



DETERMINATION OF MERGER NOTIFICATION M/07/004 – INDUSTRI KAPITAL/ MAGOTTEAUX

Section 21 of the Competition Act 2002

Proposed acquisition by Industri Kapital of Magotteaux Group S.A.

Dated 29/01/07

Introduction

1. On 11 January 2007 the Competition Authority (“the Authority”), in accordance with Section 18(1) of the Competition Act, 2002 (“the Act”) was notified, on a mandatory basis, of a proposal whereby Industri Kapital 2004 Ltd., through MGTX International Sarl,¹ would acquire sole control of Magotteaux Group SA (“Magotteaux”).

The Undertakings Involved

2. Industri Kapital 2004 Ltd., the acquirer, is the managing company of one of the four funds of the private equity firm, Industri Kapital.^{2,3} Industri Kapital invests in mid to large sized European companies that operate in mature industries. All investments made by Industri Kapital’s funds are typically managed and controlled by the general manager of each fund (e.g., Industri Kapital 2004 Ltd.) in its capacity as the general partner in the limited partnerships constituting each fund. The company that will manage Magotteaux will be Industri Kapital 2004 Ltd, as this transaction is made by Industri Kapital 2004 Ltd.
3. In 2005, companies managed and controlled by Industri Kapital generated a worldwide turnover of approximately €8.66 billion. For the same period these companies generated a turnover in the State of approximately €[.]. The companies active in the State are: Elektrokoppar, Dynea, Superfos Group, CPS Color Group, Eltel Networks, Sport Group, DSI, Minimax, Gardena⁴ and Consolis.⁵
4. Magotteaux, the target, provides products and services to industries where *comminution* processes are essential in the manufacturing of finished products.⁶ Magotteaux provides its products to the cement, mining, aggregate and utility industries.

¹ MGTX International Sarl is an acquisition vehicle managed and controlled by Industri Kapital 2004 Ltd. which is ultimately owned by the private equity company Industri Kapital.

² Industri Kapital manages and controls four private equity funds: the Industri Kapital 1994 Fund which has exited all its investments and is likely to close down soon; the Industri Kapital 1997 Fund; the Industri Kapital 2000 Fund; and, the Industri Kapital 2004 Fund.

³ The ultimate parent company of Industri Kapital is Fatburen Investment B.V.

⁴ Industri Kapital has signed a share purchase agreement to sell this company.

⁵ Ibidem.

⁶ *Comminution* translates generally into size reduction of materials through various stages of crushing and grinding.

5. Magotteaux is a limited liability company formed in accordance with the laws of the Kingdom of Belgium. Its current majority shareholder is the Trust *Stitching Administratiekantoor Magotteaux Ancrage* ("SAMA"), a foundation constituted under Dutch law. The remaining shares are held by Société Régionale D'Investissements de Wallonie ("SRIW"), formed in accordance with the laws of the Kingdom of Belgium.
6. SAMA and SRIW will hold a minority shareholding in Maggotteaux post merger although their rights do not go beyond the veto rights normally accorded to minority shareholders to protect their financial interests as investors in a company and, accordingly, do not lead to a situation of joint control over Maggottaeux.
7. In its financial year ended 31 December 2005, Magotteaux generated worldwide turnover of approximately €378 million. For the same period, it derived a turnover in the State of approximately €[.] million.

Analysis

8. None of the companies managed and controlled by Industri Kapital has activities that overlap horizontally or vertically with the activities of Magotteaux. The Authority has, therefore, concluded that the proposed transaction does not give rise to competition concerns.

Determination

The Competition Authority, in accordance with Section 21(2)(a) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed acquisition by Industri Kapital of Maggotteaux Group S.A. 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