



OPINION

of the ADVISORY COMMITTEE on MERGERS

given at its meeting of 19 February 2018

regarding a draft decision relating to

Case COMP/M.8394 – Essilor/Luxottica

Rapporteur: UNITED KINGDOM

Operation

1. The Advisory Committee (10 Member States) agrees with the Commission that the notified operation constitutes a concentration within the meaning of Article 3(1)(a) of the Council Regulation No 139/2004 (the "Merger Regulation").

Union Dimension

2. The Advisory Committee (10 Member States) agrees with the Commission that the notified operation has a Union dimension pursuant to Article 1(2) of the Merger Regulation.

Product Market

3. The Advisory Committee (10 Member States) agrees with the Commission's definitions of the relevant product markets as stated in the draft decision for the purpose of assessing the present operation, in particular:
 - a. the wholesale supply of ophthalmic substrate;
 - b. the wholesale supply of finished ophthalmic lenses, leaving open the possibility of further segmentation by material, prescription design or distribution channel;
 - c. the wholesale supply of frames, leaving open the possibility of further segmentation by price point, branding and distribution channel;
 - d. the wholesale supply of sunglasses, leaving open the possibility of further segmentation by price point, branding and distribution channel;
 - e. the supply of ophthalmic machines, leaving open the possibility of further segmentation between surfacing, coating, industrial glazing and commercial glazing ('table-top edgers');
 - f. the supply of consumables, with the precise definition left open;
 - g. the optical retail market, leaving open the possibility of further segmentation between bricks-and-mortar and online sales; and
 - h. the supply of contact lenses, leaving open the possibility of further segmentation between soft and hard lenses.

Geographic Market

4. The Advisory Committee (10 Member States) agrees with the Commission's definitions of the relevant geographic markets as stated in the draft decision, in particular:
 - a. The relevant market for ophthalmic substrate is at least EEA-wide in scope;
 - b. The relevant markets for ophthalmic lenses and optical retail are national in scope;
 - c. The exact geographic markets for the supply of frames, sunglasses, and contact lenses, could be national or EEA-wide, but can be left open; and
 - d. The exact geographic markets for ophthalmic machines and consumables could be at least EEA-wide but can be left open.

Competitive Assessment

Horizontal non-coordinated effects

5. The Advisory Committee (10 Member States) agrees with the Commission's assessment on horizontal non-coordinated effects, namely that the Transaction will not significantly impede effective competition in:
 - a. the ophthalmic lenses market in any EEA country, including the UK and Italy;
 - b. the frames and sunglasses markets in the EEA as a whole, or in any EEA country;
 - c. the optical retail market in any EEA country including the UK and Italy; and
 - d. the award of brand licenses for frames and sunglasses, either at EEA level or worldwide.

Vertical non-coordinated effects

6. The Advisory Committee agrees (10 Member States) with the Commission's assessment that the Transaction will not significantly impede competition in any vertically affected markets, as a result of on vertical non-coordinated effects, including:
 - a. between the supply of ophthalmic substrate by Essilor and the production of ophthalmic lenses by Luxottica;
 - b. between the supply of ophthalmic machines and consumables by Essilor and the production of ophthalmic lenses by Luxottica;
 - c. between the supply of sun plano lenses (including NXT lenses) by Essilor and the production of sunglasses by Luxottica;
 - d. between the supply of ophthalmic lenses by Essilor and Luxottica's optical retail activities;
 - e. between the supply of ophthalmic machines and consumables by Essilor and Luxottica's optical retail activities, either at EEA or national level; and
 - f. between the supply of frames and sunglasses to optical retailers by Luxottica and Essilor's optical retail activities, either at EEA or national level.

Conglomerate non-coordinated effects

7. The Advisory Committee agrees (10 Member States) with the Commission's assessment on conglomerate non-coordinated effects, namely that the Transaction will not significantly impede effective competition in any affected markets, including as a result of:
 - a. Luxottica leveraging its position in frames and sunglasses to foreclose competitors in lenses, either at EEA or national level;
 - b. Essilor leveraging its position in ophthalmic lenses to foreclose competitors in frames or sunglasses;
 - c. Essilor leveraging its position in ophthalmic machines to foreclose competitors in frames or sunglasses at EEA level; or

- d. Essilor and Luxottica leveraging their positions in ophthalmic lenses and frames and sunglasses to foreclose competitors in contact lenses or ophthalmic machines sold to eye care professionals at EEA level.

Compatibility with Internal Market

8. The Advisory Committee (10 Member States) agrees with the Commission's view that the notified concentration should be declared compatible with the internal market and the functioning of the EEA Agreement, in accordance with Articles 2(2) and Article 8(1) of the Merger Regulation and Article 57 of the EEA Agreement.
