

***Case No COMP/M.5573 -
REMEHA GROUP /
BAXI HOLDINGS***

Only the English text is available and authentic.

**REGULATION (EC) No 139/2004
MERGER PROCEDURE**

Article 6(1)(b) NON-OPPOSITION
Date: 21/10/2009

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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 21/10/2009

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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.5573 – REMEHA GROUP / BAXI HOLDINGS
Notification of 16/09/2009 pursuant to Article 4 of Council Regulation
No 139/2004**

1. On 16/09/2009, the Commission received a notification of a proposed concentration by which the undertaking De Dietrich Remeha Holding B.V. ("Remeha", The Netherlands) acquires within the meaning of Article 3(1)(b) of the Council Regulation (EC) No 139/2004 of 20 January 2004 on the control of concentrations between undertakings (EC Merger Regulation)¹ control of the undertaking Baxi Holdings Limited ("Baxi", United Kingdom) by way of purchase of shares. Remeha and Baxi are together referred to as "the Parties".
2. After examination of the notification, the Commission has concluded that the notified operation falls within the scope of the EC Merger Regulation but does not raise serious doubts as to its compatibility with the common market and the functioning of the EEA Agreement.

I. THE PARTIES

3. Remeha is active in the field of central heating products for house building, commercial building and collective housing. Remeha develops, manufactures and distributes heating products, in particular various types of boilers, radiators, water heaters, heat pumps and solar systems.

¹ OJ L 24, 29.01.2004, p. 01.

4. Baxi develops and manufactures central heating boilers, radiators, water heaters, heat pumps and solar systems. Baxi is currently owned by the investment funds known as BC European Capital VII and BC European Capital VII Top-Up (the "BC Funds").

II. THE OPERATION AND CONCENTRATION

5. Remeha will acquire sole control of Baxi by way of a share purchase agreement signed on 22 July 2009. Pursuant to this agreement, Remeha will acquire all shares in Baxi, except [...].
6. Therefore, the proposed concentration involves the acquisition of sole control over Baxi by Remeha within the meaning of Article 3(1)(b) of the EC Merger Regulation.

III. COMMUNITY DIMENSION

7. The transaction does not have a Community dimension, since the undertakings concerned do not meet the combined aggregate world-wide turnover thresholds of either EUR 5 billion or EUR 2.5 billion (Remeha EUR 615 million, Baxi EUR 1.2 billion).
8. However, given the multiple filing requirements in at least three Member States and the cross-border nature of the transaction, the case was referred to the Commission under Article 4(5) of the EC Merger Regulation for the purpose of its competitive assessment. No Member State opposed to the referral².

IV. RELEVANT MARKETS

A. Relevant product markets

9. The Parties are both active in the manufacture and supply of boilers for central heating, water heaters, burners, radiators, heat pumps and solar hot water systems. The Parties' combined market shares in the products they are active in exceed 15% only with regard to boilers and solar hot water systems. For solar hot water systems, the only potential market to be affected is the French one, where the Parties' combined market share amounts to [10-20]% (with an increment of [0-5]%). The transaction affects mainly the boiler market and in particular certain sub-segments in a number of Member States, whereas as regards solar hot water systems the only affected market is France. Consequently, the Commission has primarily focused its market investigation on boilers, which will be addressed in more detail below.

² The transaction would have been notifiable in the following Member States: Austria, France, Germany, Greece, Italy, Portugal, Spain and the UK.

Boilers

10. A boiler is an appliance designed to provide hot water for space heating³. The Parties, in accordance with previous Commission as well as National Competition Authorities ("NCAs") decisions, argue that boilers constitute a separate product market, distinct from the other elements which make up heating systems⁴.
11. Boilers may run on various types of fuel. The most common types are gas and oil. Gas may be in gaseous or in liquid form, of which liquid gas does not require a connection to the gas grid. In addition, boilers could use electricity or solid fuel. Therefore, a customer can usually choose between at least two types of fuel.
12. Moreover, boilers could be distinguished (i) according to their end use / application into domestic and commercial boilers, (ii) their mounting place (wall hung / floor standing), (iii) condensing / non-condensing and (iv) conventional / combination boilers.
13. The Parties submit that in order to analyze the present transaction, the boiler market should be delineated only into domestic and commercial boilers.

