

# DETERMINATION OF MERGER NOTIFICATION M/25/005 – ERRIGAL GROUP/GANSON BUILDING & PROPERTY HOLDINGS

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## Section 21 of the Competition Act 2002

### Proposed acquisition by Errigal Contracts Group Limited of joint control of Ganson Building & Property Holdings Limited

Dated: 6 May 2025

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#### Introduction

1. On 22 January 2025, 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 Errigal Contracts Group Limited (“Errigal”) would acquire a 51% jointly controlling interest in Ganson Building & Property Holdings Limited (“Ganson”) (the “Proposed Transaction”).<sup>1</sup>

#### The Proposed Transaction

2. The Proposed Transaction will be implemented pursuant to:
  - (i) a share purchase agreement dated 21 January 2025 between Errigal and Ardivo Designated Activity Company<sup>2</sup>, Paul McQuaid and David Rogers; and
  - (ii) (ii) a Shareholders’ Agreement dated 21 January 2025 between Errigal and the Vendors<sup>3</sup>. Following the implementation of the Proposed Transaction, Errigal will acquire a 51% jointly controlling interest in Ganson, with the remaining 49% shareholding being held by the Vendors.

#### The Undertakings Involved

##### *The Acquirer – Errigal*

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<sup>1</sup> Errigal and Ganson are collectively referred to as the “Parties” in this determination.

<sup>2</sup> Ardivo Designated Activity Company is a company ultimately owned and controlled by the founders of Ganson i.e. Paul McQuaid and David Rogers (the “Vendors”).

<sup>3</sup> Paul McQuaid and David Rogers.

3. Errigal is a specialist sub-contractor construction group which is active in partition systems, external façade, and interior fit-out.<sup>4</sup> Errigal provides these subcontractor services to clients in both the residential and commercial sectors, including the digital infrastructure, pharma and life sciences, commercial property, and hospitality sectors. Errigal carries out its construction services in the State, the United Kingdom, and across Europe.
4. For the financial year ended 31 December 2023, Errigal's worldwide turnover was approximately € [REDACTED] (€ [REDACTED]),<sup>5</sup> of which approximately € [REDACTED] was generated in the State.

### **The Target – Ganson**

5. Ganson operates as a main building and civil engineering contractor active in the general construction sector in the commercial and residential construction sub-sectors within the State and Northern Ireland.
6. Ganson delivers construction projects, from single-storey construction to large-scale schemes including commercial offices, multi-storey towers, hotels, shopping centres and logistical hubs. Ganson's customers are both public and private and its construction work includes work on new-build projects, refurbishment work, restoration and fit-out, civil engineering and infrastructure work.
7. For the financial year ended 31 December 2023, Ganson's worldwide turnover was approximately € [REDACTED], of which € [REDACTED] was generated in the State.<sup>6</sup>

### **Rationale for the Proposed Transaction**

8. In the merger notification form received by the Commission on 21 January 2025 (the "Merger Notification Form"), the Parties state:

*"The Proposed Transaction will allow the parties compete more effectively in the wider construction market."*<sup>7</sup>

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<sup>4</sup> Fit-out services in the construction sector refer to the process of completing and customizing the interior of a building, including aspects like flooring, partitioning, lighting, and furnishings, to make it ready for use.

<sup>5</sup> Merger Notification Form, page 10, paragraph 3.2. Euro figures were calculated using the ECB average annual exchange rate for the year to 31 December 2023 (GBP 1 – EUR 1.1497).

<sup>6</sup> Merger Notification Form, page 10, paragraph 3.2.

<sup>7</sup> Merger Notification Form, page 9, paragraph 2.6.

