



DETERMINATION OF MERGER NOTIFICATION M/06/031 – Saint-Gobain/JP Corry

Section 21 of the Competition Act 2002

Proposed acquisition by Saint-Gobain Building Distribution Limited of JP Corry Group Limited

Dated 07/07/2006

Introduction

1. On 7th June 2006 the Competition Authority, in accordance with Section 18 (1) of the Competition Act, 2002 (“the Act”) was notified, on a mandatory basis, of a proposal whereby Saint-Gobain Building Distribution Limited would acquire JP Corry Group Limited.

The Undertakings Involved

2. Saint-Gobain Building Distribution Limited is a wholly owned subsidiary of Compagnie de Saint-Gobain (“Saint-Gobain”), a publicly traded company quoted on the Paris stock exchange. Saint-Gobain is a global manufacturer and provider of high-technology materials and associated services. Its business can be broken down into five different sectors:

- (i) flat glass (for the construction and automotive industries);
- (ii) packaging (in particular, glass bottles and jars for foodstuffs);
- (iii) building distribution (including the supply and distribution of building materials);
- (iv) construction products (in particular, insulation); and
- (v) high performance materials (ceramics, plastics and abrasives).

In Northern Ireland Saint-Gobain Building Distribution Limited owns Bassett’s Plumbing and Heating, a specialist plumbers merchant with six branches. In 2005, Saint-Gobain generated worldwide turnover of c. €35.11 billion and generated revenue of c. €[120 – 179] million in the State.

3. Saint-Gobain’s activities in the State are the following:

- supply of flat glass;
- insulation for ceilings;

- gypsum based building materials;
- monocouche renders;
- wall coatings;
- ductile pipe systems; and
- abrasive materials.

4. Saint-Gobain has four manufacturing plants in the State:

(i) Moy Isover Limited in Tipperary, which manufactures glasswool and non-woven tissue insulation;

(ii) Gypsum Industries Limited in Cavan, which manufactures gypsum-based plaster and plasterboards;

(iii) Saint-Gobain Performance Plastics Limited in Clare, which manufactures PTFE coated fabrics for food processing, industrial and architectural applications; and

(iv) PDM Limited in Kildare, which manufactures timber poles, sleepers and fencing components.

Saint-Gobain also operates one outlet selling plumbing and heating equipment in the State – Oil Burner Trading Limited in Letterkenny, Co. Donegal.

5. JP Corry is a privately-owned company whose largest shareholder is 3i Group plc. JP Corry is the holding company for a number of manufacturing and distribution companies located in Northern Ireland, the State and England. In the financial year ending 31st March 2006 JP Corry generated a worldwide turnover of c. €[50 – 100] million. In the Northern Ireland, it trades from a total of fourteen sites, two being specialist merchants of plumbing and heating materials, and the others being general builders merchants, offering a wide range of building materials to the construction trades.
6. In the State, JP Corry's wholly-owned subsidiary, D. Kantor, trades as an importer and distributor of timber from a single site in Dublin. D. Kantor's turnover for the financial year ending 31st March 2006 is estimated at €[5 – 20] million. Another wholly-owned subsidiary Coen Holdings, registered in the State, trades as a distributor of timber products and general builders merchant from four sites in counties Galway, Offaly and Westmeath. JP Corry's total turnover in the State for the financial year ending 31st March 2006 was €[10 – 50] million.

Analysis

7. The parties' activities in the State are complementary. With regard to building materials, JP Corry operates as a general builders merchant, whereas Saint-Gobain's distribution outlet concentrates on heating and plumbing. With regard to timber, Saint-Gobain is involved in the niche market of mainly supplying timber poles to public utilities, whereas JP Corry is active as a timber merchant to builders.

8. In terms of vertical overlap, Saint-Gobain is a supplier of products which are sold by builders merchants, such as JP Corry. Given the number and strength of competing building distributors including the Grafton Group¹ and the Wolseley Group, the local nature of the market for building materials² and the small number of building distributor outlets being acquired by Saint-Gobain (four), the Authority does not consider that there is a risk of foreclosure, whereby Saint-Gobain would cease to supply builders merchants outside of its own builders merchants. Thus the transaction does not give rise to competition concerns.

Determination

The Competition Authority, in accordance with Section 21(2) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed acquisition by Saint-Gobain Building Distribution Limited of JP Corry Group Limited will not be to substantially lessen competition in markets for goods and services in the State and, accordingly, that the acquisition may be put into effect.

For the Competition Authority

Dr. Paul K. Gorecki
Member of the Competition Authority

¹ Grafton Group plc acquired Heiton Group plc in 2005. See further the Competition Authority's determination in M/04/051 Grafton/Heiton.

² See further section 7 of the Authority's determination in M/04/051 Grafton/Heiton.