Domestic and commercial boilers

14. The Parties explain that the market for central heating boilers should be divided into the domestic (lower kW output and capacity) and commercial boilers (higher kW output and capacity)⁵ notably because the marketing and distribution differs in each segment: commercial boilers are largely aimed at "specifiers"⁶.
15. The Commission has so far not analyzed a distinction between domestic and commercial boilers, but rather delineated the market based on the capacities of boilers⁷. The Parties argue that it is difficult to define an exact kW threshold separating domestic and commercial boilers. According to BRG Consult ("BRG"), a well respected market research consultancy which covers the building industry and has a particular specialisation in the area of heating products, such a boundary varies across Member States and ranges from 35 kW in Italy to 100 kW in the Baltic states⁸.

³ Water heaters are distinct from boilers: they provide hot water for sanitary purposes, not for space heating.

⁴ M.2657 Robert Bosch/Buderus, Autorità Garante della Concorrenza e del Mercato, case 4292 - Electwealth/Newmond -Baxi Holdings, at 4; Autoridade da Concorrência, case 33/2005 - HPIA (Baxi)/Roca Aquecimento, at 44; Letter of the French Minister of Economy, case ECO C0100509Y - Merloni TermoSanitari, BOCCRF n° 2 of 31 January 2002; Autorité de la Concurrence, case 06-D-03 bis, 9 March 2006, at 620.

⁵ See also analysis on performance categories in para. 28.

⁶ The term specifier refers to architects, project developers and managing agents dealing with planned projects and the maintenance, whereas for domestic boilers, the marketing efforts are targeted at installers i.e. distributors who install the equipment.

⁷ It examined a possible delineation between floor standing boilers of more than 70 kW and those of less than 70 kW in M.2657 Robert Bosch/Buderus.

⁸ BRG publishes annual country reports. These reports contain market share data by sales volume of suppliers of heating products. The reports cover all Member States except for Cyprus, Luxembourg and Malta and Norway as a member of the EEA Agreement. BRG also uses the market segmentation discussed in the section on the relevant product market.

16. A wide majority of customers as well as competitors broadly confirmed the distinction between domestic and commercial boilers. In any event, as will be described in the competitive assessment, the question how exactly to delineate domestic and commercial boiler markets can be left open as under any alternative market definition no competition concerns would arise.

Fuel used

17. Different sources of fuel may be used to run boilers. The price and availability of certain fuel determines a customer's choice for a particular type of boiler. The Parties argue that the distinction between fuel types is not relevant as the prevalent fuel type is gas.
18. The Parties are mainly active in oil and gas fired boilers. They further submit that the main players in gas and oil boilers are largely the same and that over the past years a clear trend has emerged of replacing oil boilers with gas boilers. In addition, the number of areas in Europe which are not connected to the gas main network is small and decreasing. It is estimated that 80% of the EU residents are now connected to the mains gas network. The market investigation was not conclusive. While some customers and competitors used this distinction, others were of the opinion that it is not suitable. In any event, as will be described in the competitive assessment, the question can be left open as under any alternative market definition based on the fuel used no competition concerns would arise.

Wall hung and floor standing boilers

19. Boilers could be divided into wall hung and floor standing boilers. The Parties do not consider this to be a relevant delineation. They argue that from the demand side, both types of boilers fulfil exactly the same function, the production of hot water for central heating purposes, use the same types of fuel and the same external infrastructure (such as fuel pipes and gas pipes). The differences in life span and operability between the two types have minimized due to technological development. There is an increasing amount of substitutability between the boilers in the EEA.
20. They further submit in the Form CO that from the supply side, there is a significant overlap between the producers of wall hung boilers and those who produce floor standing boilers. It would be relatively easy for manufacturers in one segment to switch production capacity to the other segment in response to market developments such as price level changes.
21. The differences between wall hung and floor standing boilers (e.g., the installation and price), has in previous decision led the Commission and some NCA's to raise the

possibility of separate markets⁹. However, the market investigation in the present case was not conclusive. While competitors rejected the notion of supply-side substitutability, customers' views were mixed. In any event, as will be described in the competitive assessment, the question can be left open as under any alternative market definition no competition concerns would arise.

