



## **DETERMINATION OF MERGER NOTIFICATION M/08/017 – 3i/UPONOR**

---

### **Section 21 of the Competition Act 2002**

#### **Proposed acquisition of sole control by 3i Group plc of Uponor Limited**

**Dated 05/06/2008**

---

### **Introduction**

1. On 9 May 2008 the Competition Authority (the "Authority"), in accordance with section 18(1)(a) of the Competition Act, 2002 ("the Act") was notified, on a mandatory basis, of the proposed acquisition by 3i Group plc ("3i") of sole control over Uponor Limited ("Uponor") through Inhoco 3445 Limited ("Newco"), a newly incorporated company formed for the purposes of the notified transaction.
2. The purchasing entity, Newco, is an indirect own subsidiary of Inhoco 3443 Limited ("Holdco"). Holdco is currently owned by [...], who is a member of the Executive Management Team of Uponor. The shares of Holdco will be held at 43.25% by [...] Management [...]; and at 56.75% by the 3i Investors. The 3i Investors are various entities controlled by 3i Investments plc, an indirect wholly owned subsidiary of 3i. Therefore, on completion of the notified transaction, Uponor will be indirectly controlled by 3i.

### **The Undertakings Involved**

#### ***The Acquirer***

3. 3i is a venture capital and private equity investor which is listed on the London Stock Exchange and is the ultimate parent company of the companies within the 3i group. Its portfolio of companies consists of businesses in a wide range of industry sectors and services, including communication, engineering, food, healthcare, IT services, leisure, media, oil and gas, software and internet, support services and transport and logistics.
4. 3i is active as a provider of private equity and venture capital investing across Europe, the United States, and Asia, either directly or through funds organised as English limited partnerships managed by 3i Investments plc, an indirect subsidiary of 3i which is regulated by the UK Financial Services Authority.
5. For the financial year ended 31 March 2007, 3i had worldwide turnover of approximately €12.765 billion. In the State, 3i's turnover for the same financial year was [...].<sup>1</sup>

---

<sup>1</sup> 3i's worldwide and EU turnover has been calculated using the method of turnover calculation under the Regulation (EC) 139/2004.

## **The Target**

6. Uponor is a limited company incorporated in England and Wales which is currently owned by Uponor Corporation (the "Vendor").
7. Uponor is involved in the manufacture of thermoplastic ("PE") infrastructure utility pipe systems (incorporating both the pipe and associated connectors) for the distribution of gas, drinking water, gravity drainage systems, and cable ducting for telecom and electricity services predominantly in the UK and the State. It also provides related services including speciality pipe installation services in the UK and training to third parties.
8. Traditionally Uponor's operations in the island of Ireland have focused on piping and ducting for telecommunications, but in recent years, it has diversified into gas and water applications. It also has a significant contract to supply fuel lines into the petrol station market. Uponor has two manufacturing facilities located on the island of Ireland, in Banbridge and Cork.
9. Uponor had worldwide consolidated turnover for the financial year ended 31 December 2007 of [...]. In the State, Uponor's turnover for the same financial year was [...] (approximately [...])<sup>2</sup>.

## **Analysis**

10. There is some limited horizontal overlap between the activities of the parties in the State.
11. There are two companies from the 3i portfolio which operate in a similar sector to Uponor: Rasmussen GmbH/Norma Group ("Rasmussen"); and Enterprise plc ("Enterprise").
12. Rasmussen is a German based company which is active in the manufacture of pipe connections and fittings, primarily for the automotive industry, with sales to automotive and automotive-related customers accounting for approximately [60-80%] of the Rasmussen's revenue. The balance of Rasmussen's sales is made to a heterogeneous field of industry and trade customers (e.g., shipbuilding, construction, and heavy industry). An estimated [less than 10%] of Rasmussen's trade sales are made to the UK and the State.
13. Given the focus of Rasmussen on the automotive industry, there is no horizontal overlap between Rasmussen and Uponor in the State as the products manufactured and supplied by Rasmussen and Uponor serve different markets. In addition, only a negligible amount of the Rasmussen pipe connections, if any, is sold in the State.
14. The second company from the 3i portfolio which operates in a similar sector to Uponor is Enterprise. Enterprise does not manufacture pipes and fittings but installs, maintains and repairs such pipes and fittings for the utility and public sectors. Its operations are mainly focused on the UK but it also provides support services and network maintenance for utility companies in the State.

---

<sup>2</sup> Based on the Euro-UK Pound exchange rates from the Central Bank of Ireland dated 30 May 2008 (£ 0.786).

15. Enterprise operates primarily in the following two areas in the State:
  - (i) The Power Division provides repair and maintenance services to network operators. Enterprise's [...] main power contracts in the State are with [...].
  - (ii) The Gas Division provides repair, maintenance and connection services to the gas distribution network. [...].
16. There is some horizontal overlap between the installation services provided by Uponor and Enterprise, but this is limited in scope. Uponor only periodically carries out specialist installations for particular applications that require a higher level of skills and equipment than the more routine general installation and maintenance carried out by Enterprise. Therefore, Uponor and Enterprise are not competitors in the provision of installation services.
17. The Authority has also examined vertical relationships between the 3i portfolio of companies and Uponor.
18. Enterprise provides support services and network maintenance (with regard to pipes and fittings) to network operators and the gas distribution network in the State whereas Uponor designs manufactures and supplies plastic pipe systems to the gas, water, sewage and telecommunications industries.
19. Currently, Enterprise and Uponor are not involved in any arrangement which might lead to a vertical link between them. However, even if they were to enter into such arrangement post merger, the proposed transaction would not raise competition concerns in the State since the end customer has a wide choice of alternative suppliers of pipes (e.g. Wavin, Pipelife, Polypipe and Egeplast) and of companies providing installation, support and maintenance services in the State (e.g. SMC, CLG, GMC, Enigi, Coffeys, Powerteam, Gaeltec, Lang O'Rourke, SAG and Sierra).
20. Therefore, the Authority considers that the proposed transaction does not raise competition concerns (either horizontal or vertical) in the State.

### **Determination**

21. The Authority, in accordance with section 21(2)(a) of the Competition Act, 2002, has determined that, in its opinion, the result of proposed acquisition by 3i Group plc of sole control over Uponor Limited through Inhoco 3445 Limited will not be to substantially lessen competition in markets for goods and services in the State and, accordingly, the acquisition may be put into effect.

### **For the Competition Authority**

Dr. Paul K. Gorecki  
Member of the Competition Authority