



DETERMINATION OF MERGER NOTIFICATION - M/22/020 – WOLSELEY GROUP/COOPERSTORM

Section 21 of the Competition Act 2002

Proposed acquisition by Wolseley Group Limited of sole control of Cooperstorm Limited (and its subsidiaries)

Dated 27 May 2022

Introduction

1. On 15 April 2022, 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 Wolseley Group Limited (“Wolseley Group”) would acquire sole control of Cooperstorm Limited (“Cooperstorm”) (the “Proposed Transaction”).

The Proposed Transaction

2. The Proposed Transaction will be implemented pursuant to a Share Purchase Agreement (“SPA”) dated 12 April 2022, between Wolseley Group and the current shareholders of Cooperstorm, listed as sellers in Schedule 1 of the SPA (the “Sellers”).¹
3. Pursuant to the SPA, Wolseley Group will acquire the entire issued share capital of Cooperstorm, and its subsidiaries (the “Cooperstorm Group”),² from the Sellers. Following the implementation of the Proposed Transaction, Wolseley Group will have sole control of the Cooperstorm Group.

¹ [...].

² Pursuant to Part 2 of Schedule 2 of the SPA, the subsidiaries of Cooperstorm are Hevac Limited (“Hevac”), Aluminox Limited, Origen Energy Limited, Tube Company of Ireland Limited, Polytherm Heating Systems Limited and Washglade Limited (“Washglade”).



The Undertakings Involved

The Acquirer – Wolseley Group

4. Wolseley Group is a private company limited by shares incorporated in the United Kingdom (“UK”). Wolseley Group is a specialist distributor of plumbing, heating, cooling and infrastructure products to trade customers, professional contractors in the repairs, maintenance and improvement sector as well as the construction sector in the UK.³ Wolseley Group owns and operates a number of branches in the UK.
5. Wolseley Group controls the following companies which supply products and services in the Republic of Ireland (the “State”):
 - a) Jointing Technologies Ireland Limited: a private company limited by shares registered in the State which is a distributor of specialist power cable and accessories, supplying products and services that develop, connect and maintain electrical infrastructure;
 - b) Continental Product Engineering Limited: a private limited company registered in England and Wales which is a supplier of natural gas and liquid petroleum gas for low and medium pressure assemblies;
 - c) Langley Engineering Limited: a private limited company registered in England and Wales, which supplies medium voltage equipment for the electricity distribution industry; and,
 - d) Bassetts (Wolseley) Limited (“Bassetts”): a private limited company registered in the UK which is a retail supplier of bathroom furniture, accessories, heating products and tiles.⁴
6. Wolseley Group is part of the wider Clayton Dubilier & Rice group of companies (“CD&R”) by virtue of CD&R's shareholding in Wolseley. The following is a list of CD&R's current portfolio of investments in the State:⁵

³ According to paragraph 1.1.15 of the notification form, Wolseley Group previously owned Brooks Group Limited and the Encon Ireland brand in the State. In 2010, Wolseley Group disposed of Brooks Group Limited and the Encon Ireland brand to WIBHM Limited. See <https://www.irishtimes.com/business/wolseley-group-sells-irish-operations-for-26m-1.1239832> and <https://www.independent.ie/business/irish/wolseley-sells-loss-making-irish-network-for-just-264m-26622151.html>.

⁴ According to the notification form, Wolseley acquired Bassetts on 28 February 2022.

⁵ Information provided to the Commission by Wolseley Group on 9 May 2022 in response to an information request issued by the Commission. According to the notification CD&R also has a minority non-controlling interest (29%) in SIG PLC, which is active in the sale of insulation and roofing products.



