

Konkurransetilsynet
Postboks 439 Sentrum
5805 Bergen
By email and fax: 55 59 75 99

Oslo, 17 April 2013

Lawyer in charge : Advokat Jan Magne Juuhl-Langseth

**- STANDARDISED NOTIFICATION OF A CONCENTRATION -
DSM HOLDING AS' ACQUISITION OF SOLE CONTROL OF DEEP SEA
MOORING AS**

1. THE NOTIFYING PARTY

Name: DSM Holding AS (currently named Inceptum 674 AS)
Registration Number: 911 670 275
Address: C/O HitecVision AS
P.O. Box 8120
4068 Stavanger

Representative: Advokatfirmaet Schjødt AS
v/avocat Henrik Nordling
Munkendamsveien 45A
Postboks 2444 Solli
0201 Oslo
e-mail: heno@schjodt.no
phone: 22 01 88 00 / 23 01 15 68

2. OTHER UNDERTAKINGS CONCERNED

Name: Deep Sea Mooring AS
Registration number: 993 156 248
Address: Hammaren 19
P.O. Box 152
4098 Tananger

3. NATURE OF THE CONCENTRATION

- (1) By way of a Share Purchase Agreement signed on 16 April 2013, DSM Holding AS ("**DSM Holding**") agreed to purchase 100 % of the share capital in Deep Sea Mooring AS ("**Deep Sea Mooring**", together with HitecVision Fund VI (as defined below) the "**Parties**") from Odfjell Partners Invest Ltd. ("**Odfjell**"). In combination with this purchase HitecVision Fund VI will also indirectly acquire certain assets from Odfjell ("**Odfjell Assets**") that will be incorporated into a newly established company to be indirectly owned by HitecVision Fund VI (the "**Transaction**"). The share capital of DSM Holding is ultimately held 100% by HitecVision Fund VI L.P. ("**HitecVision Fund VI**") that will therefore acquire indirect sole control of Deep Sea Mooring.
- (2) Consequently, the Transaction falls within the scope of Section 17 of the Competition Act 2004 ("**Competition Act**"). Given that the thresholds set out in Section 2 of the Regulation on the Notification of Concentrations are met (*cf.* Section 5 below), the Parties submit the following standardised notification. For the reasons set out below, the Parties conclude and respectfully submit that the Transaction will not lead to the creation or strengthening of a significant restriction of competition, contrary to Section 16 of the Competition Act.

4. STRUCTURE AND BUSINESS AREAS OF THE UNDERTAKINGS CONCERNED

4.1. HitecVision Fund VI

- (3) A complete overview of the acquiring party requires an understanding of the manner in which HitecVision Fund VI fits in within the broader scope of funds within the HitecVision Private Equity umbrella. Accordingly, the Parties will first describe the activities of HitecVision Advisory ASA ("**HitecVision Advisory**") in Section 4.1.1, before describing HitecVision Fund VI and its portfolio companies in Section Feil! Fant ikke referansekinden..

4.1.1. HitecVision Advisory

- (4) HitecVision Advisory is a financial adviser for several investment funds established under the HitecVision umbrella, namely: HitecVision Fund VI, HitecVision Fund V L.P., HitecVision Asset Solutions L.P., and HitecVision Fund IV L.P. Each of the aforementioned funds is at the behest of a distinct General Partner, Fund Manager and investors. The different funds are managed independently and on their merits and are not, even within each respective fund, financially or operationally consolidated. It follows that HitecVision Advisory does not for the purposes of the Transaction exercise control over HitecVision Fund VI within the meaning of the Competition Act.¹

4.1.2. HitecVision Fund VI

- (5) HitecVision Fund VI is an investment fund established in Guernsey in November 2011 which manages investments in four following portfolio companies set out below.
- (6) Further information on HitecVision Fund VI is available on the following link: <http://www.hitecvision.com/portfolio?KEY=969>.

¹ European Commission, *Consolidated Jurisdictional Notice* [2008] OJ C-95/1, para. 15; by analogy see European Commission decision of 7 August 2012 in Case No. COMP/M.6560 – *EQT VI/ BSN Medical*, para. 3.

