate for the performance of its duties and obligations under the Mandate, provided that any fees and other expenses incurred by the Trustee are reasonable. Should Swissport refuse to approve the advisors proposed by the Trustee the Commission may approve the appointment of such advisors instead, after having heard Swissport. Only the Trustee shall be entitled to issue instructions to the advisors. Paragraph 29 shall apply *mutatis mutandis*. In the Trustee Divestiture Period, the Divestiture Trustee may use advisors who served Swissport during the Divestiture Period, if the Divestiture Trustee considers this in the best interest of an expedient sale.

IV. Replacement, discharge and reappointment of the Trustee

31. If the Trustee ceases to perform its functions under the Commitments or for any other good cause, including the exposure of the Trustee to a conflict of interest:
 - (a) the Commission may, after hearing the Trustee, require Swissport to replace the Trustee; or
 - (b) Swissport, with the prior approval of the Commission, may replace the Trustee.
32. If the Trustee is removed according to paragraph 31, the Trustee may be required to continue in its function until a new Trustee is in place to whom the Trustee has effected a full hand over of all relevant information. The new Trustee shall be appointed in accordance with the procedure referred to in paragraphs 16-21.
33. Beside the removal according to paragraph 31, the Trustee shall cease to act as Trustee only after the Commission has discharged it from its duties after all the Commitments

with which the Trustee has been entrusted have been implemented. However, the Commission may at any time require the reappointment of the Monitoring Trustee, if it subsequently appears that the relevant remedies might not have been fully and properly implemented.

Section F. Review Clause

34. The Commission may, where appropriate, in response to a request from Swissport showing good cause and accompanied by a report from the Monitoring Trustee:
- (a) Grant an extension of the time periods foreseen in the Commitments, or
 - (b) Waive, modify or substitute, in exceptional circumstances, one or more of the undertakings in these Commitments.

Where Swissport seeks an extension of a time period, it shall submit a request to the Commission no later than one month before the expiry of that period, showing good cause. Only in exceptional circumstances shall Swissport be entitled to request an extension within the last month of any period.

Duly authorized for and on behalf of Swissport France Holding SAS

Paris, 12 December 2013

**Case M.7021 – Swissport/Servisair
Schedule**

1. The Divestment Business as operated to date has the following legal and functional structure at the airports that are covered by the Commitments:
 - (a) ***Helsinki airport (HEL)***. The Divestment Business at Helsinki is currently 100% owned and operated by Servisair Finland Oy. Prior to the divestiture, the Divestment Business at Helsinki will be transferred to Finland Handling Newco Ltd.
 - (b) ***Birmingham airport (BHX)***. The Divestment Business at Birmingham is currently 100% owned and operated by Swissport Ltd. Prior to the divestiture, the business will be transferred to Birmingham Handling Newco Ltd.
 - (c) ***Newcastle airport (NCL)***. The Divestment Business at Newcastle is currently 100% owned and operated by Servisair UK Ltd. Prior to the divestiture, the business will be transferred to Newcastle Handling Newco Ltd.
 - (d) ***London Gatwick airport (LGW)***. The Divestment Business at London Gatwick is currently 100% owned and operated by Servisair UK Ltd. Prior to the divestiture, the business will be transferred to Gatwick Handling Newco Ltd.

Helsinki

2. The Divestment Business at Helsinki airport comprises Servisair's entire Ground Handling business, including:

- (a) the main tangible assets identified at Annex A to these Commitments;
- (b) the following customer contracts and all associated records such as contract copies, earnings records, correspondence, *etc.*:²⁰⁷

Servisair Helsinki (HEL) Airport Ground Handling Contracts ²⁰⁸								
Customer	Operation Start Date	End Date	Ground Handling Revenues (€) (FY 2013) ²⁰⁹	De-Icing Revenues Part of Ground Handling Contract (€)	Lounge Revenues Part of Ground Handling Contract (€)	Turnarounds (FY 2013)	Turnarounds (% of total divested)	Turnarounds (% of airport)
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]

²⁰⁷ For the avoidance of doubt, stand-alone lounge contracts at Helsinki are not subject to this divestiture commitment.