- a) American Greetings Corporation: a provider of greeting cards;
- b) Brand Industrial Services, Inc.: a provider of industrial services/access and scaffolding systems;
- c) Carestream Dental Technology Parent Limited: a provider of dental equipment and services;
- d) Cloudera Inc: a provider of software for data analytics, data engineering, data warehousing, machine learning, operational database and cloud platforms;
- e) Lotus Buyer, Inc. (parent of Cynosure): a provider of beauty equipment;
- f) Medical Depot Holdings, Inc. (parent of Drive Medical trading as Drive DeVilbiss): a provider of medical/healthcare devices and furniture;
- g) Epicor Holdings Corporation: a provider of software;
- h) The United Distribution Group, Inc. (parent of Huntsworth UDG): a provider of healthcare advisory, communications, commercial, clinical and packaging services to the pharmaceutical sector;
- i) Sixteen Gooseberry S.a r.l. (parent of Kalle Group): a provider of sausage casings;
- j) LABL, Inc. (parent of Multi-Color Corporation and of Fort Dearborn Holding Company, Inc.): a provider of high-impact decorative labels for various sectors including automotive & chemicals, household products, beverages, food & dairy;
- k) Radio Systems Holdings, Inc: a provider of pet products;
- l) CD&R Hydra Buyer, Inc. (parent of SunSource): a provider of industrial maintenance, repair and operations products for the mining, food and beverages, oil and gas sectors, amongst others;
- m) CD&R and WSH JVco Limited (parent of Westbury Street): a provider of catering;
- n) Wilsonart International Holdings LLC: a provider of laminates;
- o) European Packaging Centre B.V. trading as Sharp Packaging Solutions: a provider of contract packaging, specialist clinical supply chain services and value-added services for the pharmaceutical and biotechnology industries;
- p) Vialto Partners LP: a leading provider of globally integrated solutions supporting global workforce mobility, including immigration, tax, managed services, and technology. and,
- q) Belron Group S.A: a glass repair and replacement glass provider.



7. For the financial year ending 31 December 2020, CD&R's worldwide turnover was approximately [...] of which approximately [...] was generated in the State.⁶

The Target – Cooperstorm

8. Cooperstorm is a private company limited by shares registered in the State. The Cooperstorm Group comprises three key businesses; (i) the Heat Merchants; (ii) Tubs & Tiles; and (iii) the Hevac Group. The Heat Merchants supply heating, plumbing and renewable energy solutions (e.g., spare parts, heat pumps, boilers) for both domestic and commercial construction projects. Tubs & Tiles sells bathroom fixtures, tiles, showers and entire bathroom suites to end-users. Hevac Group distributes plumbing, heating and renewable energy products (e.g., HVAC systems to renewable heating solutions and (bespoke) stainless steel pipes) to trade customers, predominantly supplying professional contractors.
9. For the financial year ending 31 December 2021, the Cooperstorm Group's worldwide turnover was approximately [...] of which approximately [...] was generated in the State.

Rationale for the Proposed Transaction

10. The parties state the following in the notification:

“The Proposed Transaction the key part [sic] of the re-entry by Wolseley into the State through the acquisition of a business that operates in a market and sector which Wolseley is familiar with. That, combined with the Target business's existing reach and the sophistication of operations, mean it can be operated with minimum UK management oversight by Wolseley.”

Third Party Submissions

11. No third party submission was received.

Competitive Analysis

Horizontal Overlap

⁶ Information provided to the Commission by Wolseley Group on 9 May 2022 in response to an information request issued by the Commission see Table D of that response.



12. There is a horizontal overlap in the activities of the parties in the State, in respect of the supply of bathroom furniture and accessories, tiles, plumbing and heating products.
13. 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 product and geographic markets since its conclusion on the competitive impact of the Proposed Transaction will be unaffected regardless of the market definition adopted. For the purpose of its assessment of the likely competitive impact of the Proposed Transaction, the Commission has considered the potential product and geographic markets described below.

Relevant product market

14. In *Case M.7910. Kesko/Onninen ("Kesko/Onninen")*, the European Commission ("EC"), considered that the markets for the distribution of building products in general can be segmented on the basis of the customer, into: (i) wholesale supply to retailers; (ii) retail sale to professional customers; and (iii) retail sale to non-professional customers (primarily through do-it-yourself stores).⁷ The EC ultimately did not conclude on the relevant product market and assessed that proposed transaction on the basis of the distribution of heating and plumbing products to professional customers.
15. In its determination in *M/04/042 The proposed acquisition by Wolseley Overseas Limited of Brooks Group Limited ("Wolseley/Brooks")*,⁸ the Commission's predecessor, the Competition Authority (the "Authority"), considered it unnecessary to define the precise relevant product market(s), and instead assessed the competitive impact of that proposed transaction by reference to the market in which the parties overlapped (in that case the supply of heating and plumbing products).
16. In relation to the Proposed Transaction, from a customer perspective, Wolseley Group supplies its products predominantly to professional customers.⁹ For the Cooperstorm Group, the Heat

⁷ See https://ec.europa.eu/competition/mergers/cases/decisions/m7910_294_3.pdf at paragraph 16.

