



DETERMINATION OF MERGER NOTIFICATION M/21/080 – GRAFTON GROUP (CHADWICKS)/SITETECH

Section 21 of the Competition Act 2002

Proposed acquisition by Chadwicks Holdings Limited, a wholly owned subsidiary of Grafton Group plc, of Sitetech Building Products Limited.

Dated: 02 February 2022

Introduction

1. On 24 December 2021, in accordance with section 18(1)(a) of the Competition Act 2002, as amended (the “Act”), the Competition and Consumer Protection Commission (the “Commission”) received a notification of a proposed acquisition whereby Chadwicks Holdings Limited (“Chadwicks”), a wholly owned subsidiary of Grafton Group plc (“Grafton”), would acquire sole control of Sitetech Building Products Limited (“Sitetech”) (the “Proposed Transaction”).

The Proposed Transaction

2. The Proposed Transaction is to be implemented pursuant to a share purchase agreement dated 22 December 2021 between (i) Jadabi Limited, and three private individuals (Billy Clarke, James Long, Damien Long) (together, the “Sellers”), (ii) Chadwicks, and (iii) Chadwicks Group Limited (the “SPA”). Under the terms of the SPA, Chadwicks will acquire the entire issued share capital, and thus sole control of Sitetech from the Sellers.
3. The parties state in the notification that [...].

The Undertakings Involved

The Acquirer – Grafton (Chadwicks)

4. Grafton, a publicly listed company headquartered in the State, with a primary listing of shares on the London Stock Exchange, is an international distributor of building materials¹ to trade

¹ In M/04/051 – Grafton Group plc/Heiton Group plc, the Authority noted that building materials may be defined as including, “‘lightside’ (e.g. plumbing, heating and electrical products) and ‘heavyside’ (e.g. concrete blocks, bricks, cement, roofing products and timber)”, and that, “The ranges of building materials that are typically supplied by builders merchants are roofing & insulation; bricks, blocks, clay & concrete; cement & plaster materials; boards & timber; plumbing and heating materials; decorating materials; kitchen equipment,



customers who are primarily engaged in residential repair, maintenance and improvement (“RMI”) projects, and house building² in the State, the United Kingdom (the “UK”), the Netherlands, and Finland.³

5. The distribution of building materials to trade customers who are primarily engaged in RMI projects and house building is commonly referred to as “general merchanting”. In the State, Grafton has a general merchanting business operating across 51 locations, which supplies building materials, timber, plumbing, hardware and equipment for hire. Grafton’s general merchanting business operates under the brand names *Chadwicks*, *Cork Builders Providers*,⁴ *Davies*,⁵ *Telfords*,⁶ *The Panelling Centre*,⁷ *Heiton Steel*,⁸ *Sam Hire*⁹ and *Proline*.¹⁰
6. *Chadwicks* distributes a full range of building materials from 36 of Grafton’s 51 branches in the State, principally to the residential RMI and new build sectors across the Greater Dublin Area,¹¹ the cities of Cork, Galway and Limerick, and provincial locations in the State.¹²

wall & floor tiles; and assorted hardware, home and electrical products such as adhesives, ironmongery, fixings, doors, windows, power & hand tools, garden equipment, and agricultural equipment.” The text of that determination is available at: https://www.ccpc.ie/business/wp-content/uploads/sites/3/2017/05/m_04_051_p2d.pdf

² For more information, please see: <https://www.graftonplc.com/>

³ In July 2021, Grafton announce that it had agreed to sell its traditional building materials business in Great Britain to Huws Gray, an independent builders’ merchant. The transaction has been notified to the Competition & Markets Authority in the UK.

⁴ General merchanting business located in Cork city. For more information, please see: <https://corkbp.ie/>

⁵ Plumbing and heating business in Dublin city. For more information, please see: <https://www.davies.ie/>

⁶ Merchanting business located in Portlaoise. For more information, please see: <https://www.telfords.ie/>

⁷ Kitchens business in Dublin and Limerick cities. For more information, please see:

<https://www.panellingcentre.ie/>

⁸ Steel stockholding business in Dublin city and Cork city. For more information, please see:

<https://www.heitonsteel.ie/>

⁹ Equipment hire business located in Dublin city. For more information, please see:

<https://www.chadwicks.ie/sam-hire>

¹⁰ Architectural hardware products in Dublin city. For more information, please see:

<https://prolinehardware.ie/>

¹¹ For the purposes of this assessment, and in line with CCPC practice, the GDA encompasses counties Dublin, Kildare, Meath and Wicklow (see, for example, *M/20/033 – Goldman Sachs/Blanchardstown Shopping Centre*, at paragraph 25).

