



DETERMINATION OF MERGER NOTIFICATION M/22/007 – ASSA ABLOY/ARRAN ISLE

Section 21 of the Competition Act 2002

Proposed acquisition by Assa Abloy Limited of Arran Isle Limited

Dated 09 June 2022

Introduction

1. On 15 February 2022¹, 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 Assa Abloy Limited, a wholly-owned subsidiary of ASSA ABLOY AB, would acquire the entire issued share capital, and thus sole control, of Arran Isle Limited (“Arran Isle”) (the “Proposed Transaction”).

The Proposed Transaction

2. The Proposed Transaction will be implemented pursuant to a sale and purchase agreement dated 24 September 2021 between Assa Abloy Limited and the current shareholders of Arran Isle² (the “Sellers”) (the “SPA”).

The Undertakings Involved

The Acquirer – Assa Abloy Limited

3. Assa Abloy Limited is incorporated in the United Kingdom and forms a part of the ASSA ABLOY Group (“ASSA ABLOY”), the ultimate parent company of which is ASSA ABLOY AB, a Swedish public limited liability company having its registered office in Stockholm, Sweden.

¹ The Commission notes that the parties submitted a merger notification form in respect of the Proposed Transaction on 14 February 2022, and the appropriate notification fee was received on 15 February 2022. In accordance with section 18(8) of the Competition Act 2002, as amended, the Commission considers the Proposed Transaction to have been notified to it on 15 February 2022.

² Namely, the following six private individuals: [...].



ASSA ABLOY consists of five overall operating divisions: (i) Opening Solutions EMEIA³; (ii) Opening Solutions Americas; (iii) Opening Solutions Asia Pacific; (iv) Entrance Systems⁴; and (v) HID Global Technologies⁵.

4. The Opening Solutions EMEIA division manufactures and sells locks, cylinders, security doors and fittings. ASSA ABLOY's primary activities in the State are carried out by ASSA ABLOY Opening Solutions UK and Ireland which is part of the aforementioned Opening Solutions EMEIA division.
5. ASSA ABLOY is active in the provision of doors, door and window hardware, access solutions and related products. In the State, ASSA ABLOY sells directly to larger Original Equipment Manufacturers⁶ ("OEM"), to Trade and Retail Resellers ("TRRs")⁷ but predominantly supplies OEM distributors.⁸ ASSA ABLOY's main brands in the State include ABLOY; ASSA ABLOY; UNION; Dale; Excel; Exidor; HKC; Lorient; Mul-T-Lock; YALE.
6. For completeness, ASSA ABLOY also has a physical presence on the island of Ireland through; (i) the Assa Abloy Security Doors with a manufacturing facility in Northern Ireland, which produces high-security steel doors; (ii) HKC Security Limited (a manufacturer and supplier of electronic intruder security systems and cloud based monitoring services), with a manufacturing facility at Parkway Business Centre, Ballymount, Dublin 24 and (iii) P.C. Henderson Ireland Limited with a small warehouse for the supply of residential garage doors and accessories at Westlink Industrial Estate, Kylemore, Dublin 10.
7. For the financial year ending 31 December 2020, the worldwide turnover of ASSA ABLOY was approximately €8.4 billion, of which €[...] was generated in the State.

The Target – Arran Isle

8. Arran Isle is a UK-incorporated solutions provider and distributor of branded building products. Arran Isle operates numerous brands, including *Carlisle Brass, Locks & Hardware*,

³ That is, Europe, Middle East, India and Africa.

⁴ This division, which provides entrance automation products, components and service, has a physical presence in the State through its related facilities in Dublin 22 (Dimension House, Kingswood Business Park, Baldonnell) and in Wexford (18 Woodbine Business Park, New Ross, Y34 H293).

⁵ This division, which provides trusted identities such as e-passports, payment verification, ID smart cards, biometric readers and RFID tags, also controls an Irish company, HID Global Ireland Teoranta, which has a physical presence in Ireland through its related manufacturing facility in Co. Galway (Pairc Tionscail Na Tulaigh, Baile na hAbhann, Co. Galway).

⁶ See para 28 below.

⁷ See para 28 below.

⁸ See para 28 below.



Mila, Europec, Window Ware and Serozzetta. In the State, Arran Isle primarily trades under the *Locks & Hardware* and *Mila* brands with its primary focus being on architectural hardware (including door handles, hinges, locks, cylinders, and letterplates as well as window handles, locks and hinges).

9. Locks & Hardware Limited, a subsidiary of Arran Isle, distributes *Carlisle Brass* products in the State, in addition to third-party brands. Locks & Hardware Limited operates a distribution centre in Merrywell Hardware Business Park in Ballymount, Dublin. Locks & Hardware Limited sells primarily to the following customer types: (i) builders, providers and merchants (i.e. TRR); (ii) architectural ironmongers and general hardware stores; and, (iii) OEMs. It also has a trade counter at its Ballymount site. Approximately [...]% of Locks & Hardware Limited's revenue in the State is generated from the sale of products belonging to *Carlisle Brass* brands, its own eponymous brand, *Eurospec*, and *Serozzetta*. The remainder of its sales revenue comes from sales of third-party products.
10. In the State, *Mila* products are sold via Mila Limited, a subsidiary of Arran Isle. Mila Limited operates a distribution centre in Kilbarrack Industrial Estate, Dublin. Mila Limited is primarily an OEM distributor. Around [...]% of Mila Limited's revenue in Ireland is generated through the sale of its own-brand products. It also distributes products for third parties.
11. For the financial year ending 31 December 2020, the worldwide turnover of Arran Isle was approximately €112.9 million, of which €[...] was generated in the State.