## Contact with the Parties

9. On 28 February 2025, the Commission served a Requirement for Further Information (“RFI”) on each of Errigal and Ganson pursuant to section 20(2) of the Act (the “Errigal RFI” and the “Ganson RFI”, respectively, and together the “RFIs”). The service of the RFIs adjusted the deadline within which the Commission had to conclude its assessment of the Proposed Transaction in Phase 1.
10. The Proposed Transaction was initially notified by the Parties to the Commission under the Simplified Merger Notification Procedure (“SMNP”). In accordance with paragraph 2.3(a) of the SMNP Guidelines,<sup>8</sup> the service of an RFI will revert the Commission’s assessment of a transaction to the standard merger notification procedure. Therefore, the service of the RFIs reverted the Commission’s assessment of the Proposed Transaction to the standard merger notification procedure.
11. Ganson provided a full response to the Ganson RFI on 14 March 2025 (the “Ganson RFI Response”).
12. Errigal provided a full response to the Errigal RFI on 25 March 2025 (“the “Errigal RFI Response”).
13. Upon receipt of full responses from both Ganson and Errigal, the “appropriate date” (as defined in section 19(6)(b)(i) of the Act) became 25 March 2025.<sup>9</sup>

## Contact with Third Parties

14. The Commission also engaged with third parties in relation to its review of the likely competitive impact of the Proposed Transaction. The third party engagement consisted of issuing questionnaires to Errigal’s largest customers in the State, and in one case the Commission’s case team held a call with one of these customers.

## Third-Party Submissions

15. No third-party submissions were received.

## Industry Background

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<sup>8</sup> Competition and Consumer Protection Commission (2020) *Simplified Merger Notification Procedure Guidelines* (the “SMNP Guidelines”). Available at: <https://www.ccpc.ie/business/mergers/guidance-on-mergers/guidance-mergers/>.

<sup>9</sup> The “appropriate date” is the date from which the time limits for making Phase 1 or Phase 2 determinations begin to run.

16. The Parties are both involved in the construction sector which includes a broad range of activities such as the construction of residential and non-residential buildings, infrastructure projects (e.g., roads, bridges, airports), and the renovation and maintenance of existing structures. The industry is known for its cyclical nature, closely linked to economic conditions and interest rates.<sup>10</sup>

### Main Contractors

17. Main contractors, also referred to as general contractors, are responsible for the overall management and execution of projects, ensuring that all phases are completed efficiently and effectively. The services provided by main contractors include:
- Project Planning and Coordination: Collaborating with clients, architects, and other stakeholders to develop comprehensive project plans, and manage timelines, budgets, and resources;
  - Hiring and Managing Subcontractors: Engaging and supervising subcontractors to perform specific tasks within the project;
  - Procurement and Material Management: Sourcing construction materials and managing logistics throughout the project; and
  - Quality Control and Safety: Ensuring that work meets required quality standards and complies with health and safety regulations.

### Subcontractors

18. Subcontractors are independent entities or companies hired by main contractors to carry out specific tasks within a construction project. They specialise in particular trades or fields, bringing specialised skills, equipment, and knowledge to complete designated parts of the project. Common types of activities carried out by subcontractors include:
- Site Preparation: Handling initial groundwork and site setup;
  - Concrete and Structural Work: Managing concrete pouring, structural framing, and related tasks;

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<sup>10</sup> globalEDGE (n.d.) *Construction: Background*. Available at: <https://globaleedge.msu.edu/industries/construction/background/>.

- Plumbing; Heating, ventilation, and air conditioning (“HVAC”); and Electrical: Installing plumbing systems, HVAC, and electrical wiring;
- Carpentry and Drywall: Performing carpentry work and installing drywall; and
- Painting and Finishing: Completing painting, paper hanging, and other finishing tasks.

## Competitive Analysis

### Horizontal overlap

19. As detailed above, the Parties are active in different areas of the construction industry. Ganson, a main contractor, provides general construction services. It is a Tier 2 building and civil engineering contractor, which means it generally focuses on mid-sized projects which typically have a value of €10-50 million. It provides services to the residential and commercial sectors and has both public and private customers.<sup>11</sup> In contrast, Errigal is a sub-contractor and provides specialist services such as partition systems, external façade, interior fit-out, ceilings and bespoke solutions. Furthermore, its customers are main contractors and in particular Tier 1 contractors which are those who focus on large-scale projects often exceeding €100 million.<sup>12</sup>
20. Ganson, as part of its wider service offering as a main contractor, procures the specialist services which Errigal provides through subcontractors and does not provide these services on a direct basis. As such, the Commission considers that the Parties do not overlap horizontally.