Technological differences

22. The technology employed may also differentiate the boiler markets. The technologies employed today are condensing (high efficiency) and non condensing (standard efficiency) boilers. The Parties do not consider this a relevant distinction since both types of boilers fulfil exactly the same function. The only difference between the boilers is condensing boilers are more efficient. Therefore, the customers are switching from non condensing into condensing boilers in the EEA. In the UK and the Netherlands for example any newly installed boilers have to be condensing as a result of legislation. In other countries like France and Germany tax subsidies are granted to support the purchase of condensing boilers.
23. From the supply side, the Parties re-iterate that there is a complete overlap between the producers of condensing and non condensing boilers. It would also be relatively easy for manufacturers in one segment to switch production capacity to the other segment in response to market developments such as price level changes.
24. The Commission has not analyzed this distinction in previous cases. Although the market investigation did not fully support the Parties' views only a minority of the replies pointed to separate markets for condensing and non-condensing boilers. In any event, as will be described in the competitive assessment, the question can be left open as under any alternative market definition no competition concerns would arise.

Conventional and combination boilers

25. The boiler markets can also be differentiated into conventional heating only boilers and combination boilers used in both hot water and heating applications. The Parties do not consider this a relevant market distinction.
26. The Parties submit that from the demand side, due to technological developments the limitations of combination boilers have been overcome, thus making combination boilers a real alternative to conventional boilers. The price levels and the supply chain are similar. The increase in the sale of combination boilers has come at the expense of sales of conventional boilers. From the supply side, there is significant overlap between the producers of the various types of boilers. The manufacturing techniques

⁹ M.2657 Bosch/Buderus, UK Competition Commission, December 1989 - Blue Circle Industries plc and Myson Group plc., at 3.8 - 3.9; Comisión Nacional de la Competencia, case N-05042 - Heating products Iberia/Roca Calefacción; Autorità Garante della Concorrenza e del Mercato, case 5460 -Ferroli/Lamborghini Calor, at 4 a; Autorità Garante della Concorrenza e del Mercato, case 4292 - Electwealth/Newmond -Baxi Holdings, at 4; Autoridade da Concorrência, case 33/2005 - HPIA (Baxi)/Roca Aquecimento, at 45-46; Nederlandse Mededingingsautoriteit, case 2315 - Vaillant/Hepworth, at 10; Letter of the French Minister of Economy, case ECO C0100509Y - Merloni TermoSanitari, BOCCRF n° 2 of 31 January 2002; Autorité de la Concurrence, case 06-D-03 bis, 9 March 2006, at 620 and 624.

employed for the production of all types of boilers (including but not limited to conventional, combination and storage - hot water only - boilers) are also very similar.

27. The Commission has not analyzed this distinction in previous cases. Again, the results from the market investigation were mixed. In any event, as will be described in the competitive assessment, the question can be left open as under any alternative market definition no competition concerns would arise.

Performance categories

28. It is also possible to distinguish the boiler markets, notably for commercial boilers, on the basis of performance categories. The Parties do not consider this distinction relevant in the present case because the highest performance boiler manufactured by Remeha has a performance of 1 500 kW. The boiler with the highest performance manufactured by Baxi has a performance of 1 210 kW. The only boilers with a higher performance which are sold, not manufactured, by Baxi are the steel boilers, which Baxi sells in France and Spain. They have a range between 1 744 and 3 500 kW.
29. However, these boilers with high output form only a minimal part of Baxi's respective French and Spanish commercial boiler sales [...].
30. The Commission notes with regard to its previous practice that in M.5489 Bosch Thermotechnik/Loos the performance categories used were: [a] 25 – 70 kW, [b] 70 – 500 kW, [c] 500 – 1,000 kW, [d] 1,000 – 20,000 kW and [e] 20,000 – 38,000 kW. In an earlier decision, the Commission had examined the distinction below 70 kW and above 70 kW¹⁰ in an earlier case.
31. The Parties are not active, to any appreciable extent, in the [d] performance categories and they do not have any activities in category [e]. Therefore, the higher output categories which may have been relevant case M.5489 –are not relevant for the purposes of assessing the competitive effects of this transaction.
32. The Parties also submit that category [a] is roughly equivalent to the domestic boiler market category described in the Form CO, 25 kW being the lower end of the performances offered by domestic boilers and 75 kW, the upper end.
33. Categories [b] and [c], are in most EEA-countries considered subdivisions of the commercial market. The Parties also point out that, in technical terms, there is no clear distinction at 500 kW. There is rather a sliding scale of performances, which makes for a continuum. The technology, the route to market and the main players are largely the same. In any event, the question can be left open as under any alternative market definition no competition concerns would arise.