Rationale for the Proposed Transaction

12. The parties state the following in the notification:

"The Proposed Transaction aligns with ASSA ABLOY's strategy to better serve customers by adding complementary products and solutions to its core business"

"For the Target [Arran Isle], the Proposed Transaction is a "... business exit strategy for the current shareholders. [...]"⁹ In addition to enabling the shareholders to exit the business, ASSA ABLOY is considered by the Target to be a good strategic fit which meant the Target board concluded that the Proposed Transaction would be

⁹ Namely, the Sellers, [...]. These ancillary agreements will be executed on completion of the Proposed Transaction.



the best option for the continued employment and career development of virtually all employees. [...]”.

Third Party Submissions

13. No third party submissions was received.

Contact with the Undertakings Involved

14. On 29 March 2022, the Commission served Requirements for Further Information (“RFIs”) on Assa Abloy Limited and Arran Isle Limited, pursuant to section 20(2) of the Act. The service of these RFIs adjusted the deadline by which the Commission had to conclude its assessment of the Proposed Transaction in Phase 1.
15. Upon receipt of full responses to each of the RFIs from the parties on 28 April 2022 (the “RFI Responses”), the “appropriate date” (as defined in section 19(6)(b)(i) of the Act) became 28 April 2022.¹⁰
16. During its investigation, the Commission requested and received further information and clarifications from the undertakings involved in the Proposed Transaction on an ongoing basis.

Market Enquiries

17. During its review of the Proposed Transaction, the Commission contacted various third parties, including competitors and customers of both ASSA ABLOY and Arran Isle.
18. The Commission also engaged with the UK competition authority, the Competition and Markets Authority during the course of its investigation.

Industry Background – Architectural Hardware Products

¹⁰ The “appropriate date” is the date from which the time limits for making Phase 1 or Phase 2 determinations begin to run.



Architectural Hardware – Product Characteristics

19. The parties are active in the sale of architectural hardware products in the State. Architectural hardware products include door and window hardware, such as locks, latches, handles, hinges and other associated fittings.¹¹
20. Both ASSA ABLOY and Arran Isle are manufacturers of architectural hardware products. The parties do not operate manufacturing facilities in the State, but manufacture their products in the UK and China. As is common practice in the industry, both parties also source products through contract manufacturers, which are often located in Asia.
21. According to the parties, other examples of manufacturers that engage in overseas contract manufacturing include Zoo Hardware Limited (a subsidiary of the UK-registered company Tyman plc) which, via its Irish distributor Ecco Architectural Hardware Limited, has been selling door closers made in Taiwan since 2019; Brisant Secure Limited, a supplier of residential cylinders which launched letterplates in 2020 and external door handles in 2021, whose products are manufactured in China; and Aldridge Security Limited which launched a range of Chinese-manufactured door multi-point lock (“MPL”) products in c. 2019, which are available from locksmiths in Ireland.
22. The parties submit that *“Architectural hardware products are relatively undifferentiated products, largely produced by contract manufacturers in low cost territories such as India and China”*¹² and that *“Brand loyalty is not a prominent feature in the supply of architectural hardware products.”*¹³
23. In terms of the types of architectural products which are sold by manufacturers to downstream customers, the parties state that they can broadly be separated into three categories:
 - a. Own-brand products: own-brand products are products which are produced either by a manufacturer in its own production facilities or on its behalf by a third-party

¹¹ Architectural hardware products were previously considered by the Commission in its determination in *M/20/040 - Chadwicks/Haylen*.

¹² Page 18 of the notification.

¹³ Page 18 of the notification.



contract manufacturer and are sold by the manufacturer under its own brand (though some such products are sometimes regarded instead as “re-branded” products: see below).

b. Re-branded products: within own-brand products that are produced on a manufacturer’s behalf by a third party, a distinction is sometimes drawn between: (i) products that are manufactured to specifications set by the customer (own-brand products in the strict sense); and (ii) re-branded products. Re-branded products are generic products purchased “as is” from a contract manufacturer, and where the same product may be sold to multiple different manufacturers for sale under their respective own brands. Typically, the selling manufacturer will label the product with the purchasing manufacturer’s brand to order, rather than the purchasing manufacturer itself relabelling the product. For example, contract manufacturer A in China sells the product to manufacturer B in the State, with the product carrying manufacturer B’s brand. Manufacturer B then sells on the product to TRRs in the State. Contract Manufacturer A may also sell the same product to manufacturer C, carrying manufacturer C’s brand, and so on. However, both products produced to specifications set by the purchasing manufacturer and “re-branded” products are commonly seen as “own brand” products in the industry.

c. Exclusively distributed products: exclusively distributed products are products manufactured by a third party and carrying the brand of that third party, but which are sold by another supplier that has exclusive distribution rights in the State for the product.

