

*Case No IV/M.732 -
Nordic Capital / Euroc*

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

Article 6(1)(b) NON-OPPOSITION
Date: 18/04/1996

*Also available in the CELEX database
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EUROPEAN COMMISSION

Brussels, 18.04.1996

PUBLIC VERSION

MERGER PROCEDURE
ARTICLE 6(1)(b) DECISION

To the notifying parties:

Dear Sirs,

Subject : Case No IV/M.0732 - Nordic Capital/Euroc

Notification of **12.03.1996** pursuant to Article 4 of Council Regulation No 4064/89

1. On 12 March 1996 Atle AB (Atle), Investment AB Bure (Bure), Allmänna Pensionsfonden 4:e fondstyrelsen (AP4:e), Handelsbanken Livförsäkringsaktiebolag (SHB), Livförsäkringsaktiebolaget Skandia (Skandia) (-these companies are hereinafter referred to as "the Investors"), represented by Nordic Capital Svenska AB (see also case No IV/M.625 - Nordic Capital/Transpool), and Swedetech Ltd (Swedetech) jointly notified a transaction whereby they will acquire joint control of the company Euroc Bygghandel AB.
2. After examination of the notification, the Commission has decided not to oppose the notified operation and to declare it compatible with the common market and with the functioning of the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of Council Regulation No 4064/89.

I. THE PARTIES

Investor companies

3. Atle is a Swedish investment company whose business strategy is to invest - directly as well as indirectly - through other venture capital organizations, in small and medium-sized Swedish companies. Atle has more than 70 such investments of which most are in companies with less than 500 employees. Investments are spread over a large range of sectors such as food, leisure, wastehandling, engineering and information technology.
4. Bure is a Swedish investment company which currently has interests in the engineering industry and in the production of food (confectionery).
5. AP4:e is the fourth fund of the Swedish General Pension Fund which is a public organization whose activity consists of investing pension funds for various profitable purposes. The General Pension Fund consists of five independent entities (Boards) each of which has its own board of directors. The parties have confirmed that only the fourth and the fifth board are allowed to invest in shares of companies and comparable securities, and that there is no coordination of the activities of the voting rights in a particular company. Furthermore, AP4:e is only allowed to have at most 10% of the capital or voting rights in a company which shares are listed on a stock exchange.
6. SHB is ultimately owned by Svenska Handelsbanken. Svenska Handelsbanken is a Swedish banking group with a universal range of banking services. It is also active in the area of life assurance.
7. Skandia is ultimately owned by Försäkringsaktiebolaget Skandia. Försäkringsaktiebolaget Skandia is a Swedish group of companies which is active in life assurance, non-life insurance and reinsurance.
8. Swedetech Ltd (Jersey) is ultimately owned by Atle. Swedetech Ltd is an investment company investing in small and medium sized industrial enterprises.

Acquired company

9. The target company of the operation is Euroc Bygghandel AB. The owner of Euroc Bygghandel is ultimately Euroc AB, Sweden's largest building materials group. Euroc Bygghandel is a relatively small company in this group. It has nine subsidiaries located in the southern parts of Sweden with a number of outlets selling products to the building/construction industry. In addition to this, Euroc Bygghandel is also active on the wholesale market for mainly sawn and planed wood. A limited part of the activities also include sales and services of floors.

II. THE OPERATION

10. The Investors have authorized Nordic Capital Svenska AB (Nordic Capital) to act on their behalf in the operation. Nordic Capital is an investment company jointly controlled by Atle, Bure, AP4:e, SHB and Skandia. Nordic Capital structures and recommends structural investments and buy-outs to its parent companies. The Investors and Swedetech will acquire all the shares in Euroc Bygghandel from Euroc Trade and thereby obtain joint control of Euroc Bygghandel. The investor companies' shares of Euroc Bygghandel will be distributed as follows:

Atle	16%
Bure	12%
AP4:e	12%
SHB	4%
Skandia	20%
Swedetech	36%

III. THE CONCENTRATION

11. Euroc Bygghandel is an existing company with all the assets and resources necessary to enable it to perform all the functions of an autonomous economic entity. The operation involves a change from sole control by one company to joint control by six companies of Euroc Bygghandel. The resulting joint venture has a concentrative character within the meaning of the Merger Regulation. According to the shareholders' agreement the Investors will jointly be entitled to appoint three out of eight board members and Swedetech two board members. In addition to this the Investors and Swedetech are entitled to jointly appoint two board members. The Managing Director shall also be a member of the board.
12. As regards resolutions by the Board of Directors, unanimity among the five boardmembers appointed by the Investors and Swedetech as mentioned above is required in decisions regarding the appointment of or dismissal of the managing director, the adoption of budget or financial statements and decisions regarding acquisitions and sales of shares and other assets as well as investments or other expenditures exceeding 23 million ECU.
13. Since none of the Investors and Swedetech are involved in or related to any of the markets of Euroc Bygghandel the acquisition will not give rise to coordination of the competitive behaviour between the investors companies or between them and Euroc Bygghandel.

IV. COMMUNITY DIMENSION

14. The undertakings concerned have an aggregate worldwide turnover of more than ECU 5 billion. Moreover, at least two of the companies involved have a Community-wide turnover in excess of 250 million ECU. Of these companies at least one does not achieve more than two-thirds of its aggregate Community-wide turnover within one Member State. The notified operation therefore has a Community dimension.

V. COMPATIBILITY WITH THE COMMON MARKET

A. Relevant product and geographic markets

15. It is not necessary to define the relevant product and geographic markets since even on the widest or narrowest definition of these markets the present concentration would not raise any competition problems.

B. Assessment

16. There is no overlap in the present case since the Investors and Swedetech are not engaged in business activities in the same product market, or in a product market which is related to a product market in which anyone of them is active. Therefore, no addition of market shares will result from the concentration.

For the above reasons, the Commission has decided not to oppose the notified operation and to declare it compatible with the common market and with the functioning of the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of Council Regulation No 4064/89.

For the Commission,