### Vertical relationship

21. At the time of notification, an actual vertical relationship did not exist between the Parties and had not existed for at least three years.<sup>13</sup> Errigal informed the Commission in the Errigal RFI Response that it recently commenced work with Ganson on two small construction projects, one in Northern Ireland and one in Dublin. A vertical relationship therefore arises from the fact that Ganson is active as a main contractor, and Errigal is a sub-contractor that

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<sup>11</sup> Tier 2 construction companies generally focus on mid-sized projects, typically in the €10-50 million range. Ganson RFI Response, Question 2, pages 3 and 4.

<sup>12</sup> Ganson RFI Response, Question 2.

<sup>13</sup> Merger Notification Form, page 13.

has the ability to provide its specialist services (partition system, external façade, and interior fit-out) to Ganson.

## Relevant Markets

### The downstream provision of construction services

#### Product Market

22. In *Case M.9270 – Vinci Airports/Gatwick Airport Commission*, the European Commission (“EC”) found that the market for construction services could be divided into three segments: (i) the construction of residential buildings, including blocks of flats, other multi-household buildings and single-household buildings; (ii) the construction of non-residential buildings, such as industrial buildings, offices, shopping centres, and hospitals; and (iii) the construction of infrastructure and civil engineering projects, such as roads, bridges, railroads, and sewage systems.<sup>14</sup>
23. The Commission has not previously considered or defined relevant market(s) within the general construction/civil engineering industry.
24. 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 market since its conclusion on the competitive impact of the Proposed Transaction will be unaffected whether the product market is defined more narrowly (e.g., the provision of construction services to a particular industry) or more broadly (e.g. the provision of construction services). For the purposes of analysing the vertical effects of the Proposed Transaction, the Commission has assessed the likely competitive effects of the Proposed Transaction by reference to the provision of construction services.

#### Geographic Market

25. In relation to geographic market considerations in the construction sector, in *Case M.9270 – Vinci Airports/Gatwick Airport Commission*, the EC acknowledged that construction services markets were likely national but ultimately left the question open.<sup>15</sup>

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<sup>14</sup> *Case M.9270 – Vinci Airports/Gatwick Airport Commission*, page 5, paragraph 17.

<sup>15</sup> *Case M.9270 – Vinci Airports/Gatwick Airport Commission*, page 5, paragraph 17.

26. Ganson is active in the provision of construction services in both Northern Ireland and the State.
27. 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 since its conclusion will not alter its assessment of the competitive effects of the Proposed Transaction. For the purpose of assessing the likely competitive effects of the Proposed Transaction, the Commission has assessed the likely competitive impact of the Proposed Transaction in the potential market for the supply of construction services in the State.

### **The upstream supply of specialist subcontractor services (internal fitout, partition systems, and façade services)**

#### *Product Market*

28. The Commission has considered the specific activities of Errigal as a subcontractor. Errigal provides specialist subcontractor services to its customers who are Tier 1 main contractors.<sup>16</sup> Errigal is primarily involved in internal fitout, partition systems, and façade services.
29. In relation to internal fitout and partition systems, Errigal's specialist activities include providing services in relation to the following: (i) partitions; (ii) ceilings; (iii) structural ceilings; (iv) composite lightweight concrete panel systems; (v) composite whitewall panel systems; (vi) raised access flooring; (vii) joinery packages; (viii) glazed office partitions; (ix) steel doors; (x) secondary steel; (xi) Unistrut; (xii) epoxy flooring paints; (xiii) HACs (Hot Aisle Containment); (xiv) ventilation walls; (xv) security mesh walls; (xvi) plastering; (xvii) screeding; (xviii) steel & GRP (glass reinforced plastic) floor gratings; (xix) signage; (xx) lifts; (xxi) fire stopping; (xxii) loose & fitted furniture; (xxiii) blockwork; (xxiv) wall protection; (xxv) blinds; (xxvi) security screens; (xxvii) floor finishes; (xxviii) tiling; (xxix) decoration; (xxx) bespoke joinery; (xxxi) bathroom fit-out; and (xxxii) kitchen fit-out.<sup>17</sup>
30. For façades, Errigal's services cover the following: (i) external doors & windows; (ii) external renders; (iii) louvre screens; (iv) structural steel and roofing; (v) fire testing; (vi) re-cladding, and (vii) dock levellers & wheel restraints.<sup>18</sup>

<sup>16</sup> Tier 1 contractors serve as prime contractors on large-scale projects often exceeding €100 million.