Conclusion

34. In conclusion, given the fact that the assessment does not raise serious doubts under any of the alternative product market delineations under any product market

¹⁰ M.2657 Robert Bosch/Buderus.

delineation employed, the precise product market definitions for boilers can be left open.

Solar hot water systems

35. Solar hot water systems catch the free energy from the sun and use it to heat up water for use in a residential or commercial environment. Solar hot water systems are made up of a solar collector, a solar hot water cylinder and a solar controller.
36. Solar collectors are fixed on the roof and absorb the solar heat which is then used to heat the water in the storage cylinder. The solar hot water cylinder stores the hot water by using a special solar heating coil. The solar controller includes the components necessary to transfer the heat from the solar collectors to the hot water system. The Parties mainly sell these products as a single packaged product although in some instances they also sell these as individual components.
37. For product market delineation, the Parties rely on the BRG reports which identify the following "solar thermal" categories: (a) flat plate, (b) storage tanks, (c) unglazed, and (d) vacuum.
38. The Commission has not analyzed these markets in detail previously. Since the concentration does not raise serious doubts under any of the alternative product market delineations, the precise product market definition for solar hot water systems can be left open for the purposes of this decision.

B. Relevant geographic markets

39. The Parties argue that the markets for domestic boilers and other domestic heating products including solar hot water systems are national mainly due to brand differentiation and the need for national marketing and service organizations in line with the country-by-country segmentation used by BRG. This view was also endorsed by the market investigation.
40. The Parties further submit that unlike other heating products, for commercial boilers the markets should be defined on an EEA-wide basis. Commercial boilers are identical products across Europe. Unlike the domestic market, the commercial market is not a mass market. This means that, in the commercial market, the cost of product development in relation to quantities of product sold is high, which implicates a need for selling on an international scale.
41. The route to market of commercial boilers is identical across the EU, with direct contacts between the manufacturer and the specifiers¹¹.
42. In the event of a change in market conditions (e.g. a price level change) commercial boiler manufacturers would be able to switch fairly easily from one Member State to another, simply by refocusing their production and marketing resources. In case a player is not active in one country yet, they would have to translate their sales and product documentation but this can be done relatively simply.

¹¹ As opposed to domestic segments, where extensive national marketing and after sales organisations are required.

43. In previous decisions, the Commission left the geographic market for boilers open. It has not pronounced on the geographic scope of the solar hot water systems. In M.5489, the Commission found indications that the relevant geographic market for the higher performance category boilers (commercial and industrial) could be EEA-wide, whereas the lower performance category boiler markets could be national in scope.
44. Although the bulk of the commercial customers remain national or regional organisations, the market investigation gave clear indications that customers of commercial boilers are either actively sourcing or at least contemplating EEA-wide sourcing.
45. However, the Commission considers that for the purpose of this decision, the exact geographic market definitions can be left open since the transaction does not raise serious doubts as to its compatibility with the Common market under any of the alternative geographic market definitions i.e. EEA or national.

V. COMPETITIVE ASSESSMENT

Introduction

46. The Commission has analyzed the affected boiler markets (taking account of the potential sub-segmentation and geographic scope) and solar hot water systems.