⁸ See https://www.ccpc.ie/business/wp-content/uploads/sites/3/2017/05/m_04_042_p1d_0.pdf at paragraph 5.

⁹ According to information provided to the Commission by Wolseley Group on 19 May 2022 in response to an information request issued by the Commission, the majority of sales by Bassetts to customers in the State are to trade and professional customers.



Merchants and Hevac Group supply products to professionals (i.e., professional plumbers and construction customers), while Tubs & Tiles sells its products to non-professional (i.e., end-users) customers. Therefore, from a possible narrow market definition perspective, the Proposed Transaction presents an overlap in the retail supply of heating and plumbing products to professional customers.

17. In this instance, it is not necessary for the Commission to define the precise relevant product markets 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 retail supply of plumbing and heating products to professional customers) or more broadly (i.e., the distribution of building materials generally, including construction accessories). For the purpose of assessing the likely competitive effects of the Proposed Transaction, the Commission has analysed its impact by reference to both the broad and narrow potential product markets.

Relevant geographic market

18. In *Kesko/Onninen* the EC did not conclude on the exact geographic market but considered, “*the relevant markets to be national or potentially smaller than national in scope.*”¹⁰ In *Wolseley/Brooks*, the Authority also did not conclude on the relevant geographic market but considered the activities of the parties on a regional basis and noted that there is some competitive constraint nationally.
19. In relation to the Proposed Transaction, Wolseley Group does not have any retail outlets in the State and does not market any of its products in the State. However, according to the notification there are a small number of customers registered in the State that purchase products from Wolseley Group’s branches in Northern Ireland.¹¹
20. In this instance, it is not necessary for the Commission to define the precise relevant geographic markets since its conclusion on the competitive impact of the Proposed Transaction will be unaffected regardless of the geographic market adopted. For the purpose of assessing the likely

¹⁰ See https://ec.europa.eu/competition/mergers/cases/decisions/m7910_294_3.pdf at paragraph 23.

¹¹ Information provided to the Commission by Wolseley Group on 9 May 2022 and 19 May 2022 in response to an information request issued by the Commission.



competitive effects of the Proposed Transaction, the Commission considered the effects of the Proposed Transaction in the State.

Conclusion on relevant market definition

21. For the purpose of the current analysis the Commission has assessed the activities of the parties in the following potential markets:
- a) The retail supply of building materials generally, including construction accessories, in the State; and
 - b) The retail supply of heating and plumbing products to professional customers in the State.

Horizontal competitive assessment

The retail supply of building materials generally, including construction accessories, in the State

22. The parties stated in the notification that they estimate that the total value of the Irish construction market, in 2020, was €21 billion.¹² The parties also submitted in the notification that the Cooperstorm Group had an estimated market share of [15-20]% in the potential market for the retail supply of building materials, including construction accessories, in the State in 2020. The parties estimated that Wolseley Group's market share is less than [0-5]% in the potential market for the retail supply of building materials, including construction accessories, in the State.¹³ The parties also provided in the notification estimated market shares, for the retail supply of building materials, including construction accessories in the State in 2020, for each of their competitors as follows: Chadwicks Holdings Limited ("Chadwicks") with an estimated share of [10-15]%; Screwfix Direct (Ireland) Limited with an estimated share of [5-10]%; Davies Limited ("Davies") with an estimated share of [5-10]%;¹⁴ DPL Group Limited ("DPL") with an estimated share of [0-5]%; McMahan Builders Providers ("McMahon") with an estimated share of [0-5]%; and others with an estimated collective share of [55-60]%.

¹² According to the parties the data used to estimate market shares was taken from CSO data on house building in 2020, and planning permissions granted in the same year, CIF housing data, Central Bank housing projections, as well as the Linesight Housing Report.

¹³ Information provided to the Commission by Wolseley Group on 9 May 2022 in response to an information request issued by the Commission.

¹⁴ Davies is a subsidiary of the Chadwick Group Limited.



