

***Case No COMP/M.5942 -  
LLOYDS TSB BANK/  
SVENSKA  
HANDELSBANKEN/  
DYSON GROUP***

Only the English text is available and authentic.

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

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Article 6(1)(b) NON-OPPOSITION  
Date: 18/11/2010

***In electronic form on the EUR-Lex website under  
document number 32010M5942***



EUROPEAN COMMISSION

Brussels, 18.11.2010

SG-Greffe(2010) D/18305, 18308  
C(2010) 8263

In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EC) No 139/2004 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 Where possible the information omitted has been replaced by ranges of figures or a general description.

PUBLIC VERSION

MERGER PROCEDURE  
ARTICLE 6(1)(b) DECISION

**To the notifying parties:**

Dear Sir/Madam,

**Subject: Case No COMP/M.5942 – LLOYDS TSB BANK/ SVENSKA  
HANDELSBANKEN AB / DYSON GROUP  
Notification of 12.10.2010 pursuant to Article 4 of Council Regulation  
No 139/2004<sup>1</sup>**

1. On 12 October 2010, the Commission received notification of a proposed concentration pursuant to Article 4 of Council Regulation (EC) No 139/2004 (the Merger Regulation) by which the undertakings Lloyds TSB Bank PLC ("Lloyds TSB", United Kingdom) and Svenska Handelsbanken AB ("SHB", Sweden) acquire within the meaning of Article 3(1)(b) of the Merger Regulation control of the whole of Dyson Group PLC ("Dyson", United Kingdom) by way of an exchange of bank borrowings for new ordinary shares.
2. After examination of the notification, the Commission has concluded that the notified operation falls within the scope of the Merger Regulation and does not raise serious doubts as to its compatibility with the internal market and the EEA Agreement.

**I. THE PARTIES**

1. Lloyds TSB is active in retail, commercial and corporate banking and insurances.

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<sup>1</sup> OJ L 24, 29.1.2004, p. 1 ("the Merger Regulation"). With effect from 1 December 2009, the Treaty on the Functioning of the European Union ("TFEU") has introduced certain changes, such as the replacement of "Community" by "Union" and "common market" by "internal market". The terminology of the TFEU will be used throughout this decision.

2. Svenska Handelsbanken AB is active in personalised banking services to both individual and corporate customers.
3. Dyson Group PLC is the holding company of a group of companies active in the manufacture and sale of alumina fibre, insulation components for automotive catalytic converters and exhaust systems, ceramic metering nozzles, tin oxide electrodes, ceramic blocks for use in glass manufacture and builders' merchanting.

## **II. CONCENTRATION**

4. The operation arises in the context of a capital restructuring of Dyson. Lloyds TSB and SHB are both lenders to Dyson. The banks strive for the capital restructuring in order to avoid an insolvency of Dyson. Under the Subscription and Investment Agreement signed on 27 August 2010, Lloyds TSB will receive new ordinary shares in Dyson conferring 33% of the voting rights in shareholders' meetings. SHB will receive new ordinary shares in Dyson conferring 30% of the voting rights in the shareholders' meetings.
5. Each of the two Parties has the right to appoint one Director to the board of Dyson, which is composed of three Directors, as well as to the board of all Dyson group companies. The Director nominated by Lloyds TSB will be the Chairman of Dyson's board. [...] Therefore, each of both Parties [...] is [...] able to exercise control over Dyson.
6. The transaction therefore constitutes an acquisition of joint control over Dyson within the meaning of Article 3(1)(b) of the Merger Regulation.

## **III. EU DIMENSION**

7. The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 5000 million in 2009 (for Lloyds TSB: EUR [...], for SHB: EUR [...], for Dyson: EUR [...]).<sup>2</sup> Two of them had an EU-wide turnover in excess of EUR 250 million (for Lloyds TSB: EUR [...], for SHB: EUR [...]), and not each of the undertakings concerned achieves more than two-thirds of their EU-wide turnover within one and the same Member State. The notified operation therefore has an EU dimension pursuant to Article 1(2) Merger Regulation.

## **IV. COMPETITIVE ASSESSMENT**

### **1. Market definition**

8. Dyson and its subsidiaries are active in the manufacture and sale of (i) alumina fibre, (ii) insulation components for automotive catalytic converters and exhaust systems,

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<sup>2</sup> Turnover calculated in accordance with Article 5(1) of the Merger Regulation and the Commission Consolidated Jurisdictional Notice (OJ C95, 16.04.2008, p1).

(iii) ceramic metering nozzles, (iv) tin oxide electrodes, and (v) ceramic blocks for use in glass manufacture. The Parties submit that all these markets are worldwide. Dyson also owns a builders' merchant in Sheffield. The Parties submit that the relevant geographic market for the merchant supply of construction materials to builders is local.

9. The exact definition of the markets on which Dyson is active can be left open for the purposes of this case, since Lloyds TSB and Svenska Handelsbanken do not control any company with activities that would result in horizontally or vertically affected markets.
10. Both Lloyds TSB and Svenska Handelsbanken are active in the markets for (i) retail banking and (ii) corporate banking. In previous decisions, the Commission has considered the retail banking market to be (at most) national in scope and the corporate banking market to be national for small- and medium-sized customers and potentially wider for large customers<sup>3</sup>. However, the exact definition of the markets can be left open, since the concentration does not raise any competition concern under any plausible market definition.

## **2. Assessment**

11. Lloyds TSB and Svenska Handelsbanken are both active in the markets for banking services in several EU countries. However, the geographic focus of Lloyds TSB and Svenska Handelsbanken is different. Svenska Handelsbanken is a relatively small player and achieves nearly [70-80]% of its turnover in Sweden. The concentration therefore only leads to affected markets in the UK, where Svenska Handelsbanken had a share of below [0-5]% in retail banking and financial markets services and below [0-5]% in corporate banking in 2009. Lloyds TSB had shares of between [20-30]% and [30-40]% in the different potential segments in retail banking (such as credit cards, personal loans) and of between [20-30]% and [20-30]% in different potential segments in corporate banking (such as services for small and medium-sized and larger customers).
12. Since the overlaps in the banks' activities are minimal and Dyson represents only an insignificant part of the banks' portfolios, the concentration will not lead to a significant impediment of competition in the affected banking markets. In particular, spill-over effects in the meaning of Article 2(4) of the Merger Regulation as a result of the proposed transaction can be discarded and coordination between independent undertakings that restricts competition within the meaning of Article 101(1) of the TFEU is highly unlikely.

## **V. CONCLUSION**

13. For the above reasons, the European Commission has decided not to oppose the notified operation and to declare it compatible with the internal market and with the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of the Merger Regulation.

For the Commission,

*(signed)*

Cecilia MALMSTRÖM  
Member of the Commission

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<sup>3</sup> See, e.g., Case No COMP/M.3894 - UNICREDITO / HVB, paras. 40-42.