

STANDARDIZED NOTIFICATION OF CONCENTRATION

CFR. THE NORWEGIAN COMPETITION ACT,
SECTION 18 FIRST AND SECOND PARAGRAPH,
AND
REGULATION ON THE NOTIFICATION OF CONCENTRATIONS ETC.,
SECTIONS 1 – 3

ACQUISITION OF

MACON BERGEN AS

BY

CELSA STEEL SERVICE AS¹

OSLO, 10 OCTOBER 2007

¹ The Company name Fundia Armering AS was changed to Celsa Steel Service AS on 7 August, 2007.

1. Notifying Party(ies)

1.1 The acquirer

Name: Celsa Steel Service AS
Reg. no.: 980345106

Address: P.O. Box 59 Grefsen
N-0485 Oslo
Tel: +47 23 39 38 00
Fax +47 23 39 38 03

1.2 The acquirer's representative

Name: Bugge, Arentz-Hansen & Rasmussen advokatfirma
Contact persons: Arne Slåttå and Fredrik Ottesen
Lawyer in charge: Svein Gerhard Simonnæs
Address: P.O. Box 1524 Vika
N-0117 Oslo
Telephone: 22 83 02 70
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2. Target(s)

Name: Macon Bergen AS ("Macon Bergen")
Reg. nr. 981889037
Address: Idrettsvegen, 5353 Straume
Fjell i Hordaland

3. Type of concentration

Merger:	
Acquisition:	<input checked="" type="checkbox"/>
Other (specify):	Specify:

4. The Involved Party's Structure and Areas of Business

4.1 The transaction

Pursuant to a sale and purchase agreement, entered into on 10 October 2007, Celsa Steel Service AS acquired 51.60% of the shares of Macon Bergen from R.Tvedt Invest AS, and 48.40% of the shares of Macon Bergen from Idrettsveien Invest AS (the "Transaction").

4.2 The parties to the transaction

4.2.1 Celsa Steel Service AS

Celsa Steel Service AS ("Celsa") is a wholly-owned subsidiary of Fundia Reinforcing AS ("Fundia Reinforcing"). Fundia Reinforcing is producing and processing steel reinforcing products. Steel reinforcing products are used to reinforce (strengthen) plain concrete in order for the concrete to function as a load bearing structure. Celsa is engaged in processing and distribution of such steel products on the Norwegian market.

Fundia Reinforcing is wholly-owned by Celsa Nordic AS, a subsidiary of Spanish company Wire Rod Holding, S.L, which is part of the Celsa Group. The Celsa Group is mainly active in the production of steel products, with plants located in Poland, Spain, and the United Kingdom (the "UK"). Celsa is ultimately controlled Mr. Francisco Rubiralta Vilaseca.

Fundia Reinforcing's wholly-owned subsidiaries are:

- Celsa Armeringsstål AS, located in Norway (production)
- Celsa Steel Service AS, located in Norway (distribution and processing)
- Fundia Armering AB, located in Sweden (distribution and processing)
- Fundia Betoniteräkset Oy, located in Finland (distribution and processing)
- Fundia Armering A/S, located in Denmark (distribution and processing)

4.2.2 Macon Bergen AS

The company deals and distributes products of stubbed, bent and welded reinforcement steel. In addition it deals and distributes products such as reinforcement spacers, wire mesh and other associated products.

5. Turnover

5.1 Turnover

	Celsa ²	Macon Bergen AS
Worldwide Group Turnover	Approximately MNOK 29,181 (2006)	MNOK 50,911 (2006)
Group Turnover in Norway	Approximately MNOK 855	MNOK 50,911

6. Markets Affected by the Concentration (i.e. markets in Norway or which Norway is a part of, where the undertakings involved, including the group of the acquiring company, acquire a market share of over 20% as a consequence of the transaction)

6.1 Overview of the steel business

On the basis of previous EU Commission (“Commission”) decisions³ steel products can be broadly divided into carbon steel (including low alloy steels), stainless steel and specialty steel. Each of these steel products can also be further segmented into semi-finished and finished products, which can in turn be further sub-segmented into flat and long products.

The Commission has previously⁴ divided semi-finished carbon steel products into (i) blooms (used to produce heavy sections), (ii) billets (used to produce bars, wire rods and light sections) and (iii) slabs (used to produce plate, strip and sheet).

Finished long carbon steel products are made of blooms and billets while flat steel products are made of slabs. The Commission⁵ has previously concluded that long carbon steel products could constitute a separate market from flat steel products, and that long steel products could be further subdivided into sections and steel beams, permanent way material, merchant bars and wire rods. However the exact scope of the market has been left open.

Based in particular on the specific physical properties and technical requirements imposed by construction, the Commission⁶ has previously distinguished reinforcing products from other long carbon steel products. However the Commission has left open whether the relevant product market is an overall market for reinforcing products, or should be further delineated into reinforcing bars, reinforcing coils and mesh wire rods (MWR).

² The figures refer to the period of 1 January 2006 to 31 December 2006 for the entire Celsa Group. Please note that while Fundia has only been part of the Celsa Group from August 2006, Fundia’s turnover for the whole year 2006 is included.

³ See e.g. case ECSC 1351 Usinor /Arbed/Aceralia and case COMP/M.4225 – Celsa/Fundia.

⁴ Usinor/Arbed/Aceralia, Case No COMP/ECSC.1351

⁵ Usinor/Arbed/Aceralia, Case No COMP/ECSC.1351, case M.3326 LNM/PHS

⁶ Celsa/Fundia Case No COMP/M.4225

Steel reinforcing products are for instance the thin metal poles that can be seen in mass around a construction site. Another example of reinforcing products is the metal “stick” stretching out from the concrete in a demolished house or bridge.