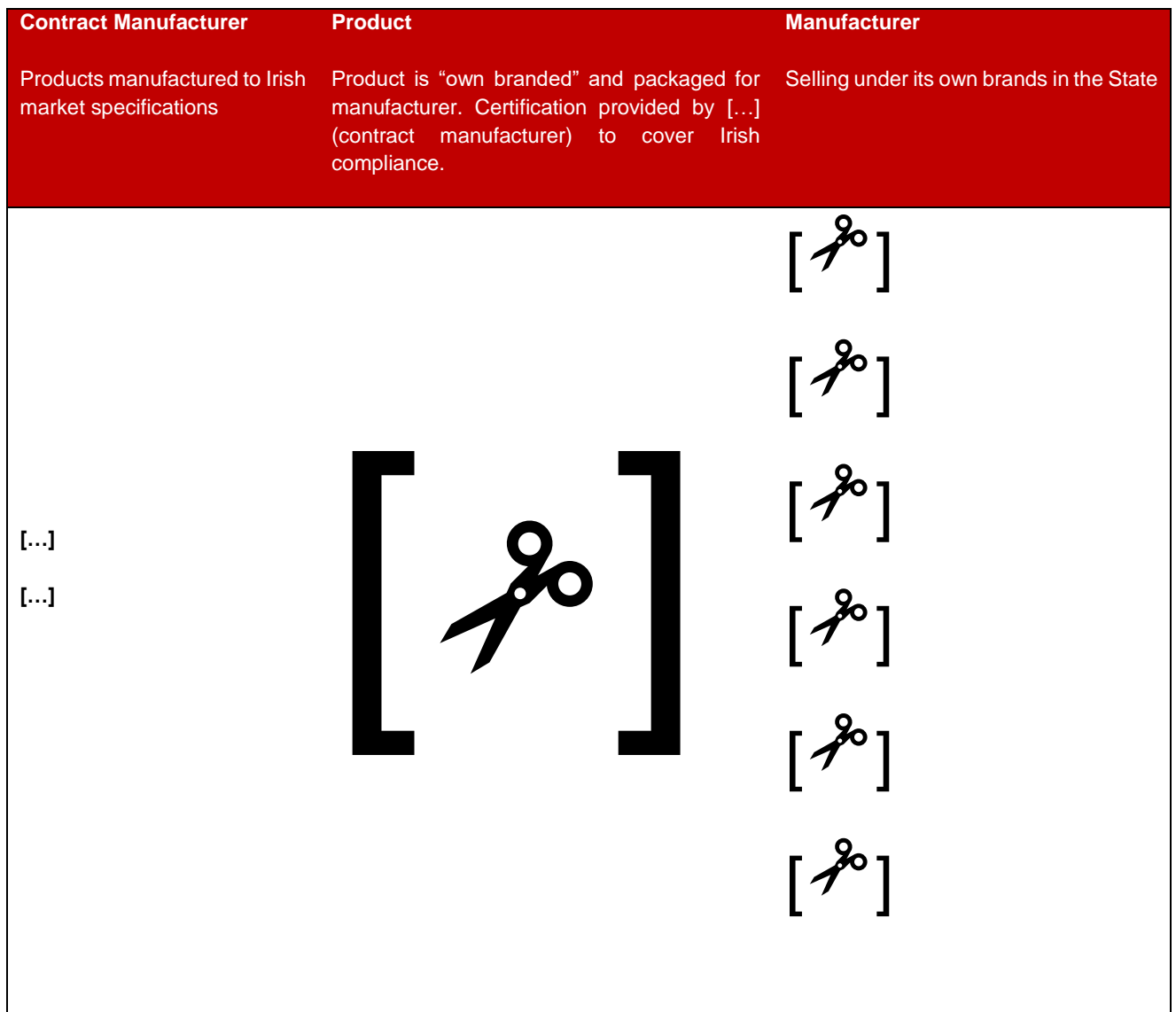
24. The presence of re-branded products in the market for architectural hardware is evidence of the undifferentiated nature of architectural hardware products. Contract manufacturers can also provide a service for new entrants known as “mirror certification” whereby the existing product quality and safety certifications of one product, which may already be sold in the State as an existing brand, can be applied to the same product for a new brand entrant. The parties provided an example of a door hinge manufactured by [...] which is certified to be sold in the State by both ASSA ABLOY, and a competitor of ASSA ABLOY, Hunta Hardware



Limited. The parties submit that the cost of mirror certification is nominal, and that it costs on average €[...] to obtain mirror certification for a product from a contract manufacturer.

