

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

RUUKKI NORGE AS' STEEL REINFORCING BUSINESS

BY

CELSA STEEL SERVICE AS

OSLO, 26 AUGUST 2008

1. Notifying Party

1.1 The acquirer

Name: Celsa Steel Service AS
Reg. no.: 980 345 106
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: Elin Moen
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

Name: Ruukki Norge AS
Reg. nr. 911 924 692
Address: Prof. Birkelands vei 21
1081 Oslo

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 an asset purchase agreement to be entered into between Celsa Steel Service AS ("Celsa") and Ruukki Norge AS ("Ruukki") no later than 29 August 2008, Celsa

will acquire the assets relating to Ruukki's steel reinforcing business (the "Transaction").

Celsa will obtain lasting control over the target-business, which generated turnover in excess of MNOK 20 the previous financial year. It is therefore our view that a merger notification is required in accordance with the Norwegian Competition Act section 18.

4.2 The parties to the transaction

4.2.1 *Celsa*

Celsa Steel Service AS ("Celsa") is a wholly-owned subsidiary of Celsa Nordic Reinforcing AS ("Celsa Reinforcing"). Celsa 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.

Celsa Reinforcing is wholly-owned by Celsa Nordic AS, a subsidiary of the 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, France and the United Kingdom (the "UK"). Celsa is ultimately controlled by Mr. Francisco Rubiralta Vilaseca.

Celsa Reinforcing's wholly-owned subsidiaries are:

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

Further information concerning Celsa is available at www.celsa-steelservice.com

4.2.2 *Ruukki*

Ruukki is part of the Finnish corporation Rautaruukki, known under the marketing name Ruukki. Rautaruukki supplies metal-based components, systems and integrated systems to the construction and engineering industries. The company has a wide selection of metal products and services.

Rautaruukki has operations in 24 countries and employs approximately 14,600 people in 2007, whereof 566 in Norway. Net sales in 2007 totalled EUR 3.9 billion. The company's share is quoted on the OMX Nordic Exchange Helsinki (Rautaruukki Oyj: RTRKS).

Ruukki Norway AS is active within three main business segments;

Construction: Metal-based solutions for building construction, especially retail, industry and logistics, as well as solutions for infrastructure construction.

Engineering: Metal-based solutions for lifting, handling and transportation industry, for paper, wood and energy as well as marine and offshore industries

Metals: Different ranges of metals in the form of standard and special products, parts and components. This business segment includes the business subject to the Transaction, namely the processing and distribution of cut and bent reinforcement steel and the distribution of the reinforcing steel in Tromsø, Fauske, Trondheim and Porsgrunn (the “Reinforcing Business”).

Further information concerning Ruukki is available at www.ruukki.com.

5. Turnover

5.1 Turnover¹

	Celsa Group	Ruukki's reinforcing business ²
Worldwide Turnover	MNOK 38568	MNOK 62
Turnover in Norway	MNOK 1271	MNOK 62

6. Markets Affected by the Concentration (i.e. markets in Norway or which Norway is a part of, where the undertakings involved have overlapping activities)

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.

¹ All figures concerns the financial year 2007

² The result before tax in 2007 was MNOK 2

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

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).

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

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

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

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.

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. Furthermore, the parties are also in a vertical relationship as Celsa is active on the upstream EEA production market. However, none of these overlaps give rise to competition concerns for reasons described below.

After the purchase of Macon Bergen AS which was cleared by the Norwegian Competition Authority 31 October 2007, Celsa's market share in the Norwegian market for distribution and processing is now █%. Ruukki's market share is estimated to be approximately █%.⁸

The market is characterized by strong competition, involving strong and growing market participants like █

A market share of █% will not give rise to competition concerns as – besides from the strong competitors – as the market participants 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 and Coils) during 2007⁹:

Celsa Group	█
Riva	█
Megasa	█
Feralpi	█
Alfonso Gallardo	█
Alfa Acciai	█
Badische	█
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

⁸ The market shares are estimated based on sales volume as of December 2007. The figures provided are somewhat lower compared to the estimated market shares provided in the notification of 10 October 2007 concerning Celsa's acquisition of Macon Bergen AS. This is due to differences in estimated and actual sales, as well as the new market share estimates being based on 2007-figures.

⁹ The Spain-based steelmaker Siderúrgica Añón was acquired by the Celsa group in July 2007.

from selling to an important customer, and other distributors in Norway will have many alternatives to 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

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

6.4.2 Five most important customers

Celsa	Ruukki's Reinforcing Business
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

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. Ruukki's most important suppliers of reinforced steel are [REDACTED]

7. Annual Reports and Annual Accounts

The annual accounts of Celsa Nordic AS and Celsa Steel Service AS are enclosed as **Annexes 1 and 2** respectively.

There are no separate annual accounts relating to Ruukki's reinforcing business. The annual accounts of Ruukki Norge AS are enclosed as **Annex 3**.

¹⁰ [REDACTED]

¹¹ Due to the simple nature of the production process in the industry the only input/resource of importance, besides employees and energy, is reinforced steel.

8. Confidentiality

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

Yours sincerely,
for BUGGE, ARENTZ-HANSEN & RASMUSSEN



Elin Moen
Associate
Lawyer in charge: Svein Gerhard Simonnæs