

***Case No COMP/M.2451 -
HILTON / SCANDIC***

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

Article 6(1)(b) NON-OPPOSITION
Date: 31/05/2001

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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 31.05.2001

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PUBLIC VERSION

MERGER PROCEDURE
ARTICLE 6(1)(b) DECISION

To the notifying party

Dear Sir/Madam,

**Subject: Case No COMP/M.2451 – Hilton/Scandic
Notification of 25 April 2001 pursuant to Article 4 of Council Regulation
No 4064/89.¹**

1. On 25 April 2001, the Commission received a notification of a proposed concentration by which the undertaking Hilton Group plc (“Hilton”) acquires within the meaning of Article 3(1)(b) of the Council Regulation control of the whole of the undertaking Scandic Hotels AB (“Scandic”) by way of public bid announced on 23 April 2001.
2. After examination of the notification, the Commission has concluded that the notified operation falls within the scope of the Council Regulation and does not raise serious doubts as to its compatibility with the common market or with the functioning of the EEA Agreement.

I. THE PARTIES

3. The principal activities of Hilton are hospitality and regulated gaming. Its hotels business, Hilton International, operates a combined portfolio of some 224 city centre, resort and airport hotels in 62 countries in a worldwide alliance with Hilton Hotels Corporation. Through its betting and gaming division, Ladbrokes, Hilton operates 2,500 retail-betting shops in the UK, Ireland and Belgium and offers an expanding range of eGaming services.

¹ OJ L 395, 30.12.1989 p. 1; corrigendum OJ L 257 of 21.9.1990, p. 13; Regulation as last amended by Regulation (EC) No 1310/97 (OJ L 180, 9. 7. 1997, p. 1, corrigendum OJ L 40, 13.2.1998, p. 17).

4. Scandic is a Swedish hotel group operating a total of 153 hotels in ten European countries, with a focus on the Nordic region.

II. THE OPERATION

5. The proposed concentration constitutes an acquisition, by way of public offer, of sole control by Hilton. The offer is for the entire issued and to be issued share capital of Scandic. The directors of Scandic have unanimously recommended the offer to Scandic shareholders.

III. COMMUNITY DIMENSION

6. The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 5 billion² (Hilton MEUR 6,481.1, Scandic MEUR 706.8). Each of the undertakings concerned have a Community-wide turnover in excess of EUR 250 million, and 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.

IV. COMPETITIVE ASSESSMENT

A. Relevant Market

7. The hotel businesses of Hilton and Scandic are to very large extent complementary. Whereas Hilton's traditional focus has been on the UK and major cities in continental Europe, Scandic's operation is based almost exclusively in the Nordic countries in which Hilton has only a single hotel (in Copenhagen, Denmark).
8. The notifying party state that the relevant product market is that for hotels, the competitive parameters of the market being determined by the combination of price, location and service quality offered by each hotel operating in the market.
9. However, it is not necessary to further delineate the relevant product markets or the relevant geographical markets because, in all alternative market definitions considered, effective competition would not be significantly impeded in the EEA or any substantial part of that area.

B. Assessment

10. Considered on a national basis, the parties' activities overlap in only six Member States: Austria, Belgium, Denmark, Germany, the Netherlands and the UK. The combined share of Hilton and Scandic in each of these markets post-merger will be below 15%.
11. And if one were to consider the relevant geographical market on a more local level, the parties' combined market share would only exceed 15% in one such area: Copenhagen. In this area, and excluding one star and five star hotels (which neither Hilton nor Scandic offers), the parties would account for some 27%. The overlap in that area is

² Turnover calculated in accordance with Article 5(1) of the Merger Regulation and the Commission Notice on the calculation of turnover (OJ C66, 2.3.1998, p25). To the extent that figures include turnover for the period before 1.1.1999, they are calculated on the basis of average ECU exchange rates and translated into EUR on a one-for-one basis.

restricted to one Hilton hotel. And there are more than 10 hotels in the area which either match or offer more rooms than the room capacity of each hotel of the parties.

12. It can therefore be excluded that the concentration would lead to any appreciable strengthening of the Hiltons' position, even if the relevant geographical market were to be considered to be hotels rooms available in the Copenhagen area.

V. CONCLUSION

13. 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

(signed)
Mario MONTI
Member of the Commission