<sup>17</sup> Errigal RFI Response, Question 2, page 4.

<sup>18</sup> Errigal RFI Response, Question 2, pages 4 and 5.

31. The Commission has left the precise product market open as its assessment of the competitive effects of the Proposed Transaction would be unchanged whether the Proposed Transaction is assessed by reference to a broad potential product market (e.g., the provision of subcontracting services to main contractors) or a narrow potential product market (e.g., the provision of specialist subcontractor services including internal fitout, partition systems and façade services). For the purposes of assessing the vertical effects of the Proposed Transaction, the Commission has assessed the likely competitive effects of the Proposed Transaction by reference to the provision of specialist subcontractor services including internal fitout, partition systems and façade services.

### Geographic market

32. Errigal is active State-wide, although it is primarily active outside of the State within the United Kingdom and Europe.<sup>19</sup>
33. 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 since its conclusion will not alter its assessment of the competitive effects of the Proposed Transaction. For the purposes of assessing the likely competitive effects of the Proposed Transaction, the Commission has assessed the likely competitive impact of the Proposed Transaction in the potential market for the provision of specialist subcontractor services in the State.

### Conclusion on relevant markets

34. For the purposes of its competitive analysis of the vertical relationship which exists between the Parties, the Commission has assessed the Proposed Transaction by reference to the following potential relevant markets:
- The downstream provision of construction services in the State; and
  - The upstream provision of specialist subcontractor services, in particular internal fitout, partition systems and façade services, in the State.

## Competitive Assessment

### Vertical Relationship

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<sup>19</sup> Errigal RFI Response, page 1.

35. As stated above, there is a vertical relationship between Errigal and the activities of Ganson in the State. Errigal provides specialist subcontractor services to main contractors who are active in the provision of construction services. The Commission considers that the Proposed Transaction raises no vertical competition concerns for the following reasons.

#### *Input foreclosure*

36. Input foreclosure may arise as a result of a merger if a merged entity refuses to supply a key product to downstream competitors, or if the merged entity increases the price or offers less attractive terms for the upstream good or service.<sup>20</sup> As set out in the CCPC's Guidelines for Merger Analysis, *"competition concerns may arise from input foreclosure only when the merged entity has market power in the upstream market."*<sup>21</sup> In this case, the 'inputs' in question are the specialist subcontractor services which Errigal provides (i.e., internal fitout, partition systems and façade services). The Commission considers that the implementation of the Proposed Transaction will not result in input foreclosure for the following reasons:
37. First, there will remain a range of subcontractors capable of providing similar services following implementation of the Proposed Transaction. The construction industry is highly fragmented, with numerous subcontractors active in the State in the provision of specialized services such as fitout, partition systems, and façade services. The Commission notes that main contractors will continue to be able to source subcontractor services from these providers in the State following implementation of the Proposed Transaction. These include but are not limited to the following:
- Platt & Reilly Limited is active in: (i) designing and installing plasterboard partitions on large high specification projects; (ii) providing and installing of suspended ceilings; (iii) providing and installing of external render systems that deliver a high-quality finish; and (iv) providing and installing external façades;
  - Castle Ceilings & Partitions Limited is active in providing fit-out and modular construction services;

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<sup>20</sup> CCPC Guidelines for Merger Analysis, paragraph 5.10.

<sup>21</sup> CCPC Guidelines for Merger Analysis, paragraph 5.10.

- Oakleaf Contracts Ireland Limited specialises in providing services which include: (i) suspended ceilings; (ii) steel framing systems; (iii) dry lining; (iv) GRG ceilings; (v) fit-out; and (vi) raised access flooring, and has clients in the UK, Europe and the State;
- Carnehill Contracting Limited is active in providing services which include: (i) ceilings; (ii) partitions; (iii) external wall linings; (iv) fit-out contracts; and (v) external metal systems;
- KM Lynskey Contracting Limited provides services such as partitions and structural ceilings, modular construction, and fit out; and
- Nobil Construction Limited<sup>22</sup> provides internal fit-out, façades and partitions. Its customers are Tier 1 construction firms.<sup>23</sup>

38. Furthermore, one of Errigal's largest customers in the State, a main contractor, confirmed to the Commission that Errigal does not carry out all of its partition work, and other companies also provide this service to them. This customer stated to the Commission that other players in the market who can provide the same service as Errigal include Codge Construction Limited, KM Lynskey Contracting Limited, Castle Ceilings & Partitions Limited and CLG Progress Limited (CLG Group).