23. Based on the information available to the Commission at the time of the analysis, the Commission considers that the Proposed Transaction is unlikely to raise any horizontal competition concerns in the potential market for the retail supply of building materials generally, including construction accessories, in the State for the below reasons.
24. The Wolseley Group has a minimal market share of this potential market, of less than [0-5]%, and Cooperstorm Group has an estimated [15-20]% share of this potential market. Therefore, the combined market share of the parties following implementation of the Proposed Transaction is unlikely to significantly alter the existing structure of the potential market for the retail supply of building materials generally, including construction accessories, in the State. In addition, following implementation of the Proposed Transaction, there are a number of competitors, such as those listed in paragraph 22 above, which are likely to remain active in this potential market and would continue to exert a competitive constraint on Wolseley Group.
25. In light of the above, the Commission considers that the Proposed Transaction does not raise any horizontal competition concerns in the potential market for the retail supply of building materials generally, including construction accessories, in the State.

The retail supply of heating and plumbing products to professional customers in the State

26. The parties submitted that the plumbing and heating market in 2019, was valued between €750 million and €1 billion of which €150 million and €250 million was attributed to sales to professionals.¹⁵ According to the parties' estimates, Wolseley Group had less than a [0-5]% share of the potential product market for the retail supply of heating and plumbing products to professional customers in the State in 2019.¹⁶ The parties estimated that the Cooperstorm Group held a 20-25% market share in the potential product market for the retail supply of heating and plumbing products to professional customers in the State in 2019.
27. Based on the information available to the Commission, the Commission considers that even in this potential narrow market the Proposed Transaction is unlikely to significantly alter the existing structure of the market given Wolseley Group's minimal estimated market share.

¹⁵ See pages 28 of Annex 12 of the merger notification form. Wolseley Group provided similar estimates for plumbing and heating market for 2020 to the Commission on 9 May 2022 in response to an information request issued by the Commission.

¹⁶ Information provided to the Commission by Wolseley Group on 9 May 2020 in response to an information request issued by the Commission. [...].



Furthermore, the parties provided in the notification estimated market shares, for the retail supply of heating and plumbing products to professional customers in the State, in 2019 for each of their competitors as follows: Davies (with an estimated share of 16-20%), DLP (with an estimated share of 10-13%), Unitherm Heating Systems Limited (with an estimated share of 7-10%), James J Doherty Limited (“JJ Doherty”) (with an estimated share of 5-8%); RSL Ireland Limited (“RSL Ireland”) (with an estimated share of 5-8%), BSS Ireland Limited (“BSS”) (with an estimated share of 5-8%), Euro Gas Limited (“Euro Gas”) (with an estimated share of 4-6%) and others (with an estimated collective share of 15-20%).¹⁷ The Commission considers that following implementation of the Proposed Transaction these competitors are likely to remain active in this potential market and would continue to exert a competitive constraint on Wolseley Group.

28. In light of the above, the Commission considers that the Proposed Transaction does not raise any horizontal competition concerns in the potential market for the retail supply of heating and plumbing products to professional customers in the State.

Conclusion on horizontal competitive assessment

29. 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 Overlap

30. The parties have indicated in the notification that there is an existing vertical relationship between Wolseley Group and Washglade because Wolseley Group supplied a small amount of heating parts to Washglade in 2022.¹⁸
31. In light of the minimal nature of this vertical overlap between the activities of the parties the Commission considers that the Proposed Transaction is unlikely to raise any vertical competition concerns in the State.

¹⁷ Estimated market shares provided in OC&C Strategy Consultants Report - Project Pluto Consolidated Perspectives dated July 2021. Submitted as Annex 12 in notification.

¹⁸ Wolseley Group generated turnover of approximately [...] from these activities. This represents less than [...] of Washglade' turnover in the State.



Conclusion on vertical assessment

32. 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

33. Overall, the Commission considers that the Proposed Transaction will not substantially lessen competition in any market for goods or services in the State.

Ancillary Restraints

34. The SPA imposes a number of non-compete and non-solicitation obligations on the Sellers. The duration of these non-compete and non-solicitation obligations does not exceed the maximum duration acceptable to the Commission. The Commission considers these restrictions to be directly related to and necessary for the implementation of the Proposed Transaction as far as they relate to the State.



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 Wolseley Group Limited would acquire sole control of Cooperstorm 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