¹² The Merchanting Business of Grafton in the State has recently undergone a rebranding exercise which has primarily consolidated the Merchanting Business in the State under the *Chadwicks* name. Prior to this, Grafton also operated a general merchanting business in the State under the *Heiton Buckley* brand name. Grafton acquired the *Heiton Buckley* business in 2005. Prior to the rebranding exercise, *Heiton Buckley* had a builders and plumbers merchanting business trading from 16 branches in Dublin and in provincial cities and towns in the State where *Chadwicks* was mainly not represented. Following the recent rebranding, these outlets now operate as *Chadwicks*, bringing the total number of *Chadwicks* outlets in the State to 36. *Heiton Buckley* also operated *Heiton Steel*, a steel stockholding business in the State, which continues to trade under this brand name.



7. Grafton also operates a DIY, home and garden retail business under the brand name *Woodie's* in the State, with 35 stores offering DIY products, paints, lighting, homestyle, homeware, bathroom products and fitted kitchens. *Woodie's* is also a retailer of seasonal categories including gardening and Christmas ranges.
8. In Northern Ireland, Grafton offers a “one stop shop” for DIY and self-build markets, building materials, timber, doors, floors, plumbing, heating, bathrooms and landscaping products from 17 branches under the brand name *MacBlair*.¹³
9. In addition, Grafton is also active as a manufacturer of silo-based dry mortar in England and Scotland, and as a manufacturer of staircases in the UK. Grafton also manufactures plastic pipe in the State through its wholly owned subsidiary MFP Sales Limited,¹⁴ which supplies PVC drainage and roofline products from a factory in Dublin to the construction markets in the State and the UK.
10. In the financial year ending 31 December 2020, Grafton's worldwide turnover was approximately €2.823 billion,¹⁵ of which approximately €795.8 million was generated in the State.

The Target – Sitetech

11. Sitetech, a private company limited by shares and registered in the State under company number 491071, was founded in 2011 in Cork by the Senior Management Team.¹⁶ Sitetech is a distributor of products known as ‘construction accessories’ to the construction industry in the State and, to a very limited extent, in the UK. These products include, in particular, specialised construction materials such as brickwork accessories and concrete accessories which Sitetech provides to building contractors and to civil engineering companies in the State, predominantly for early-stage construction of large-scale projects.
12. Sitetech's construction accessory products are tailored for work on residential dwellings and multi-unit buildings such as office buildings, apartments, hotels, bridges, warehouses, commercial buildings, and wind turbines. In particular, Sitetech provides specialised building products for the substructure, superstructure and façade of largescale civil projects such as multi-

¹³ For more information, please see: <https://www.macblair.com/>

¹⁴ For more information, please see: <http://mfp.ie/>

¹⁵ £2.51 billion, calculated using the average exchange rate of GBP to EUR in 2020 of 1.1248.

¹⁶ For more information, please see: <https://sitetech.ie/>



story commercial and residential buildings and education, healthcare and environmental projects.

13. The parties state in the notification that the construction accessories provided by Sitetech include the following product types, as outlined in Table 1 below:

Table 1: Sitetech's Construction Accessories.

Product type	Description
Brickwork Accessories	These include masonry support systems, masonry reinforcement systems, wall ties, cavity fire barriers, damp proof course, and cavity trays.
Concrete Accessories	These include rebar spacers and chairs, rebar couplers, connection systems and thermally insulated balcony connectors.
Concrete Repair and Construction Chemicals	These include non-shrink grout, concrete repair products, concrete curing agents and joint sealants.
Formwork Accessories	These include formwork tie rod and accessories, permanent formwork and circular column formers
Basement Construction	These include structural waterproofing, drainage geo-composites and membrane protection boards.

Source: The parties.