39. Second, the Commission notes that Ganson is a Tier 2 contractor, and Errigal provides the majority of its specialist subcontractor services to Tier 1 contractors.<sup>24</sup> The Commission considers that the merged entity will not have the incentive to foreclose those contractors to which Errigal supplies its services, as Ganson does not operate in this space. Ganson's largest contract in the last 2 years was worth approximately €14 million.

### *Customer foreclosure*

40. Customer foreclosure may arise as a result of a merger if a merged entity refuses to purchase from upstream competitors, or if the merged entity decreases the price it is willing to pay or offers less attractive terms to upstream competitors.<sup>25</sup> As set out in the CCPC's Guidelines for Merger Analysis:

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<sup>22</sup> Nobil Construction Limited is registered in the United Kingdom under company number 09317563.

<sup>23</sup> Errigal RFI Response, Question 8.

<sup>24</sup> As stated above however, Errigal is currently providing services to Ganson (a Tier 2 contractor) on a limited basis.

<sup>25</sup> CCPC Guidelines for Merger Analysis, paragraph 5.14.

*“harm to competitors is more likely if the merged entity is a significant customer and hence a significant source of sales revenue for the upstream competitor than if the merged entity is but one of many customers.”<sup>26</sup> Furthermore, “the incentive to foreclose upstream competitors depends, all things being equal, on the balance between (i) increased production costs, if any, from no longer purchasing inputs from the foreclosed upstream competitor and (ii) increased prices and profits from upstream and/or downstream transactions.”<sup>27</sup>*

41. In this case, the Commission has considered whether the merged entity would have the ability and/or incentive to engage in customer foreclosure insofar as its purchases of specialist subcontractor services, in particular internal fitout, partition systems and façade services, from other subcontractors are concerned.
42. The Commission considers that the Proposed Transaction will not give the merged entity the ability to engage in customer foreclosure. The Proposed Transaction does not raise any customer foreclosure concerns in the State as competitors of the merged entity at the upstream level (i.e., the provision of specialist subcontractor services in particular internal fitout, partition systems and façade services) will have a number of other contractors to provide their subcontractor services to. Ganson’s estimated market share for the provision of construction services in the State is 0.63%.<sup>28</sup> Other contractors and providers of construction services include John Sisk & Son (Holdings) Limited (12.2%), Winthrop Technologies Limited (4.17%), John Paul Construction Limited (4.97%), Collen Construction Limited (1.78%), Walls Construction Limited (5%) and BAM Ireland Limited (4.06%).

### *Conclusion on potential vertical relationship*

43. For the reasons outlined above, the Commission considers that the Proposed Transaction does not raise any vertical competition concerns in the State.

## **Conclusion of Competitive Analysis**

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<sup>26</sup> CCPC Guidelines for Merger Analysis, paragraph 5.14.

<sup>27</sup> CCPC Guidelines for Merger Analysis, paragraph 5.15.

<sup>28</sup> Based on a total market size in 2023 of €11.4 billion [Griffin, J., (2023) *Building Construction in Ireland*, IBISWorld Report (the “IBIS Report”), page 7. Provided as Annex 5 to the Merger Notification Form] and turnover figures from the Parties and Irish Construction News (2024) *Irish Construction News Top 40 Building Contractors 2024*. Available at: <https://constructionnews.ie/top-40-contractors/>. The Irish Construction News Top 40 Building Contractors 2024 listing is a snapshot of the building contractors’ sector of the Irish construction industry at the end of 2023.

44. 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**

45. No ancillary restraints were notified.

## 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 Errigal Contracts Group Limited would acquire a 51% jointly controlling interest in Ganson Building & Property Holdings 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.

**Úna Butler**

**Member**

**Competition and Consumer Protection Commission**