Market for all boilers

47. The hypothetical EEA-wide market for all boilers is not an affected market. The overall boiler market would be affected only if limited to France, Spain and the UK.
48. In France the combined entity would be the leading supplier in the overall boiler market with a combined market share of approximately [10-20]%. In Spain it would be the 2nd largest participant in the boiler market with a market share of approximately [10-20]%. In the UK it would be the 3rd supplier in the market with a market share of approximately [20-30]%.
49. During the market investigation, no competition concerns for the overall boiler market (in the EEA-wide or on a national level) were identified. The results of the market investigation confirmed that in the market for all boilers, the combined entity will continue facing significant competition from other strong players, such as Viessmann, Wieshaupt, Bosch, Atlantic, Ferroli and ISG. Each of them has market shares exceeding 5%.
50. In conclusion, the transaction would not give rise to serious doubts regarding a market for all boilers under any geographic market definition.

Commercial boilers

EEA-wide

51. The Parties have provided the following table based on BRG data on commercial boiler markets on an EEA-wide basis.

EEA-wide Commercial Boilers Competitors with Market Share ≥ 5%						
Market Player	2008		2007		2006	
	Volume	Share	Volume	Share	Volume	Share
Viessmann	[...]	[10-20]%	[...]	[10-20]%	[...]	[10-20]%
Remeha	[...]	[10-20]%	[...]	[5-10]%	[...]	[5-10]%
Bosch	[...]	[5-10]%	[...]	[5-10]%	[...]	[5-10]%
Atlantic	[...]	[5-10]%	[...]	[5-10]%	[...]	[0-5]%
Ferroli	[...]	[5-10]%	[...]	[5-10]%	[...]	[5-10]%
ISG	[...]	[5-10]%	[...]	[0-5]%	[...]	[0-5]%
Baxi	[...]	[5-10]%	[...]	[5-10]%	[...]	[5-10]%
Others	[...]	[40-50]%	[...]	[40-50]%	[...]	[40-50]%
Total	[...]	100%	[...]	100%	[...]	100%
EEA-wide Commercial Boilers						
	2008		2007		2006	
Baxi	[...]	[5-10]%	[...]	[5-10]%	[...]	[5-10]%
Remeha	[...]	[10-20]%	[...]	[5-10]%	[...]	[5-10]%
Baxi and Remeha Combined	[...]	[10-20]%	[...]	[10-20]%	[...]	[10-20]%

52. The market shares in the table were broadly confirmed by the market investigation. As evidenced by the table, the increments brought about by the merger are low on an EEA-wide basis. The combined entity would become the largest player in the EEA-wide market for commercial boilers, with a market share of [10-20] %, followed by several other players with a market share above 5% as shown in the table.

53. If the commercial boiler market is further subdivided at EEA-level, the only affected product markets are in gas boilers and floor standing gas boilers (combined market share [10-20]%)¹², in the commercial floor standing condensing conventional gas boilers (combined market share [20-30]%)¹³, and in commercial floor standing non-condensing conventional oil boilers (combined market share [10-20]%)¹⁴. In all these sub-segments the merged entity will face significant competition from other players.¹⁵

National

54. In the Commercial Boilers market, the potentially affected national markets are Belgium ([20-30]%), France ([30-40]%), the Netherlands ([30-40]%), Poland ([10-

¹² Competitors at EEA-wide level include Viessmann 10-20%, Atlantic 5-10%, Bosch 5-10% and others.

¹³ Competitors at EEA-wide level include Viessmann 10-20%, Atlantic 5-10%, Bosch 5-10%, Ferroli 5-10% and others.

¹⁴ Competitors at EEA-wide level include Viessmann 10-20%, Atlantic 5-10%, Bosch 5-10%, ISG 5-10% and others.

¹⁵ See footnotes 12 – 14.

20]%), Spain ([20-30]%) and the United Kingdom ([20-30]%)¹⁶. Except for France, the competitors or the customers did not express concerns regarding the national sub-segments within the commercial boilers market.

55. In all potentially affected markets the market investigation confirmed that the combined entity will continue facing significant competition from other strong players on the market.
56. The investigation also substantiated that the Parties would not be the closest competitors due to their complementary positions in geographic terms and in terms of their respective brand positioning. According to the results of the market investigation, these factors influence the Parties' behaviour regardless of the market segmentation within the commercial boilers market.
57. With regard to the hypothetical French commercial boiler markets investigated i.e. commercial floor standing condensing gas boilers and commercial floor standing non-condensing oil boilers, the situation is shown based on BRG data provided by the Parties in the table below.