25. By further way of example of the undifferentiated nature of the architectural hardware market, the parties submitted Figure 1 below, which shows the same product manufactured by a single contract manufacturer, which is in turn procured by multiple brands in the State:

Figure 1:





26. In relation to switching costs, the parties submit that customers for architectural hardware products can switch easily and without cost. They submit that from the perspective of OEMs and TRRs switching is very easy due to the undifferentiated nature of the products in question. They provide the following examples of this:

a. *“In 2021, [...] quickly brought in a second supplier of multi point window locks to reduce reliance on a single supplier.”¹⁴*

b. *“[...] sells both UNION (ASSA ABLOY) and ERA (Tyman) mortice locks as both ASSA ABLOY and Tyman ERA have the same or similar footprint in terms of dimensions. As a result, [...] is thus able to negotiate on price with each supplier and will push to market the product which they can source at the lowest price.”¹⁵*

27. The Commission has found evidence of switching as outlined below in Arran Isle’s loss data and is therefore of the view that switching can and does occur in the supply of architectural hardware products.

Architectural Hardware – Distribution

28. Manufacturers supply architectural hardware products to three types of customers in the State:

a. *OEMs*: OEMs are manufacturers of various types of doors and windows. They purchase architectural hardware products and incorporate them into their finished products. OEMs active in the State include Celuplast Limited, Profile Developments Unlimited Company, Senator Windows Limited and Frames Direct Unlimited Company.

b. *OEM distributors*: OEM distributors are distributors which source third-party architectural hardware products and sell them to OEMs. OEM Distributors in the State include: AMK Hardware Limited; B.W. Hardware Limited; Classic Hardware Limited; Galro (Ireland) Limited; and Universal Products Limited.

¹⁴ Page 18 of the notification.

¹⁵ Page 18 of the notification.



c. *TRRs*: TRRs are companies which sell architectural hardware products to non-OEM trade and retail customers. TRRs include architectural ironmongers, builders and timber merchants, kitchen and joinery companies and DIY stores, such as *Woodies*, *B&Q* and *Screwfix*.

29. There is a high level of vertical integration in this sector, with many companies operating in the architectural hardware market active at more than one level of the supply chain (e.g. as manufacturers, OEM distributors and/or TRRs), including Laydex Limited, B.W. Hardware Limited, Deanta Wood Products, DGS Ireland Limited, Doras Distributors Limited, Door Works Limited and Proline Architectural Hardware. This results in a situation whereby competitors may also be each other's customers or suppliers. This is the case between the parties in this instance, who have both vertical and horizontal overlaps between their activities.
30. OEMs may favour sourcing directly from a manufacturer or an OEM distributor, depending on their needs. Arran Isle submits that an OEM may source directly from a manufacturer because *"(i) it believes it can get a better price by going directly to the manufacturer and (ii) there is a greater opportunity for bespoke product development."*¹⁶
31. Arran Isle submits that an OEM may prefer to purchase from an OEM distributor because *"(i) OEM distributors hold a deeper range of SKUs [Stock Keeping Unit] within a given category, offering the ability to 'mix-and-match' products as between manufacturers; (ii) OEM distributors may require a smaller minimum order quantity per order, which would allow them to service smaller OEMs; (iii) OEM distributors may be able to offer more favourable payment terms; and (iv) OEM distributors may require no or less commitment from OEMs in terms of estimated volumes over a given period. OEM distributors may also be able to deliver more quickly than a manufacturer from existing stocks."*¹⁷
32. From the manufacturing side, ASSA ABLOY submits that the advantages to selling through an OEM distributor in the State are that doing so offers a wider geographic scope than a manufacturer could achieve by itself; reduces costs for the manufacturer; allows service to smaller OEM customers; and allows for OEM distributor specialisms to develop, increasing

¹⁶ Page 6 of the response of Arran Isle to the Commission's RFI, dated 28 April 2022.

¹⁷ Page 6 of the response of Arran Isle to the Commission's RFI, dated 28 April 2022.



service levels. ASSA ABLOY submits that the main disadvantage to using an OEM distributor is that the addition of gross margin by the OEM distributor will cut into the margin earned by the manufacturer; however, this may be offset in part by reduced costs.¹⁸

33. Exclusive distribution can form a part of the supply of architectural hardware products in the State. For instance, [...].

34. Finally, another potential distribution avenue available for customers of architectural hardware in the State is direct sourcing from the contract manufacturers who manufacture products for businesses such as ASSA ABLOY and Arran Isle. Arran Isle submitted the following examples where it is aware of architectural hardware customers directly sourcing products from Asia:

a. “[...], a competitor of Locks & Hardware, and a major distributor and ironmonger has over the past 4 years we believe, chosen to source mortice locks, and handles directly from China, cutting out Irish manufacturers;

b.[...], a trading division of [...], operate [sic] now in both the UK and Ireland. By the beginning of 2019 it had directly sourced c. €[...] of residential cylinders previously supplied to the Irish & UK markets by Carlisle Brass, the Target’s UK business;

c. [...] direct source door hardware to sell alongside their doors [...];

d.[...] also now source door hardware directly to sell alongside their residential doors [...]; and,

e.[...] have in recent years sourced window handles, components for Door MPLs, external door hinges and window MPLs directly from the Far East.”¹⁹

Architectural Hardware - Pricing

¹⁸ Pages 7 – 8 of the response of ASSA ABLOY to the Commission’s RFI, dated 28 April 2022. These costs being the provision of technical support and customer service to OEM customers which the manufacturer would otherwise have to provide itself.

¹⁹ Page 19 of the response of Arran Isle to the Commission’s RFI, dated 28 April 2022.