14. Sitetech has two distribution centres in the State located in Co. Dublin (Rathcoole) and outside Cork city (Little Island). Sitetech offers 24-hour delivery service to all customers located in the State, which are predominantly large construction companies. Sitetech also makes some limited sales into Northern Ireland, and appointed a sales manager to develop its business in Northern Ireland in 2020.
15. In the financial year ending 31 December 2020, Sitetech had a worldwide turnover of approximately €[...], of which approximately €[...] was generated in the State.

Rationale for the Proposed Transaction

16. The parties state the following in the notification:

"Sitetech is a highly successful and profitable business with the potential for further growth. These traits are in line with Grafton's development [...]. [...]. The Sitetech product range



complements the product range offered by Grafton and, [...]. The Proposed Transaction would allow Grafton to offer such customers an improved service [...].”

Third Party Submissions

17. No third party submissions were received.

Market Enquiries

18. During its review of the Proposed Transaction, the Commission contacted seven third parties, including customers and competitors of the parties. The Commission also conducted site visits to Sitetech’s distribution centre in Rathcoole, Co. Dublin, and to a number of Grafton branches in the Co. Dublin area.

Competitive Analysis

Horizontal Overlap

19. There is a horizontal overlap between the parties’ business activities in the State in respect of the supply of building materials (whether this is broadly defined or limited to construction accessories only).

Product Market Definition

20. The Commission defines markets to the extent necessary depending on the particular circumstances of a given case. In its determination in *M/04/051 – Grafton Group plc/Heiton Group*, the Commission’s predecessor, the Competition Authority (the “Authority”), previously defined separate product markets for: (i) products supplied by DIY superstores only, and (ii) the supply of building materials and fittings (broadly defined), predominantly to building and construction firms (including trade professionals such as joiners, plumbers, electricians and plasterers), but also to non-professionals.¹⁷

21. In its determination in *M/16/012 – Home Project Centre/Saint-Gobain Building Distribution*,¹⁸ the Commission found that it was unnecessary to define the precise product market(s), and instead assessed the competitive impact of the proposed transaction by reference to the market in which the parties overlapped (in that case, the retail supply of building material and DIY products). In

¹⁷ *Supra*, note 2, at paragraphs 3.14 and 7.1.

¹⁸ *M/16/012 – Home Project Centre/Saint-Gobain Building Distribution*, the text of which is available at: <https://www.cpc.ie/business/wp-content/uploads/sites/3/2017/04/M-16-012-Determination-Home-Project-Centre-Saint-Gobain-Assets.pdf>



M/20/040 Chadwicks/Haylen,¹⁹ the Commission found that it was not necessary to reach a definitive view on the precise product market, and assessed the competitive impact of that transaction by reference to the narrowest potential product market, i.e., the supply of architectural hardware products.

22. In this instance, it is not necessary for the Commission to reach a definitive view on the precise relevant product market since its conclusion on the competitive impact of the Proposed Transaction will be unaffected whether the potential product market is defined narrowly (i.e. the distribution of construction accessories only) or more broadly (i.e. the distribution of building materials generally, including construction accessories).²⁰
23. For the purpose of assessing the Proposed Transaction, the Commission has analysed its impact by reference to both the broader and narrower potential product markets, in which both parties are active, namely: (i) the distribution of building materials, and (ii) the distribution of construction accessories.

Geographic Market Definition

24. In its determination in *M/04/051 – Grafton Group plc/Heiton Group plc*, the Authority concluded that there was a clear preference by customers (e.g., builders' merchants) to source building materials locally.²¹ The Authority further noted that, “[b]uilders merchants operate in local catchment areas. Enquiries suggest that in the case of Dublin and Cork cities, the catchment area radius is about 5-10 miles, and that elsewhere the effective catchment area radius is about 20-25 miles.”²²
25. In its determination in *M/20/040 – Chadwicks/Haylen*, the Commission assessed the competitive impact of the proposed transaction by reference to the local geographic market (i.e. within a catchment area of 5 miles from the party's distribution premises in Inchicore, Co. Dublin), and

¹⁹ *M/20/040 Chadwicks/Haylen*, the text of which is available at: <https://www.cccpc.ie/business/wp-content/uploads/sites/3/2020/12/2021.02.04-PUBLIC-M-20-040-Chadwicks-Haylen-Determination.pdf>

²⁰ For completeness, the Commission notes that the Antimonopoly Office of the Slovak Republic previously identified a national market for the purchase and sale of construction accessories in *2008/FH/3/1/012 - Wolseley Eastern Europe, a.s./Wolseley Slovakia, s. r. o./Praha a GAMA Myjava, s.r.o.*, the text of which is available at: <https://www.antimon.gov.sk/data/att/c06/619.2af291.rtf?csrt=3602308323929566633>

²¹ *Supra*, note 2, at paragraph 7.7.