Below in section 6.2 follow a short description of the relevant markets, and an assessment of the effects on competition in section 6.3.

6.2 The relevant markets

6.2.1 *The production of reinforced steel products*

The steel reinforcing business can be viewed as being divided into a production level on the one hand and a processing/distribution level on the other hand. While trade on the processing/distribution level is national in scope due to, inter alia, transport costs, trade on the production level is of a much wider geographic scope, as demonstrated by the high level of inter-state trade and the relatively uniform price structure across various countries. The Commission has therefore held in previous cases⁷ that the production and direct sales of steel products on the one hand, and processing and distribution of steel on the other hand, constitute two distinct product markets.

As mentioned above, the Commission has left open the question whether the relevant product market is an overall market for reinforcing products, or should be further delineated into reinforcing bars, reinforcing coils and mesh wire rods. However, the Transaction will not significantly impede effective competition regardless of whether the relevant product market is defined narrowly or broadly.

In a number of previous decisions, the Commission has taken the view that the geographic market for the production of steel is EEA-wide. In the case COMP/M. 4225 – Celsa/Fundia the Commission wrote:

“However, the transportation costs are limited, certification processes are not costly, products with varying specifications can be manufactured in the same plant and there are limited price differences between countries. Consequently, there is no indication that the conclusion reached in previous Commission decisions that the production market is EEA wide would be put into question.”

On the basis of this, and for the purpose of this transaction, one can conclude that the relevant market is the EEA production market for reinforcing products.

6.2.2 *The distribution and processing of reinforced steel products*

In the above mentioned Celsa/Fundia decision, the Commission agreed that there is a separate market for distribution and processing of reinforced steel. The processing is mainly bending, welding and other types of customizing of the steel products.

⁷ Case ECSC 1351 Usinor /Arbed/Aceralia, case M.1329 Usinor / Cockerill Sambre.

In section 16 and 17 of the decision, the Commission wrote:

"Processing and distribution of reinforcing products can be distinguished from the production and direct sales of reinforcing products, based on the differences between customers served directly, and via a distribution channel, and the demand on processors/distributors to respond rapidly to customer requirements; this was confirmed by the investigation.

There are no indications that distribution of reinforcing products should be differentiated based on the different products, as the same players are involved for all products, and provide similar services."

In the same decision the Commission upheld the view that the distribution market for reinforcing products is national as distributors generally serve customers within a limited distance from their location. The Commission wrote:

"... proximity to end-customers is essential as customers of distributors require the provision of accessory services and the ability to promptly meet unpredictable delivery requests. The volumes that the individual end-customers purchase and the frequency of individual purchases do not justify the transport and logistics costs associated with international deliveries. This has been confirmed by the market investigation."

On the basis of this, and for the purpose of this transaction, one can conclude that the relevant market is the Norwegian market for distribution and processing of reinforced steel.

6.3 Competitive assessment

The parties have overlapping activities within the Norwegian market for distribution and processing of reinforced steel. There is also a vertical overlap as Celsa is active on the upstream EEA production market. However, none of these overlaps give rise to concerns due to the parties' relatively low share of the distribution market and the intense competition on the production market.

After the purchase of Stålgrossisten AS and Armeringsenteret AS which was cleared by the Norwegian Competition Authority 17 August 2007 and of Stål & Agentur AS, which was cleared on 10 September 2007, Celsa's market share is now [REDACTED]%. Macon Bergen's market share is estimated to be approximately [REDACTED]%.

They meet strong competition from companies like [REDACTED]

A market share of [REDACTED]% will not give rise to competition concerns as – besides from the strong competitors – they face strong and professional customers. The processing of reinforced products is not very complex, and the barriers to entry at this level of the

chain, is not high. On the basis of this one can conclude that the horizontal overlap does not create or strengthen a significant restriction of competition.

The vertical overlap is not likely to have any effects on competition. On the EEA market for production of reinforced products the Celsa Group has a market share of less than █%.
 █%

Market shares on the EEA production market (consisting of Rebars, Coils and MWR) during 2006:

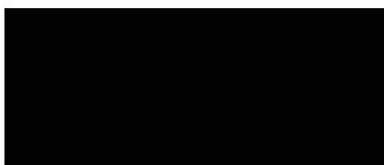
Riva		
Celsa Group		
Megasa		
Badische		
Feralpi		
Alfonso Gallardo		
Mittal-Arcelor		
Alfa Acciai		
Others		
Total Market		100%

The Transaction will therefore not lead to any foreclosure either on the upstream or on the downstream market. The other producers on the EEA market will not be foreclosed from selling to an important customer, and other distributors in Norway will have many alternatives to Fundia/Celsa Group when procuring their steel products. On the basis of this one can conclude that the vertical overlap does not create or strengthen a significant restriction of competition.

6.4 Five most important competitors, customers and suppliers on the distribution/processing market in Norway

6.4.1 Five most important competitors of Celsa and Macon Bergen

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6.4.2 Five most important customers



Celsa		Macon Bergen	

6.4.3 Five most important suppliers

As mentioned above Celsa has its own production of reinforced steel products, which is used by Celsa at the distribution and processing level. Macon Bergen most important suppliers are

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7. Annual Reports and Annual Accounts

The annual reports and annual accounts of Macon Bergen AS, Celsa Steel Service AS (previously Fundia Armering AS) and Celsa Nordic (previously BT Norway AS) are attached to this notification as **annexes 1 to 3** respectively.

8. Confidentiality

The parties consider all information marked with **yellow** as business secrets.

Yours sincerely,
for BUGGE, ARENTZ-HANSEN & RASMUSSEN

Arne Slåttå
Associate
Lawyer in charge: Svein Gerhard Simonnæs