35. The Commission understands that price negotiations, and rebates, form a regular part of competition in the architectural hardware market, and may differ depending on the distribution channel in question. In relation to price changes, ASSA ABLOY submits that:

*"[...]."*²⁰

36. Arran Isle's description of the manner in which price changes are implemented and negotiated is similar to that of ASSA ABLOY.²¹

37. As described in paragraph 34 above, the Commission understands that price rebates form a part of competition in the overall market for architectural hardware in the State. ASSA ABLOY has described its rebate strategy as follows in relation to TRRs:

*"[...]."*²²

38. For OEM and OEM distributors, ASSA ABLOY operates the following rebate scheme:

*"[...]."*²³

39. Arran Isle does not operate rebate schemes in relation to [...], but it does operate rebate schemes for [...], namely [...].

40. In relation to other customers or potential customers, Arran Isle has described its strategy as follows:

*"[...]."*²⁴

41. The importance of pricing for competition in the sale of architectural hardware in the State is reflected in the loss data for Arran Isle from 2019 to Q1 of 2022 submitted to the Commission by Arran Isle. Out of the [...] known instances recorded in this period where

²⁰ Page 14 of the response of ASSA ABLOY to the Commission's RFI, dated 28 April 2022.

²¹ Page 7 of the response of Arran Isle to the Commission's RFI, dated 28 April 2022.

²² Page 2 of the submission of ASSA ABLOY dated 25 May 2022 in relation to the enquiries raised by the Commission at the meeting between the parties and the Commission on 19 May 2022.

²³ Page 3 of the submission of ASSA ABLOY dated 25 May 2022 in relation to the enquiries raised by the Commission at the meeting between the parties and the Commission on 19 May 2022.

²⁴ Page 5 of the submission of Arran Isle dated 26 May 2022 in relation to the enquiries raised by the Commission at the meeting between the parties and the Commission on 19 May 2022.



Arran Isle lost a customer to a competitor, [...] [a large majority] were known to be due to price. The remaining losses were due to dual supply ([...] such loss),²⁵ the acquisition of the customer by a firm which became the customer's new supplier ([...] such losses),²⁶ quality ([...] such loss), security testing ([...] such loss), and specification ([...] such losses) and other ([...] such loss). The Commission in this instance views this evidence of reasons for loss of sales as a good indicator that pricing is an important aspect of competition in the sale of architectural hardware in the State.

Competitive Analysis

Horizontal Overlap

42. There is a horizontal overlap between the activities of the parties in the State, as both ASSA ABLOY and Arran Isle are active in the supply of architectural hardware products.

Relevant Markets

Relevant Product Market

Views of the parties

43. Regarding the relevant product market, the parties state in the notification that they agree with the approach previously taken by the Commission in its determination in *M/20/040 Chadwicks/Haylen* regarding architectural hardware products (see below). The parties indicate that the relevant architectural hardware products in this case are door and window hardware products.

Views of the Commission

44. In its determination in *M/20/040 - Chadwicks/Haylen* the Commission did not reach a definitive view on the precise relevant product market, but analysed the transaction by reference to the potential market for the supply of architectural hardware products in the State.²⁷ As described in para 28 above, supply of architectural hardware products is primarily

²⁵ In this instance meaning that the product was directly sourced from a contract manufacturer instead.

²⁶ Their customer was acquired by a firm who became their new supplier.

²⁷ That is, the supply of such products to all types of customers in the State.



across three customer types, (i) OEMs, (ii) OEM distributors, and (iii) TRRs. In light of this the Commission considered the segmentation of the market by these customer types.

Conclusion on the relevant product market

45. The Commission defines markets to the extent necessary depending on the particular circumstances of a given case. In this instance, it is not necessary for the Commission to reach a definitive view on the precise relevant product market as the Commission's assessment of the likely competitive effects of the Proposed Transaction will be unaffected however the potential product market is defined. For the purposes of assessing whether the Proposed Transaction will result in a substantial lessening of competition in the State, the Commission has analysed the likely competitive impact of the Proposed Transaction by reference to the following potential product markets:

- a. The potential market for the supply of architectural hardware products in the State;
- b. The potential markets for the supply of architectural hardware products in the State to (i) OEMs; (ii) OEM distributors; and (iii) TRRs.

Relevant Geographic Market

Views of the parties

46. Regarding the relevant geographic market, the parties maintain that the appropriate relevant geographic market is no narrower than the State.

Views of the Commission

47. In its determination in *M/20/040 Chadwicks/Haylen* the Commission did not reach a definitive view on the precise geographic product market, but analysed the transaction by reference to the potential market for the supply of architectural hardware products in the State and within a local catchment area of one of the parties' premises.

48. In the present case, ASSA ABLOY does not operate any production or distribution facilities in the State which relate to the overlapping products, and instead supplies its products to customers in the State from locations outside of the State. Arran Isle, through its subsidiaries Locks & Hardware Limited and Mila Limited, operates two distribution centres, both in Dublin.



