

*Case No IV/M.1479 -  
THOMSON / BANCO  
ZARAGOZANO / CAJA  
MADRID / INDRA*

Only the English text is available and authentic.

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

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Article 6(1)(b) NON-OPPOSITION  
Date: 05/05/1999

*Also available in the CELEX database  
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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 05.05.1999

In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EEC) No 4064/89 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 Where possible the information omitted has been replaced by ranges of figures or a general description.

NOT TO BE PUBLISHED

MERGER PROCEDURE  
ARTICLE 6(1)(b) DECISION

To the notifying parties:

Dear Sirs,

**Subject: Case No IV/M.1479 - Thomson/Banco Zaragozano/Caja Madrid/Indra**  
Notification of 31.03.1999 pursuant to Article 4 of Council Regulation No 4064/89

1. On 31.03.1999, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EEC) No 4064/89 by which the undertakings Thomson-CSF ("Thomson"), Caja de Ahorros y Monte de Piedad de Madrid ("Caja Madrid") and Banco Zaragozano acquire within the meaning of Article 3(1)(b) of the Council Regulation joint control of Indra Sistemas SA ("Indra").
2. After examination of the notification, the Commission has concluded that the notified operation falls within the scope of Council Regulation (EEC) No 4064/89 and does not raise serious doubts as to its compatibility with the common market and with the EEA Agreement.

**I. THE PARTIES' ACTIVITIES AND THE OPERATION**

3. Thomson is a French company specialised in professional electronics and defense systems. Caja Madrid and Banco Zaragozano are two Spanish financial institutions, essentially active in the banking and insurance sectors. Indra is a Spanish company active in the business of information and control systems, and also having a presence in simulation, automatic test equipment and defense electronics.

4. The operation takes place in the context of the privatisation of Indra. Prior to this privatisation and to the operation, Indra was jointly controlled<sup>1</sup> by the Spanish State and by Thomson (which held 25% less one share of the capital of Indra). After the privatisation of Indra, which was concluded on 26.03.1999 through a Public Offer of Shares, the Spanish State has ceased to have any participation in Indra. In parallel, Caja Madrid and Banco Zaragozano have respectively acquired from Thomson shares representing 10,5% and 4% less one share of Indra's share capital. And finally, following the signature of a shareholders agreement, Thomson, Caja Madrid and Banco Zaragozano have agreed to coordinate their conducts in respect of important decisions at the Shareholders Meeting and at the Board of Directors of Indra.

## II. CONCENTRATION

### *Joint control*

5. According to the shareholders' agreement, Thomson, Caja Madrid and Banco Zaragozano will coordinate their conduct in respect of important decisions at the shareholders' meetings and the board of directors of Indra. Such common conduct will be subject to the unanimous approval of the notifying parties, and will relate, *inter alia*, to the appointment of members of the board of directors, the definition of the general strategy and the approval of the business plans and annual budgets.
6. After the operation, Thomson and Caja Madrid will each hold 10,5%, and Banco Zaragozano will have and 4% less one share, of Indra's share capital. Their joint voting rights will therefore amount to 25% less one share of the total voting rights of Indra. The notifying parties submit that they will be able to exercise decisive influence at the shareholders meetings of Indra. Such conclusion seems plausible, as the remainder of Indra's shares is held by about 355.000 other shareholders, as the parties are the three main shareholders of Indra, and as Thomson is the only important shareholder with an experience in the same branch of activities. Such decisive influence would extend into the board of directors of Indra, where the parties intend to appoint [...] directors.

### *Full function joint venture operating on a lasting basis*

7. Indra currently operates as an autonomous economic entity and will continue to do so under the present arrangements.

## III. COMMUNITY DIMENSION

8. Thomson, Caja Madrid and Banco Zaragozano have a combined aggregate worldwide turnover in excess of EUR 5 billion (Thomson, EUR 5,8 billion; Caja Madrid, EUR 2,7 billion; and Banco Zaragozano, EUR 376 million). Each of them has a Community-wide turnover in excess of EUR 250 million (Thomson, EUR 2,9 billion; Caja Madrid, EUR 2,7 billion; and Banco Zaragozano, EUR 376 million), and they do not achieve more than two-thirds of their aggregate Community-wide turnover within one and the same Member State. The notified operation therefore has a Community dimension. It does not constitute a cooperation case under the EEA Agreement.

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<sup>1</sup> See case IV/M.620-Thomson-CSF/Teneo/Indra

#### **IV. COMPETITIVE ASSESSMENT**

9. Neither Caja Madrid nor Banco Zaragozano are active in Indra's field of activities, and their only participation in Indra's field of activities will be through Indra. Furthermore, although Thomson has activities in the same field as Indra, it already participated in the joint control of Indra prior to the operation, and it has even reduced its participation in the share capital of Indra by approximately 60%.
10. Consequently, it appears that the notified operation will have no impact on competition in the EEA. It follows that the proposed concentration does not create or strengthen a dominant position as a result of which effective competition would be significantly impeded in the EEA or any substantial part of that area.

#### **V. CONCLUSION**

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

For the Commission,