4.1.2.1. Spike Exploration

- (7) Spike Exploration is a start-up independent E&P company that will pursue exploration and appraisal opportunities in the North Sea. The plan is to build a portfolio of opportunities through a combination of farm-ins to existing licenses and awards of new acreage in the official licensing rounds. Spike Exploration did not achieve any turnover in 2012 and does not have any activity related to Mooring.
- (8) Further information on Spike Exploration is available on the following link: www.spike-x.com.

4.1.2.2. Global Maritime

- (9) Global Maritime was established in 1979 and employs approximately 260 civil and structural engineers, naval architects, mechanical & marine engineers and master mariners. The Company delivers a range of technical services required for the design, construction and completion of complex offshore development projects. These services delivers services to major oil & gas operators, EPC companies, yards and offshore construction companies.
- (10) For the purposes of the present Transaction, it is relevant to note that Global Maritime offers mooring analysis services.
- (11) Further information on Global Maritime is available on the following link: www.globalmaritime.com.

4.1.2.3. Axis Offshore Pte. Ltd

- (12) Axis Offshore Pte. Ltd ("**Axis Offshore**") is a Joint Venture formed between HitecVision and J. Lauritzen A/S and provides high spec offshore Accommodation & Support Vessels (so called 'floatels') servicing the offshore oil & gas industry. To this end Axis Offshore owns and operates the *Dan Swift* which is currently on charter to Petrobras in Brazil. Accordingly the company has no activity in Norway.
- (13) Further information on Axis Offshore is available on the following link: www.axisoff.com.

4.1.2.4. Momek Group

- (14) Momek Group was founded in 1998 and provides services to the oil & gas, mining and process industries. The company has its main office and fabrication facilities in Mo Industrial Park, Mo i Rana. Momek Group operates through three divisions.
- (15) Fabrication & Engineering Division: Fabrication and assembly of machined parts and steel constructions.
- (16) Maintenance and Modification: Provides maintenance and modification services to the oil & gas, mining and process industries.
- (17) Civil Division: Performs civil construction services including: new buildings, plant rehabilitation and repairs for the public and private sector.

(18) For the sake of good order, it should be noted that Momek Group does not have any activities related to mooring services or equipment.

(19) Further information on Momek Group is available on the following link: www.momek.no.

4.1.2.5. DSM Holding

(20) DSM Holding does not at the moment have any activity but will own 100% of the share capital in Deep Sea Mooring upon completion of the Transaction.

4.2. Deep Sea Mooring

(21) Deep Sea Mooring was established in 2008 and is a provider of mooring rental equipment, pre-lay mooring solutions and ancillary services to E&P companies and drilling operators for offshore rigs on the Norwegian Continental Shelf. The company operates out of its office in Bergen as well as warehouses and equipment bases in Mongstad and Kristiansund. Although the bulk of Deep Sea Mooring's activity is composed of rental of mooring equipment, it also offers mooring related services but not mooring analysis.

(22) For the sake of clarity, the Parties would like to point out that none of the Odfjell Assets that will be transferred to Deep Sea Mooring in conjunction with the Transaction relate to mooring analysis.

(23) Further information on Deep Sea Mooring is available on the following link: www.deepseamooring.com.

5. TURNOVER 2012

	Name	Total Turnover 2012	Turnover in Norway 2012
Acquirer's group	HitecVision VI L.P.	NOK 1 160.5 million	NOK 884 million ²
Target	Deep Sea Mooring	NOK 143 million	NOK 143 million

6. AFFECTED MARKETS

(24) It follows from the foregoing description provided in Section 4 above that the Parties do not have any horizontal overlap. However, Global Maritime does offer mooring analysis services which could be seen as vertically related or complementary to the mooring equipment sold by Deep Sea Mooring.