²⁰⁸ To the best of Swissport's knowledge the following two tables contain all material Ground Handling contracts currently held by Servisair at Helsinki. For the avoidance of doubt, to the extent Servisair wins additional Ground Handling contracts between the date of these Commitments and the Effective Date or to the extent this list does not include certain *de minimis* Ground Handling contracts currently held by Servisair, such additional contracts shall be included in the Divestment Business.

²⁰⁹ For the avoidance of doubt, this column excludes de-icing and lounge revenues that form part of the same contract. Any de-icing and lounge revenues that form part of the same contract are part of the Divestment Business and are displayed in the next two columns to the right in this table.

[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Total	n/a	n/a	[10,000,000-15,000,000]	[...]	[...]	[...]	[...]	[...]

Servisair Helsinki (HEL) Airport De-icing Contracts					
Customer	Operation Start Date	End Date	Total Contract Revenues (€) (FY 2013)	Turnarounds (FY 2013)	Turnarounds (% of total divested)
[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]
Total	n/a	n/a	[0-1,000,000]	[...]	[...]

- (c) all transferable licenses, permits and authorizations (if any) issued by any governmental organization for the benefit of the Divestment Business;²¹⁰
- (d) the following contracts with suppliers that currently supply inputs to the business, including equipment, real estate, electricity, water, fuel, oil, spare parts, and other consumables:

²¹⁰ To the extent any of the licences, permits, and authorizations issued by any governmental organization for the benefit of the Divestment Business are not readily transferable, Swissport commits, at the Purchaser's request, to use its best efforts assist the Purchaser to obtain any required licences, permits, and authorizations.

Servisair Helsinki (HEL) Real Estate Leases		
Lessor	Asset	Gross Annualised Payable Amount (€) (FY 2013)
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]

Servisair Helsinki (HEL) Equipment Leases		
Lessor	Asset	Gross Annualised Payable Amount (€) (FY 2013)
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]

Servisair Helsinki (HEL) Supply Contracts		
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]

- (e) the following Personnel: all ground handling staff currently employed by, or working for, the Divestment Business at Helsinki;
- (f) the following Key Personnel: the station manager, the resources and planning manager, the finance and administration manager, the accounting manager, the ramp manager, and the passenger services manager.
- (g) the arrangements for the supply with the following products or services by Swissport or Affiliated Undertakings for a transitional period of up to [...] from Closing: IT services.

Birmingham

3. The Divestment Business at Birmingham airport comprises Swissport's entire Ground Handling business, including:

- (a) the main tangible assets identified at Annex B to these Commitments;
- (b) the following customer contracts and all associated records such as contract copies, earnings records, correspondence, *etc.*:²¹¹

Swissport Birmingham (BHX) Airport Ground Handling Contracts ²¹²								
Customer	Operation Start Date	End Date	Ground Handling Revenues (€ (FY 2013)) ²¹³	De-Icing Revenues Part of Ground Handling Contract (€) ²¹⁴	Lounge Revenues Part of Ground Handling Contract (€)	Turnarounds (2013) (est.)	Turnarounds (% of total divested)	Turnarounds (% of airport)
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Total	n/a	n/a	[2,500,000-5,000,000]	[...]	[...]	[...]	[...]	[...]

²¹¹ For the avoidance of doubt, stand-alone lounge contracts at Birmingham, if any, are not subject to this divestiture commitment.

²¹² To the extent any of these contracts contain Ground Handling revenues at other airports, these revenues were not included in this table consistent with paragraph 3 of the Commitments.

²¹³ For the avoidance of doubt, this column excludes de-icing and lounge revenues that form part of the same contract. Any de-icing and lounge revenues that form part of the same contract are part of the Divestment Business and are displayed in the next two columns to the right in this table.

²¹⁴ Swissport sub-contracts its de-icing services at Birmingham entirely to Airline Services.

- (c) transferable licenses, permits and authorizations issued by any governmental organization for the benefit of the Divestment Business, including the following licences issued by Birmingham airport: a general licence for ground handling services, a licence relating to the operation of the check-in system, and a licence relating to check-in desk facilities (valid from December 6, 2012);²¹⁵
- (d) the following contracts with suppliers that currently supply inputs to the business, including equipment, real estate, electricity, water, fuel, oil, spare parts, and other consumables:

Swissport Birmingham (BHX) Real Estate Leases		
Lessor	Asset	Gross Annualised Payable Amount (€ (2013))
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]

²¹⁵ To the extent any of the licences, permits, and authorizations issued by any governmental organization for the benefit of the Divestment Business are not readily transferable, Swissport commits, at the Purchaser's request, to use its best efforts assist the Purchaser to obtain any required licences, permits, and authorizations.