France - Commercial Boilers: Gas Floor Standing Condensing						
	2008		2007		2006	
Baxi	[...]	[0-5]%	[...]	[5-10]%	[...]	[5-10]%
Remeha	[...]	[30-40]%	[...]	[40-50]%	[...]	[30-40]%
Baxi and Remeha Combined	[...]	[30-40]%	[...]	[50-60]%	[...]	[40-50]%
France - Commercial Boilers Oil Floor Standing Non Condensing						
	2008		2007		2006	
Baxi	[...]	[5-10]%	[...]	[5-10]%	[...]	[10-20]%
Remeha	[...]	[30-40]%	[...]	[30-40]%	[...]	[20-30]%
Baxi and Remeha Combined	[...]	[30-40]%	[...]	[30-40]%	[...]	[30-40]%

58. Also regarding these French markets, the market investigation demonstrated that there are sufficient suppliers available (Atlantic 10-20%, Viessmann 10-20%, Biasi 10-20%, Riello 5-10%, MTS 5-10%, and others), the Parties are not the closest competitors, and that the existing competitors would have spare capacity and well-known brands competing against the merged entity also in the future.
59. The table in addition illustrates that Baxi's market shares in both segments are declining. [...] sales of commercial oil boilers have started to decrease. [...] BRG expects this trend to continue in the coming years.

¹⁶ Within these national markets there are several other potentially affected markets (sub-segments) e.g. in Belgium, The Netherlands and Poland (commercial condensing gas boilers market), in the UK (commercial condensing and non-condensing gas and oil boilers) and Spain (commercial condensing and non-condensing gas and non-condensing oil boilers). The same competitive constraints as in the overall commercial boilers market, e.g. the lack of closeness of competition between the Parties, the strong competitors and market dynamics, apply in all the sub-segments.

60. [...] According to BRG the sales of standard efficiency commercial gas boilers decreased and the share of condensing boilers grew. This has also contributed to Baxi's decreasing market share.

61. In conclusion, the transaction does not give rise to serious doubts under any geographic or product market definition for commercial boilers.

Domestic boilers

EEA-wide

62. The potential EEA-wide domestic boiler market is not an affected market. Using a narrower segmentation, the Parties have the following market shares exceeding 15% on an EEA-wide basis illustrated in the following table. The information is based on the Parties' and BRG's data.

Domestic boiler type	Market share %
Wall hanging condensing conventional gas boiler	[10-20]
Wall hanging condensing combination gas boiler	[10-20]
Floor standing condensing conventional gas boiler	[10-20]

63. The market share information provided was confirmed by the market investigation. In addition, respondents argued that the combined entity will continue facing significant competition from other strong players on the market, such as Ariston Thermo (5-10%), Viessmann (10-20%), Bosch (10-20%), Atlantic (10-20%), Müller (5-10%), and others. Hardly any competitors or customers did express competition concerns regarding any of the segments or sub-segments.

National

64. At national level the market for all domestic boilers would be affected in Portugal ([20-30]%), Spain ([10-20]%), and the UK ([10-20]%). A wide majority of customers as well as competitors were of the view that the Parties would not be the closest competitors due to their complementary positions in geographic terms and in terms of their respective brand positioning.

65. In Portugal and in the UK, the increments brought about by the merger are minimal in the overall national domestic boiler market, and small in any hypothetical sub-segment ([0-5]% in Portugal) and ([0-5]% in the UK).

66. In Spain the increment brought about the merger would be minimal ([0-5]%) in the market for all domestic boilers. However, the increment would be between 5-10% in some hypothetical further sub-segments of the domestic boiler market. The market shares exceeding 15% in Spain are summarized in the following table¹⁷.

¹⁷ The information is based on the Parties' and BRG's data.