(25) The Transaction would thus not lead to the elimination of direct competition between the Parties as the relationship between them can at most be described as vertical or complementary. This in turn implies that the likelihood that the Transaction would lead to any negative competitive effects is low. Rather, the focus of the assessment of the Transaction – as with any non-horizontal mergers – must be on the likelihood of subsequent input foreclosure.³

² Turnover in Norway stems from Momek Group and Global Maritime, while Spike Exploration had no revenues in 2012

³ See European Commission, *Consolidated Jurisdictional Notice*, Op. Cit. n.1, para. 29 *et seq.*

- (26) With respect to the product market, mooring analysis covers the scope of services required in order to design a mooring system for an offshore unit. This is undertaken by simulating the environment within which the vessel would be moored in order to determine the optimum positioning, alignment and type of mooring to be implemented.
- (27) Given the specific demand for mooring services and the necessity to conduct specific analysis on mooring points prior to mooring, the existence of a relevant product market for mooring analysis services cannot be ruled out. Given the international nature of the Oil & Gas industry, a product market for mooring analysis services should also be considered as being worldwide in scope.⁴ In any event, it is not necessary to conclude on the definition of the relevant product market as even under this narrowest definition the Transaction would not lead to a significant restriction of competition.
- (28) First, simulations are conducted through specialist software into which the relevant oceanographic data of the contemplated mooring point are inserted. Companies active in the field of mooring analysis either develop their own software or use commercially available software developed by third parties. On the one hand, there are commercially available programs such as the *Sesam Mimosa* software developed by Det Norske Veritas and the *OrcaFlex* software developed by Orcina.⁵ On the other hand, Global Maritime utilises its own proprietary software package dubbed *GMOOR32*. Accordingly, the Transaction will not restrict the availability of software capable of performing mooring analysis. It follows, that the Transaction will not lead to any form of input foreclosure.
- (29) Moreover, the existence of a variety of software platforms that are available to existing and potential competitors attest to the dynamism of the market where, in theory, any provider of offshore engineering services could quickly establish themselves in the provision of mooring analysis by: i) acquiring a license for appropriate software; and, ii) training its engineers to use the software.
- (30) Second, the Oil & Gas industry is dominated by large multinational companies. These also constitute the demand side for mooring analysis services. It follows that the demand side is permeated by a particularly high level of countervailing buyer power. This entails that the incentive and ability of the Parties to exercise a free hand on market parameters and they will continue to be highly constrained by the demand side. On this point it is particularly prevalent to highlight the fact that a large oil company could easily conduct its own mooring analysis by following the steps described in para. (29) above.
- (31) Consequentially, the Transaction will not lead to any affected markets, whether vertical or horizontal. Accordingly, the Parties respectfully submit that the Authority authorise the Transaction as it does not lead to the creation or strengthening of a significant restriction of competition contrary to Section 16 of the Competition Act.

⁴ See for example European Commission decision of 6 July 1998 in Case No. IV/M.1140 – *Halliburton / Dresser*, para. 9 and 25. This is also attested to by the broad geographic spectrum of projects undertaken by Global Maritime which cover most of the major oil producing regions of the world.

⁵ See further information on the different software on the following links: <http://www.dnv.com/services/software/products/sesam/sesamdeepc/mimosa.asp> (Sesam Mimosa); <http://www.orcina.com/SoftwareProducts/OrcaFlex/> (OrcaFlex).

7. ANNUAL REPORTS AND ANNUAL ACCOUNTS

- (32) The annual accounts for Deep Sea Mooring⁶, Momek Group and Global Maritime are publicly available from the Brønnøysund registries.

8. BUSINESS SECRETS

- (33) Information given by the parties relating to market shares, competitors, suppliers, customers and the transaction structure must be considered as confidential business secrets.
- (34) A non-confidential version of the present notification will be sent to the Competition Authority shortly.

* * *

Yours faithfully,
ADVOKATFIRMAET SCHJØDT AS



Henrik Nordling, *Avocat à la Cour* (France) established in Norway under Directive 98/5/EC

⁶ Revenue figure presented under Section 5 is carve-out pro-forma revenue and differs therefore from the Brønnøysund registries.