Conclusion on the relevant geographic market

49. The Commission defines markets to the extent necessary depending on the particular circumstances of a given case. In this instance, it is not necessary for the Commission to define the precise relevant geographic market because doing so will not alter the Commission’s assessment of the likely competitive effects of the Proposed Transaction. For the purposes of assessing whether the Proposed Transaction will result in a substantial lessening of competition in the State, as ASSA ABLOY does not operate relevant distribution centres in the State, the Commission has analysed the Proposed Transaction by reference to the supply of architectural hardware products in the State on a national basis.

Horizontal Competitive Assessment

The supply of architectural hardware products in the State

50. Both ASSA ABLOY and Arran Isle, as manufacturers, are active in the supply of architectural hardware products (encompassing own-brand products, re-branded products and exclusively distributed products) in the State.
51. Table 1 below details the parties’ respective shares of sales of architectural hardware products by value in the State.

Table 1. Overall sales (€) made by manufacturers of own-brand, re-branded and exclusively distributed architectural hardware products in the State in 2019 and 2020

Customer Type	ASSA ABLOY	Arran Isle	Combined	4 Largest competitors
Overall sales	[10-20]%	[0-10]%	[10-20]%	Tyman Era ([0-10]%) ABS/Avocet ([0-10]%) Dorma Kaba ([0-10]%) Hoppe ([0-10]%)

Source: The Commission based on information provided by the Parties

52. Following the implementation of the Proposed Transaction, ASSA ABLOY would represent [10-20]% of the supply of architectural hardware products in the State by sales, and would continue to face competitive constraints from numerous other competitors, including Tyman plc ([0-10]%), ABS Building Supplies (*Avocet*) ([0-10]%) and DormaKaba Ireland Limited [0-10]%). The Commission notes that at least 10 competitors will continue to supply architectural products in the State following the implementation of the Proposed Transaction. Furthermore, as per paragraph 34 above, the Commission has received



evidence that, in addition to the manufacturers listed in Table 1, purchasers of architectural hardware in the State can also source their products directly from other contract manufacturers based in Asia.

53. The Commission also investigated the extent to which the parties may have exerted a competitive constraint on each other in the past through an analysis of the internal documents of the parties. [...].
54. The internal documents of Arran Isle include minimal assessment of the position of ASSA ABLOY as a competitor in the State. The Commission found [...] [...], and a further [...] [...], which is an OEM distributor which sells ASSA ABLOY products, but is not related to or part of ASSA ABLOY.
55. Additionally, as per Table 2 below, from 2019 to Q1 of 2022 very few known customer losses of Arran Isle were to ASSA ABLOY, with only [...] % of Arran Isle's customer losses in value terms being to ASSA ABLOY. In value terms, Arran Isle lost equal to or more in sales to each of the following: [...], than to ASSA ABLOY in the same period. For its part, ASSA ABLOY reported [...].

Table 2. All customer losses by Arran Isle from 2019 to Q1 of 2022

All customers	Value	%
Total Losses (count)	[...]	100.0
Losses to ASSA	[...]	[...]
Total Losses (€'000)	[...]	100.0
Losses to ASSA (€'000)	[...]	[...]

Source: The Commission based on information provided by the parties

56. In light of the above, the Commission considers that the Proposed Transaction does not raise any horizontal competition concerns in relation to the supply of architectural hardware products in the State.

The supply of architectural hardware products in the State to (i) OEMs; (ii) OEM distributors; and (iii) TRRs.

The supply of architectural hardware products in the State to OEMs



57. Table 3 below details the parties' respective shares of the supply of architectural products by value in the State to OEM customers.

Table 3. Overall sales (€) made by manufacturers of own-brand, re-branded and exclusively distributed architectural hardware products to OEMs in the State in 2020.

Customer Type	ASSA ABLOY	Arran Isle	Combined	4 Largest competitors
Sales to OEMs	[10-20]%	[10-20]%	[20-30]%	ABS/Avocet ([10-20]%) Cotswold/Caldwell ([0-10]%) DGS ([0-10]%) Hoppe ([0-10]%)

Source: The Commission based on information provided by the parties

58. As detailed in Table 3, following the implementation of the Proposed Transaction, ASSA ABLOY would represent [20-30]% of sales of architectural hardware to OEMs in the State. ASSA ABLOY would continue to face competitive constraints from a number of competitors including ABS Building Supplies, Caldwell Hardware (UK) Limited, DGS Ireland Limited and Hoppe (U.K.) Limited. The Commission has identified at least 8 manufacturing competitors which will continue to sell to OEMs following the implementation of the Proposed Transaction.
59. Furthermore, internal documents from Arran Isle show little evidence of Arran Isle tracking the activities of ASSA ABLOY in the State; instead, internal documents from Arran Isle tend to focus on other OEM distributors. In addition, as can be seen from Table 4 below, from 2019 to Q1 of 2022, relatively few of Arran Isle's [...] lost sales ([...]) in relation to OEMs went to ASSA ABLOY. Of these losses, [...] were on the basis of price, and [...] was on the basis of quality. This would indicate that Arran Isle and ASSA ABLOY do not appear to be particularly close competitors.