²² *Ibid.*



the State as a whole, without forming a definitive view as to the precise relevant geographic market.²³

26. In the case at hand, there is no overlap between the parties in respect of the local catchment areas of 5 miles from Sitetech's distribution centres. Accordingly, the Commission has conducted its competitive assessment with respect to the local catchment areas of 10 miles from Sitetech's distribution centres in Rathcoole, Co. Dublin, and Little Island, Co. Cork.
27. Accordingly, and for the purposes of assessing whether the Proposed Transaction will result in a substantial lessening of competition, the Commission has assessed its impact by reference to both the State and the local geographic markets (i.e. within a catchment area of 10 miles from Sitetech's distribution centres in Rathcoole, Co. Dublin, and Little Island, Co. Cork).

Conclusion on Market Definition

28. In light of the above, and for the purposes of its competitive analysis, the Commission has assessed the competitive impact of the Proposed Transaction by reference to the following potential markets: (i) the distribution of building materials in the State; (ii) the distribution of building materials within a catchment area of 10 miles from Sitetech's distribution centres in Rathcoole, Co. Dublin, and Little Island, Co. Cork; (iii) the distribution of construction accessories in the State; and (iv) the distribution of construction accessories within a catchment area of 10 miles from Sitetech's distribution centres in Rathcoole, Co. Dublin, and Little Island, Co. Cork.

Competitive Assessment

The Distribution of Building Materials in the State

29. Table 2 below outlines the parties estimated shares, as well as those of their competitors, in respect of the potential market for the distribution of building materials in the State in 2020.²⁴

Table 2: Estimated turnover and % shares in respect of the distribution of building materials in the State in 2020.

Company	Estimated turnover in 2020 (€'m)	% share 2020
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²³ Supra, note 20, at paragraph 21.

²⁴ The parties submit that the mainstream construction market in the State in 2020 was worth approximately €[...] in total. Building materials represent approximately 10-15% of that market. On that basis, the value of building materials (including construction accessories) in the State was approximately €[...] in 2020.



Grafton	[...]	20-30%
Sitotech	[...]	0-5%
Combined	[...]	20-30%
United Hardware Designated Activity Company (“United Hardware”)	[...]	10-20%
Topline Hardware Naas Limited (“Topline”)	[...]	10-20%
Allied Merchants Buying Association Limited (“Allied Merchants”)	[...]	5-10%
B&Q Ireland Limited (“B&Q”)	[...]	0-5%
HPC Sales Limited (“HPC”)	[...]	0-5%
SIG Trading (Ireland) Limited (“SIG”)	[...]	0-5%
Washglade Limited (“Heat Merchants”)	[...]	0-5%
McMahon Group Limited (“McMahon’s”)	[...]	0-5%
Brooks Timber and Building Supplies Limited (“Brooks”)	[...]	0-5%
Others	[...]	20-30%
Total	[...]	100%

Source: The parties.

30. As outlined in Table 2 above, the parties have an estimated combined share of approximately 20-30% in respect of the distribution of building materials in the State in 2020. Further, the increment to Grafton’s pre-existing market share is minimal (0-5%) in respect of the potential market for the distribution of building materials in the State.
31. Following implementation of the Proposed Transaction, a number of builders’ merchants will continue to compete with Grafton in the State, including United Hardware, Topline, Allied Merchants, and B&Q.
32. Finally, the Commission was informed by the parties, as well as by third parties, that Sitotech’s focus is on specialised construction accessories (primarily concrete and brickwork accessories), while Grafton has a much broader focus on general building materials and basic construction accessories. Accordingly, there is only a limited overlap in respect of the building materials distributed by the parties.