Domestic boiler type	Market share %
Wall hanging non-condensing conventional gas boiler	[10-20]
Floor standing non-condensing conventional gas boiler	[10-20]
Floor standing non-condensing conventional oil boiler	[20-30]

67. The merged entity will continue to face significant competition in these hypothetical sub-segments from Vaillant (market shares in these segments 30-40%), Bosch (10-20%), MCC (5-10%), Ferroli (5-10%), Ariston Thermo (5-10%) and others. The market investigation also confirmed the Parties' contention that floor standing and non-condensing as well as oil boilers are declining sub-segments in the boiler markets. Gas, wall-hanging and condensing boilers are increasing sub-segments, where the Parties are not as strong.
68. In the affected national domestic boiler sub-segments the transaction does not raise competition concerns; this is true in particular with regard to those sub-segments where the Parties' combined market shares are important ([30-40]%), Bulgaria (wall hanging condensing gas boilers), Denmark (non-condensing oil boilers), and France (condensing oil boilers) and where the Commission made the following findings in the market investigation.
69. In Bulgaria, where the combined market share in the sub-segment of wall hanging condensing gas boilers is [40-50]%, the increment brought by the merger is [0-5]%. Baxi's market share has declined from [5-10]% in 2006 to [0-5]% in 2008 according to the BRG report. The combined entity will face competition from Immerfin (20-30%), Vaillant (10-20%) and Bosch (10-20%).
70. In Denmark, the combined market share in floor standing non-condensing oil boilers, a declining sub-segment, is [30-40]% and the increment brought by the merger [0-5]%. Several strong competitors like Viessmann (20-30%), Enertech (20-30%), or Ferroli (5-10%) are active in the market and will be able to constrain the merged entity.
71. In France, the combined market share in condensing oil boilers is [30-40]% (Remeha [20-30]% and Baxi [10-20]%). The combined entity will face competition from Bosch (20-30%), Viessmann (10-20%), Atlantic (10-20%), and others.
72. In conclusion, the transaction does not give rise to serious doubts under any geographic or product market definition for domestic boilers.

Solar hot water systems

73. On the EEA-level solar hot water systems are not an affected market. At national level they are an affected market in France. The Parties have submitted the following table. Its information is based on the Parties' and BRG's data.

France - Solar Hot water Systems Incl. Competitors with Market Share ≥ 5%						
Market Player	2008		2007		2006	
	Volume	Share	Volume	Share	Volume	Share
Viessmann	[...]	[10-20]%	[...]	[10-20]%	[...]	[10-20]%
Remeha	[...]	[10-20]%	[...]	[10-20]%	[...]	[10-20]%
Sonnenkraft	[...]	[5-10]%	[...]	[5-10]%	[...]	[5-10]%
Jacques Giordano Industries	[...]	[5-10]%	[...]	[5-10]%	[...]	[5-10]%
Clipsol	[...]	[5-10]%	[...]	[5-10]%	[...]	[5-10]%
Schüco Group	[...]	[5-10]%	[...]	[5-10]%	[...]	[0-5]%
Baxi	[...]	[0-5]%	[...]	[5-10]%	[...]	[5-10]%
Others	[...]	[30-40]%	[...]	[30-40]%	[...]	[30-40]%
Total	[...]	100.0%	[...]	100.0%	[...]	100.0%
SUMMARY: France – Solar Hot Water Systems						
	2008		2007		2006	
Baxi	[...]	[0-5]%	[...]	[5-10]%	[...]	[5-10]%
Remeha	[...]	[10-20]%	[...]	[10-20]%	[...]	[10-20]%
Baxi and Remeha Combined	[...]	[10-20]%	[...]	[10-20]%	[...]	[20-30]%

74. The market shares of both Remeha and Baxi have been declining. Their combined market share was [10-20]% in 2007 and [10-20]% in 2008. The increment brought about by the merger is small ([5-10]%) and the combined market share of the Parties is modest ([20-30]%). The merged entity will continue to face significant competition from Viessmann (of equal size), Sonnenkraft, Jacques Giordano Industries, Clipsol, Schüco Group (all with a market share of 5-10%) and others.

75. In conclusion, the transaction does not give rise to serious doubts under any geographic or product market definition for solar hot water systems.

Conclusion

76. In view of the above, the Commission considers that the transaction does not raise serious doubts as to the compatibility of the merger with the Common market.

VI. CONCLUSION

77. 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 (EC) No 139/2004.

For the Commission

(signed)
Neelie KROES
Member of the Commission