Swissport Birmingham (BHX) Supply Contracts		
Supplier	Nature of Supplied Goods or Services	Gross Annualised Payable Amount (€) (2013)
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]

- (e) the following Personnel: all ground handling staff currently employed by, or working for, the Divestment Business at Birmingham;

- (f) the following Key Personnel: the station manager, the airside operations manager, the airside shift managers, and the landside shift manager.

- (g) the arrangements for the supply with the following products or services by Swissport or Affiliated Undertakings for a transitional period of up to [...] from Closing: IT services.

Newcastle

4. The Divestment Business at Newcastle airport comprises Servisair's entire Ground Handling business, including:
- the main tangible assets identified at Annex C to these Commitments;
 - the following customer contracts and all associated records such as contract copies, earnings records, correspondence, *etc.*:²¹⁶

Servisair Newcastle (NCL) Airport Ground Handling Contracts ²¹⁷²¹⁸								
Customer	Operation Start Date	End Date	Ground Handling Revenues (€) (FY 2013) ²¹⁹	De-Icing Revenues Part of Ground Handling Contract (€)	Lounge Revenues Part of Ground Handling Contract (€)	Turnarounds (FY 2013)	Turnarounds (% of total divested)	Turnarounds (% of airport)
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]

²¹⁶ For the avoidance of doubt, stand-alone lounge contracts at Newcastle, if any, are not subject to this divestiture commitment.

²¹⁷ To the extent any of these contracts contain Ground Handling revenues at other airports, these revenues were not included in this table consistent with paragraph 3 of the Commitments.

²¹⁸ To the best of Swissport's knowledge the following two tables contain all material Ground Handling contracts currently held by Servisair at Newcastle. For the avoidance of doubt, to the extent Servisair wins additional Ground Handling contracts between the date of these Commitments and the Effective Date or to the extent this list does not include certain *de minimis* Ground Handling contracts currently held by Servisair at Newcastle, such additional contracts shall be included in the Divestment Business.

²¹⁹ For the avoidance of doubt, this column excludes de-icing and lounge revenues that form part of the same contract. Any de-icing and lounge revenues that form part of the same contract are part of the Divestment Business and are displayed in the next two columns to the right in this table.

[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Total	n/a	n/a	[2,500,000-5,000,000]	[...]	[...]	[...]	[...]	[...]

Servisair Newcastle (NCL) Airport De-icing Contracts					
Customer	Operation Start Date	End Date	Total Contract Revenues (€) (FY 2013)	Turnarounds (FY 2013)	Turnarounds (% of total divested)
[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]
Total	n/a	n/a	[0-1,000,000]	[...]	[...]

- (c) all transferable licenses, permits and authorizations issued by any governmental organization for the benefit of the Divestment Business, including the ground handling licence granted by Newcastle airport (valid from November 8, 2012);²²⁰
- (d) the following contracts with suppliers that currently supply inputs to the business, including equipment, real estate, electricity, water, fuel, oil, spare parts, and other consumables:

Servisair Newcastle (NCL) Supply Contracts		
Supplier	Nature of Supplied Goods or Services	Gross Annualised Payable Amount (€) (FY 2013)
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]

²²⁰ To the extent any of the licences, permits, and authorizations issued by any governmental organization for the benefit of the Divestment Business are not readily transferable, Swissport commits, at the Purchaser's request, to use its best efforts assist the Purchaser to obtain any required licences, permits, and authorizations.

London Gatwick

5. The Divestment Business at Gatwick airport comprises Servisair's entire Ground Handling business, including:

- (a) the main tangible assets identified at Annex D to these Commitments;
- (b) the following customer contracts and all associated records such as contract copies, earnings records, correspondence, *etc.*:²²¹

Servisair London Gatwick (LGW) Airport Ground Handling Contracts ²²²²²³								
Airline	Operation Start Date	End Date	Ground Handling Revenues (€) (FY 2013) ²²⁴	De-Icing Revenues Part of Ground Handling Contract (€)	Lounge Revenues Part of Ground Handling Contract (€)	Turnarounds (FY 2013)	Turnarounds (% of total divested)	Turnarounds (% of airport)
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]

²²¹ For the avoidance of doubt, stand-alone lounge contracts at Gatwick, if any, are not subject to this divestiture commitment.