33. In light of the above, the Commission considers that the Proposed Transaction does not raise any horizontal competition concerns in respect of potential market for the distribution of building materials in the State.

The distribution of building materials within a catchment area of 10 miles from Sitetech's distribution centres in Rathcoole, Co. Dublin, and Little Island, Co. Cork

34. Applying the abovementioned radii as set out in paragraph 28, there is an overlap in respect of the distribution of building materials between Sitetech's distribution centre in Rathcoole, Co. Dublin, three of Grafton's *Woodie's* branches, two of Grafton's *Chadwicks* branches, one of Grafton's *Heiton Steel/Morgan Timber* branches, one of Grafton's *The Panelling Centre* branches, Grafton's *Proline* branch, and Grafton's *Chadwicks Plumb Centre* branch, within a catchment area of 10 miles from Sitetech's distribution centre.
35. In respect of this local catchment area, the parties estimate their shares to be 20-30% (Grafton) and 0-5% (Sitetech). Following completion of the Proposed Transaction, there will remain up to 31 competitors within this potential local market, including SIG, Brooks and Strahan Distributors Limited. These competitors will continue to exert a competitive constraint on the merged entity in respect of the supply of supply of building materials.
36. There is also an overlap in respect of the distribution of building materials between Sitetech's distribution centre in Little Island, Co. Cork, two of Grafton's *Cork Builders Providers* branches, one of Grafton's *Woodie's* branches, and one of Grafton's *Heiton Steel* branches, within a catchment area of 10 miles from Sitetech's distribution centre.
37. In respect of this potential local market, the parties estimate their shares to be 50-60% (Grafton) and 0-5% (Sitetech). Following completion of the Proposed Transaction, there will remain up to 11 competitors within the potential local market, including SIG, Brooks, and McMahon's. These competitors will continue to exert a competitive constraint on the merged entity in respect of the supply of supply of building materials.
38. The Commission considers that a number of competitors, including United Hardware and Topline, which are not geographically based within either potential local market, will continue to exert a competitive pressure on the merged entity within those potential local markets following implementation of the Proposed Transaction, as they offer nation-wide delivery in respect of the distribution of building materials.



39. Further, as outlined in paragraph 32, there is only a limited overlap between the parties in respect of the distribution of building materials. The Commission understands, following the site visits it conducted during the course of its assessment and following contact with third parties, that Grafton and Sitetech are not close competitors in respect of the distribution of building materials.
40. In light of the above, the Commission considers that the Proposed Transaction does not raise any competition concerns in respect of the distribution of building materials within a catchment area of 10 miles from Sitetech's distribution centres in Rathcoole, Co. Dublin, and Little Island, Co. Cork.

The distribution of construction accessories in the State

41. Table 3 below outlines the parties estimated shares, as well as those of their competitors, in respect of the potential market for the distribution of construction accessories in the State in 2020:²⁵

Table 3: Estimated turnover and % market shares in respect of the distribution of construction accessories in the State in 2020.

Company	Estimated turnover in 2020 (€'m)	% market share 2020
Grafton	[...]	10-20%
Sitetech	[...]	10-20%
Combined	[...]	20-30%
SIG	[...]	5-10%
United Hardware	[...]	5-10%
SDG Construction Technology Ltd ("SDG")	[...]	5-10%

²⁵ The parties submit that the value of sales of specialist construction accessories made by specialist companies such as Sitetech was approximately €[...] whilst the value of sales of basic construction accessory products made by builders' merchants such as Grafton and others was approximately €[...]. In relation to specialists, Sitetech is familiar with this sector as it is the focus of its business (approximately 90-100% of sales in 2020). Consequently, Sitetech estimated the value of sales of specialist construction accessories in Ireland in 2020 by specialists based on its own sales, accounts information available on its specialist competitors and its knowledge and experience of the sector generally. In relation to basic construction accessories, Grafton's own sales of basic construction accessories of approximately €[...] in 2020 represented approximately 0-5% of its overall sales in building materials in Ireland in 2020. Consequently, and based on its own sales of construction accessories and its knowledge of the sector, Grafton estimated total sales in basic construction accessories in Ireland to be 0-5% of €[...] in 2020, which is approximately €[...].