Table 4. OEM customer losses by Arran Isle from 2019 to Q1 of 2022

All customers	Value	%
OEM Losses (count)	[...]	100.0
Losses to ASSA	[...]	[...]
OEM Losses (€'000)	[...]	100.0
Losses to ASSA (€'000)	[...]	[...]

Source: The Commission based on information provided by the parties



60. It also appears that ASSA ABLOY and Arran Isle target different elements of the supply of architectural hardware to OEMs in the State, with ASSA ABLOY primarily selling to a limited number of large OEMs ([...]) in large amounts, while Arran sells to a large number of OEMs ([...]), of various sizes, often in relatively small amounts.
61. In light of the above, the Commission considers that the Proposed Transaction does not raise any horizontal competition concerns in relation to the supply of architectural hardware products in the State to OEMs.

The supply of architectural hardware products in the State to OEM distributors

62. Table 5 below details the respective share of the supply of architectural products by value in the State to OEM distributors.

Table 5. Overall sales (€) made by manufacturers of own-brand, re-branded and exclusively distributed architectural hardware products to OEM Distributors in the State in 2020.

Customer Type	ASSA ABLOY	Arran Isle	Combined	4 Largest competitors
Sales to OEM distributors	[10-20]%	[0-10]%	[10-20]%	Tyman ERA ([10-20]%) GU ([0-10]%) Hoppe ([0-10]%) UAP/Fullex ([0-10]%)

Source: The Commission based on information provided by the parties

63. As suggested by Table 5 above, there is no horizontal overlap between ASSA ABLOY and Arran Isle in the supply of architectural hardware to OEM distributors in the State. Arran Isle, through its subsidiary, Mila Limited, acts as an OEM distributor and does not sell to any other OEM distributor. In addition to the fact that the combined market share of the parties will not change following the implementation of the Proposed Transaction, ASSA ABLOY will continue to face competitive constraints from other competitors which sell to OEM distributors including Tyman plc, GU Group, Hoppe (U.K.) Limited and UAP Limited. The Commission has identified at least 10 competitors which will continue to sell to OEM distributors following the implementation of the Proposed Transaction.
64. In light of the above, the Commission considers that the Proposed Transaction will not raise any horizontal competition concerns in relation to the supply of architectural hardware products in the State to OEM distributors.



The supply of architectural hardware products in the State to TRRs

65. Table 6 below details the parties' respective shares of the supply of architectural products by value in the State to TRRs.

Table 6. Overall sales (€) made by manufacturers of own-brand, re-branded and exclusively distributed architectural hardware products to TRRs in the State in 2020.

Customer Type	ASSA ABLOY	Arran Isle	Combined	4 Largest competitors
Sales to TRRs	[0-10]%	[10-20]%	[10-20]%	Dorma Kaba ([10-20]%) Fortessa ([0-10]%) BW Hardware ([0-10]%) Frisco ([0-10]%)

Source: The Commission based on information provided by the parties

66. As detailed in Table 6 above, following the implementation of the Proposed Transaction, the parties' combined sales would represent approximately [10-20]% of the supply of architectural hardware products to the TRRs in the State. Following implementation of the Proposed Transaction, ASSA ABLOY would continue to face competitive constraints from a number of competitors, including DormaKaba Ireland Limited, Laydex Limited (*Fortessa*), B.W. Hardware Limited and Frisco (U.K.) Sales Limited. The Commission has identified at least 12 competitors which will continue to sell to TRRs following the implementation of the Proposed Transaction.
67. Furthermore, and per Table 7 below, from 2019 to Q1 of 2022, none of Arran Isle's [...] lost sales to TRRs were to ASSA ABLOY.

Table 7. TRR Customer losses by Arran Isle from 2019 to Q1 of 2022

All customers	Value	%
TRRs Losses (count)	[...]	100.0
Losses to ASSA	[...]	[...]
TRRs Losses (€'000)	[...]	100.0
Losses to ASSA (€'000)	[...]	[...]

Source: The Commission based on information provided by the parties



68. In light of the above, the Commission considers that the Proposed Transaction does not raise any horizontal competition concerns in relation to the supply of architectural hardware products in the State to TRRs.

Conclusion on horizontal competitive assessment

69. In light of the above, the Commission considers that the Proposed Transaction does not raise any horizontal competition concerns in any market for goods or services in the State.

Vertical Relationship

70. There is an existing vertical relationship between the activities of the parties in the State. ASSA ABLOY sells to Locks & Hardware Limited, one of the two subsidiaries of Arran Isle that is active in the State, which sells primarily to TRRs. The value of ASSA ABLOY products sold by Arran Isle in the State in 2020 was approximately €[...], which is approximately [...] % of Arran Isle's turnover in the State.
71. In addition, Arran Isle is an OEM distributor in the State through Mila Limited and Locks & Hardware Limited. ASSA ABLOY sells through OEM distributors, therefore there are potential foreclosure concerns in that ASSA ABLOY may refuse to supply its OEM distributors in favour of Arran Isle. The Commission has considered the ASSA ABLOY's ability to and incentive for switching its sales to OEM distributors to Arran Isle post-Transaction.
72. In relation to ASSA ABLOY ability to switch its sales to OEM distributors to Arran Isle, the Commission notes that the total value of sales by the ASSA ABLOY to OEM distributors in 2020 was €[...] while the total sales by Arran Isle to OEMs was €[...]. Accordingly, the Commission considers that if ASSA ABLOY were to make all the sales which it currently makes to other OEM distributors to Arran Isle instead, this would result in a requirement for a proportionally vast increase in Arran Isle's product stock and Arran Isle could struggle to increase its onward sales to OEMs in proportion.
73. In relation to ASSA ABLOY incentive to switch its sales to OEM distributors to Arran Isle, ASSA ABLOY submits that it does not plan to switch its sales to OEM distributors to Arran Isle post-Transaction for the following reasons:



- a. ASSA ABLOY has existing relationships with in the State with the OEM distributors [...]. ASSA ABLOY's relationship with [...] is particularly long-standing (around 20 years in duration). ASSA ABLOY has submitted that [...] are appointed by ASSA ABLOY based on their ability to win and retain volume business with OEMs. ASSA ABLOY notes that [...] existing customer bases, existing customer relationships, sales teams, technical support, technical expertise and history are regarded as very important to the success of the ASSA ABLOY business in the State. ASSA ABLOY further submits that the proven ability and desire of [...] to invest in stock to service their OEM customers is critical.
 - b. ASSA ABLOY submits that many OEMs purchase ASSA ABLOY products from [...] primarily because of the strength of their relationships with them, as opposed to having any particularly strong preference for ASSA ABLOY brands over other competing brands. In light of this, ASSA ABLOY submits that if it were to refuse to supply to its existing OEM distributors, many of these OEMs would no longer purchase ASSA ABLOY-branded products.
74. ASSA ABLOY submits that for the reasons outlined above, any strategy involving ASSA ABLOY refusing to supply its existing OEM distributors in the State in favour of Arran Isle would not be profitable for ASSA ABLOY because sales of ASSA ABLOY's products would decrease significantly and there would be no compensating gain to Arran Isle's downstream business.
75. The Commission further notes that in any case, the combined upstream market share of the parties following implementation of the Proposed Transaction would be [20-30]% in the supply of architectural hardware to OEMs, and [10-20]% in the supply of architectural hardware to OEM distributors.
76. The Commission considers in this case that the fact that ASSA ABLOY has not already unilaterally foreclosed (independently of the Proposed Transaction) OEM distributors in favour of a distributor under its control suggests that such a course of action would also not be regarded by ASSA ABLOY as a beneficial and realistic one for it to undertake following the Proposed Transaction.
77. The Commission, following engagement with [...], found that [...] view is that if ASSA ABLOY were to refuse to supply its existing OEM distributors in favour of Arran Isle, [...] would not



be foreclosed, as it would be able to switch its source of architectural hardware products to a competitor of ASSA ABLOY such as [...]. Furthermore, [...] submitted that it is not in the commercial interests of ASSA ABLOY to foreclose [...].

78. The Commission considers that if ASSA ABLOY were to refuse to supply its existing OEM distributors in the State in favour of Arran Isle, this strategy would not have the effect of foreclosing [...] because there are numerous alternative architectural hardware manufacturers whose products they could distribute to OEMs instead. The Commission considers that in this case, ASSA ABLOY would lack the incentive to foreclose its downstream OEM distributors' customers.
79. In light of the above, the Commission considers that there is unlikely to be a substantial lessening of competition in relation to the downstream market for the supply of architectural hardware to OEM distributors in the State.

Conclusion on vertical assessment

80. In light of the above the Commission considers that the Proposed Transaction is unlikely to lead to any vertical competition concerns in any market for goods or services in the State.

Conclusion

81. 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

82. The parties state in the notification that clause 12.1 of the SPA contains non-compete and non-solicitation obligations which are directly related to and necessary for the implementation of the Proposed Transaction. Clause 12.1 of the SPA indicates that the Proposed Transaction involves the transfer of goodwill.
83. The Commission notes that clauses 12.1.1, 12.1.2 and 12.1.4 of the SPA contain restrictive obligations on the Sellers, including a number of non-compete and non-solicitation provisions. The duration of these obligations does not exceed the maximum duration acceptable to the Commission. The Commission considers the restrictive obligations



contained in clauses 12.1.1, 12.1.2 and 12.1.4 of the SPA to be directly related and necessary for the implementation of the Proposed Transaction in so far as they relate to the State.

84. The Commission notes that Clause 12.1.3 of the SPA states that the Sellers:

“[...]”

85. The Commission is of the view that, when read in the context of Clause 12.1 of the SPA as a whole, Clause 12.1.3 of the SPA appears to function as a ‘non-disparagement’ clause rather than a ‘non-compete’ clause. For this reason, the Commission has not reached a view as to whether or not Clause 12.1.3 of the SPA is directly related and necessary to the implementation of the Proposed Transaction. Therefore, the Commission considers that Clause 12.1.3 of the SPA will not benefit from the protections offered by sections 4(8) and 5(3) of the Act.



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 Assa Abloy Limited, a wholly-owned subsidiary of ASSA ABLOY AB, would acquire the entire issued share capital, and thus sole control, of Arran Isle 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

Patrick Kenny

Member

Competition and Consumer Protection Commission