²²² To the extent any of these contracts contain Ground Handling revenues at other airports, these revenues were not included in this table consistent with paragraph 3 of the Commitments.

²²³ To the best of Swissport's knowledge the following two tables contain all material Ground Handling contracts currently held by Servisair at Gatwick. For the avoidance of doubt, to the extent Servisair wins additional Ground Handling contracts between the date of these Commitments and the Effective Date or to the extent this list does not include certain *de minimis* Ground Handling contracts currently held by Servisair at Gatwick, such additional contracts shall be included in the Divestment Business.

²²⁴ For the avoidance of doubt, this column excludes de-icing and lounge revenues that form part of the same contract. Any de-icing and lounge revenues that form part of the same contract are part of the Divestment Business and are displayed in the next two columns to the right in this table.

Servisair London Gatwick (LGW) Airport Ground Handling Contracts²²²²²³

Airline	Operation Start Date	End Date	Ground Handling Revenues (€) (FY 2013)²²⁴	De-Icing Revenues Part of Ground Handling Contract (€)	Lounge Revenues Part of Ground Handling Contract (€)	Turnarounds (FY 2013)	Turnarounds (% of total divested)	Turnarounds (% of airport)
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Total	n/a	n/a	[12,500,000-15,000,000]	[...]	[...]	[...]	[...]	[...]

Servisair London Gatwick (LGW) Airport De-icing Contracts					
Customer	Operation Start Date	End Date	Total Contract Revenues (€) (FY 2013)	Turnarounds (FY 2013)	Turnarounds (% of total divested)
[...]	[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]	[...]
Total	n/a	n/a	[0-1,000,000]	[...]	[...]

- (c) all transferable licenses, permits and authorizations issued by any governmental organization for the benefit of the Divestment Business, including the ground handling licence granted by Gatwick airport (valid from April 1, 2011);²²⁵
- (d) the following contracts with suppliers that currently supply inputs to the business, including equipment, real estate, electricity, water, fuel, oil, spare parts, and other consumables:

Servisair London Gatwick (LGW) Supply Contracts		
Supplier	Nature of Supplied Goods or Services	Gross Annualised Payable Amount (€) (FY 2013)
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]
[...]	[...]	[...]

²²⁵ To the extent any of the licences, permits, and authorizations issued by any governmental organization for the benefit of the Divestment Business are not readily transferable, Swissport commits, at the Purchaser's request, to use its best efforts assist the Purchaser to obtain any required licences, permits, and authorizations.

- (f) the following Key Personnel: the London stations manager, the passenger manager, the airside operations manager, the head of operations and planning, and the service delivery managers.
- (g) the arrangements for the supply with the following products or services by Swissport or Affiliated Undertakings for a transitional period of up to [...] from Closing: IT services.

Helsinki Servisair Assets (Leased and Owned) to be Divested

1. [...]
2. [...]
3. [...]
4. [...]
5. [...]
6. [...]
7. [...]
8. [...]
9. [...]
10. [...]
11. [...]
12. [...]
13. [...]
14. [...]
15. [...]
16. [...]
17. [...]
18. [...]
19. [...]

Birmingham Swissport Assets (Leased and Owned) to be Divested

1. [...]
2. [...]
3. [...]
4. [...]
5. [...]
6. [...]
7. [...]
8. [...]
9. [...]
10. [...]
11. [...]
12. [...]

Newcastle Servisair Assets (Leased and Owned) to be Divested

1. [...]
2. [...]
3. [...]
4. [...]
5. [...]
6. [...]
7. [...]
8. [...]
9. [...]
10. [...]
11. [...]
12. [...]
13. [...]

Gatwick Servisair Assets (Leased and Owned) to be Divested

1. [...]
2. [...]
3. [...]
4. [...]
5. [...]
6. [...]
7. [...]
8. [...]
9. [...]
10. [...]
11. [...]
12. [...]
13. [...]
14. [...]