Anchor Bay Construction Accessories (Ireland) Limited (“Anchor Bay”)	[...]	0-5%
Contech Accessories Limited (“Contech”)	[...]	0-5%
Topline	[...]	0-5%
Others	[...]	30-40%
Total	[...]	100%

Source: The parties.

42. As outlined in Table 3 above, the parties have a combined share of approximately 20-30% in respect of the potential market for the distribution of construction accessories in the State. Following implementation of the Proposed Transaction, there would be an increment of 10-20% to Grafton’s pre-existing share.
43. However, the parties submit that the overlap between the parties in respect of the distribution of construction accessories in the State is, “*very limited*”, as the parties have different areas of focus in respect of construction accessories. As previously outlined in paragraph 31, the Commission understands that whereas Sitetech is primarily focussed on specialised construction accessories (e.g. brickwork and concrete accessories), Grafton provides mainly basic construction accessories. Following correspondence with a number of third parties, including customers and competitors of the parties, the Commission understands that Grafton and Sitetech are not close competitors.
44. Of the [...] construction accessories distributed by Sitetech in the State in 2020, approximately 10-20% were either sold by Grafton (approximately 5-10%) or otherwise available in Grafton outlets (approximately 0-5%). The parties submit that most of the overlapping products sold or offered by Grafton were in products below the top 100 products sold by Sitetech.²⁶
45. Table 4 below outlines the sales overlap between the parties’ in respect of Sitetech’s top 50 products sold in 2020:

Table 4: Sales overlap between the parties in respect of Sitetech’s top 50 products sold in 2020.

Top X number of product sales	Sitetech revenue generated (€)	Grafton revenue generated (€)	Grafton’s sales as % of Sitetech’s sales
Top 10 product sales	[...]	[...]	[...]

²⁶ This submission is supported by the sales overlap figures submitted by the parties in the notification.



Top 20 product sales	[...]	[...]	[...]
Top 30 product sales	[...]	[...]	[...]
Top 40 product sales	[...]	[...]	[...]
Top 50 product sales	[...]	[...]	[...]

Source: The parties.

46. As outlined above, Grafton generated no more than [...] of its total revenue generated from sales of products which are within Sitetech's top 50 products sold in 2020.
47. Following implementation of the Proposed Transaction, the merged entity will continue to face competition from a number of suppliers of specialised construction accessories in the State, including SIG, Anchor Bay, and Contech, as well as from a number of suppliers of basic construction accessories in the State, including United Hardware and Topline.
48. In light of the above, the Commission considers that the Proposed Transaction does not raise any horizontal competition concerns in respect of the distribution of construction accessories in the State.

The distribution of construction accessories within a catchment area of 10 miles from Sitetech's distribution centres in Rathcoole, Co. Dublin, and Little Island, Co. Cork

49. Applying the abovementioned radii as set out in paragraph 28, there is an overlap in respect of the distribution of construction accessories between Sitetech's distribution centre in Rathcoole, Co. Dublin, and two of Grafton's *Chadwicks* branches, within a local catchment area of 10 miles from Sitetech's distribution centre.
50. In respect of this local catchment area, the parties estimate their shares to be 0-5% (Grafton) and 50-60% (Sitetech). There are up to 15 competitors within this potential local market, including SIG and Brooks. These competitors will continue to exert a competitive constraint on the merged entity in respect of the distribution of construction accessories, following implementation of the Proposed Transaction.
51. There is also an overlap in respect of the distribution of construction accessories between Sitetech's distribution centre in Little Island, Co. Cork, and two of Grafton's *Cork Builders Providers* branches, within a local catchment area of 10 miles from Sitetech's distribution centre.
52. In respect of this local catchment area, the parties estimate their shares to be 10-20% (Grafton) and 50-60% (Sitetech). There are up to 8 competitors within this potential local market, including



SIG and McMahons. These competitors will continue to exert a competitive constraint on the merged entity in respect of the distribution of construction accessories, following implementation of the Proposed Transaction.

