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*Case No IV/M.395 -
CWB / GOLDMAN
SACHS / TARKETT*

Only the English text is available and authentic.

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

Article 6(1)(b) NON-OPPOSITION
Date: 21.02.1994

*Also available in the CELEX database
Document No 394M0395*



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 21.02.1994

PUBLIC VERSION

MERGER PROCEDURE
ARTICLE 6(1)(b) DECISION

To the notifying parties

Dear Sirs,

Subject: Case No IV/M.395 - CWB/Goldman Sachs/Tarkett
Notification of 20 January 1994 pursuant to Article 4 of Council
Regulation No 4064/89

1. The notified operation concerns the acquisition of joint control by CWB Capital Partners Ltd and Goldman, Sachs of two companies Tarkett International AB and Tarkett Pegulan AG through a new company Tarkett International GmbH (Tarkett).

2. After examination of the notification, the Commission has concluded that the notified operation falls within the scope of application of Council Regulation No 4064/89 and does not raise serious doubts as to its compatibility with the common market.

I THE PARTIES

3. CWB Capital Partners Limited (CWB) is a joint venture between Standard Chartered Bank (SCB) and WestLB (Europa) AG (WestLB). WestLB is owned by Westdeutsche Landesbank (75%) and SudWest Landesbank (25%). CWB's activity is investment management.
4. Goldman, Sachs Group LP is the parent company for subsidiaries which are collectively involved in investment banking and securities activities. Seven Goldman Sachs funds are participating in the transaction : Rhein-Donau Capital Partners GbE, GS Capital Partners LP, Stone Street Fund 1993 LP, Bridge Street Fund 1993 LP, Stone Street Fund 1994 LP, Bridge Street Fund 1994 LP and Goldman Sachs Investment Partners Espana CV.
5. The Tarkett Group is part of the Stora group of companies. The Tarkett group comprises two companies : Tarkett Pegulan AG (TPAG) a company registered in Germany and Tarkett AB (TAB) a company registered in Sweden. The Tarkett Group is engaged in the manufacture of floor coverings and industrial foils.

II THE OPERATION

6. The operation is a management buy-out of Tarkett from its current Swedish parent company. It is mainly financed through two funds which will be managed by CWB and Goldman Sachs respectively. Tarkett International GmbH (TI) will acquire 100% of the issued share capital of TAB and 99% of the issued share capital of TPAG. TI is a newly created company whose object is to purchase and later to hold the shares of the Tarkett Group. The main shareholders of TI will be two different groups of investors each having a participation of about 44%, the rest of the share capital will be held by the Tarkett management and a smaller US investment management partnership, Hancock. The voting rights attached to the shares of each of the two large investor groups will be managed through CWB on the one hand and Goldman Sachs subsidiaries on the other hand. They will each act as the general partner of their respective shareholder groups and in this capacity will exercise the voting rights conferred with the shares in the common interest of the CWB partnerships and the Goldman Sachs Funds.

III CONCENTRATIVE JOINT VENTURE

7. According to the shareholders' agreement, CWB and Goldman Sachs have certain rights as the managers of the largest shareholder groups. These include the right to three representatives on the Supervisory Board of TI, three representatives on the Shareholders Committee of TI, the right to approve the consolidated budgets and rights of information about TI and the Tarkett Group. In addition, a number of management actions require the approval of the shareholders' committee or for the subsidiaries of the Tarkett Group the shareholders or for TPAG the approval of the Supervisory Board. These include the adoption of or variation in any revenue or

capital budgets of any division of the Tarkett Group, any acquisition or joint venture exceeding DM 1 million or having any outstanding loans other than specifically allowed for in the operation. These rights confer on CWB and Goldman Sachs the possibility significantly to influence management as well as rights of veto over certain significant decisions. CWB and Goldman Sachs will therefore have joint control over Tarkett.

8. Tarkett is a fully functioning joint venture. Neither CWB nor Goldman Sachs has any other interests in the markets in which Tarkett operates.

IV COMMUNITY DIMENSION

9. CWB is a joint venture between SCB and WestLB. SCB and WestLB each have an equal say in all decisions relevant to the control of CWB and each company has a right to appoint one director each of whose consent is required in all decisions relevant to the control of CWB. Therefore, for the purposes of calculating turnover, that of SCB and WestLB is to be considered. In 1992, SCB had a worldwide turnover of 3,708 million ECU and a Community turnover of []¹ million ECU. WestLB had a worldwide turnover of 13,597 million ECU and a Community turnover of []¹ ECU for the same period.

Goldman Sachs worldwide turnover was 6,413 million ECU and its Community turnover was []¹ ECU. The worldwide turnover of the Tarkett Group in 1992 was 704 million ECU and its Community turnover was []¹ million ECU.

Both the worldwide and Community turnover thresholds are met and none of the undertakings achieves two-thirds of its turnover within one and the same Member State. The operation therefore has a Community dimension.

V COMPETITIVE ASSESSMENT

10. The Tarkett Group companies manufacture floor coverings and industrial foils. CWB and Goldman Sachs are both involved with investment management and have no other activities in the markets in which Tarkett operates, their involvement in the transaction is to facilitate the management buy-out. Therefore, there is no affected market and no overlap between the parties and the operation raises no competition concerns.

¹ Read "exceeding 250 million Ecu". The exact figures have been deleted for reasons of respecting the business secrets.

11. The proposed concentration will therefore not create or strengthen a dominant position as a result of which effective competition will be significantly impeded in the common market or in a substantial part of it.

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

For the Commission