53. The Commission considers that a number of competitors, including Contech, Anchor Bay, and SDG, which are not geographically based within either potential local market, will continue to exert a competitive pressure on the merged entity within those potential local markets following implementation of the Proposed Transaction, as they offer nation-wide delivery in respect of the distribution of specialised and basic construction accessories.
54. Further, in respect of both potential local markets, as outlined previously in paragraphs 32, 43 and 44, and in Table 4 above, there is only a limited overlap between the specialised construction accessories distributed by Sitetech, and the basic construction accessories distributed by Grafton. Further, the Commission understands following the site visits it conducted during the course of its assessment of the Proposed Transaction, and following its contact with third parties, that Grafton and Sitetech are not close competitors in respect of the distribution of construction accessories.
55. In light of the above, the Commission considers that the Proposed Transaction does not raise any horizontal competition concerns in respect of the distribution of construction accessories within a catchment area of 10 miles from Sitetech's distribution centres in Rathcoole, Co. Dublin, and Little Island, Co. Cork.

Vertical Relationship

56. The parties submit that although the Proposed Transaction does not generally involve vertical relationships, in 2020 Grafton purchased brickwork accessories and concrete accessories products (primarily wall ties and fixings) to the value of €[...] from Sitetech, and Sitetech purchased rebar products from Grafton for a total value of €[...]. Given that these purchases were made on a once-off basis and were very limited in value, the Commission does not consider that this vertical relationship is likely to raise competition concerns.²⁷

²⁷ The parties submit that purchases such as these typically arise where one company [...] is supplying a number of products to a customer for a project, does not ordinarily stock one or more products specific to that project, and so purchases such products elsewhere [...], for the benefit of the customer.



57. In light of the above, the Commission considers that the Proposed Transaction does not raise any vertical competition concerns in the State.

Conclusion on Competitive Assessment

58. In light of the above, the Commission considers that the Proposed Transaction will not substantially lessen competition in any market for goods or services in the State.



Ancillary Restraints

59. The parties state in the notification form that Clause 13 of the SPA contains certain post-transaction restrictions which the parties believe are directly related to and necessary for the implementation of the Proposed Transaction.
60. The Commission notes that the restrictions referred to by the parties are included in Clause 13.1(a)-(c) and (e) of the SPA.
61. The Commission notes that Clause 13.1(a), Clause 13.1(b), and Clause 12.1(e) of the SPA contain non-compete and non-procurement restrictions upon the Sellers [...]. The duration of the restrictions contained in Clause 13.1 of the SPA do not exceed the maximum duration acceptable to the Commission.²⁸ The Commission considers the non-compete and non-procurement obligations contained in Clause 13.1(a) and Clause 13.1(b) of the SPA to be directly related to and necessary for the implementation of the Proposed Transaction insofar as they relate to the State.
62. The Commission notes that Clause 13.1(c) of the SPA imposes an obligation upon the Sellers not to, “[...]. The Commission notes that the restriction contained in Clause 13.1(c) appears not to be limited in scope and not limited to [...]. For this reason, the Commission has not reached a view as to whether or not Clause 13.1(c) of the SPA is directly related to and necessary to the implementation of the Proposed Transaction. Therefore, the Commission considers that Clause 13.1(c) of the SPA will not benefit from the protections offered by section 4(8) and 5(3) of the Act.

²⁸ In this respect, the Commission follows the approach adopted by the European Commission in paragraphs 20 and 26 of its Notice on restrictions directly related and necessary to concentrations (2005) OJ C56/03 (the “European Commission Notice”). For more information, see [https://eur-lex.europa.eu/legalcontent/EN/TXT/PDF/?uri=CELEX:52005XC0305\(02\)&from=EN](https://eur-lex.europa.eu/legalcontent/EN/TXT/PDF/?uri=CELEX:52005XC0305(02)&from=EN).



Determination

The Competition and Consumer Protection Commission, in accordance with section 21(2)(a) of the Competition Act 2002, as amended, has determined that, in its opinion, the result of the proposed acquisition, whereby Chadwicks Holdings Limited, a wholly owned subsidiary of Grafton Group plc, would acquire sole control of Sitetech Building Products Limited, will not be to substantially lessen competition in any market for goods or services in the State, and, accordingly, that the acquisition may be put into effect.

For the Competition and Consumer Protection Commission

Brian McHugh

Member

Competition and Consumer Protection Commission