

Simplified notification of concentration

cf. the Norwegian Competition Act section 18 first paragraph and Regulation on
the Notification of Concentrations section 3 first paragraph item 3

between

4SERVICE Gruppen AS

and

Gastro Catering AS

Oslo, 8 April 2019

Confidential

Contains business secrets

1. The notifying party

The acquirer

Name: 4SERVICE Gruppen AS
Reg.no.: 916 271 344
Address: Sandviksveien 26, 1363 Høvik

The acquirer's representative

Name: Advokatfirmaet BAHR AS
Contact person: Ingeborg Maria Gudem
Lawyer in charge: Børre Sofus Arnet
Address: Postboks 1524 Vika, NO-0117 Oslo
Telephone: 21 00 00 50 / 93 82 14 00
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2. Other involved party

Name: Gastro Catering AS
Reg.no.: 995 121 875
Address: Sandakerveien 114B, 0484 Oslo

Representative:

Name: Advokatfirmaet Steenstrup Stordrange DA
Contact person: Erik Lind
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3. The transaction

- (1) This notification concerns the proposed acquisition by 4SERVICE Gruppen AS ("Notifying Party", "4SERVICE") of Gastro Catering AS ("Gastro") (together, the "Parties"). According to the Share Purchase Agreement of 4 April 2018, the Notifying Party will acquire 100% of the shares in Gastro (the "Transaction").
- (2) The Notifying Party is a wholly-owned portfolio company of the investment fund Norvestor VII, L.P. ("Norvestor VII") acting through its general partner Norvestor VII General Partner L.P., in turn acting through its general partner Norvestor VII (GP) Limited.
- (3) By acquiring 100% of the company shares, the Notifying Party will acquire sole control of Gastro. Hence, the proposed acquisition constitutes a change of control according to

Section 17 of the Norwegian Competition Act.¹ Completion is conditioned on approval from the Norwegian Competition Authority.

4. Applicability of a simplified notification

- (4) As described in section 7 below, the Parties are to a certain extent competitors in the market for conventional canteen services in Norway. However, the Parties' joint market shares are significantly below 20%. Furthermore, the Parties do not hold any vertical relations on markets in which the market shares of the Parties exceed 30%. Consequently, the Transaction qualifies for a simplified notification in accordance with the Regulation on the Notification of Concentrations section 3 first paragraph, item 3, litra c.

5. The involved Parties' structure and area of business

5.1 The Notifying Party, Norvestor and Norvestor's portfolio

- (5) The Notifying Party is a Norwegian provider of canteen operation services and facility services for the private and public sectors. The Notifying Party is controlled by the investment fund Norvestor VII. Norvestor VII is, along with Norvestor IV, L.P. ("Norvestor IV"), Norvestor V, L.P. ("Norvestor V") and Norvestor VI, L.P. ("Norvestor VI") advised or managed by Norvestor Equity AS. The Norvestor funds and their portfolio companies generated a total global turnover of approximately MNOK [REDACTED] in 2018, of which approximately MNOK [REDACTED] was generated from Norway.
- (6) The Norvestor funds' current investment portfolios include a number of undertakings listed in **Annex 1**. To the degree these are affected by the Transaction, they are further described below.

5.2 4SERVICE Gruppen AS

- (7) 4SERVICE is a Norwegian provider of canteen operation services and facility services for the private and public sectors. Established in 2010, the company is headquartered in Oslo, with regional offices in Stavanger, Trondheim and Bergen. 4SERVICE has 2400 employees. The annual turnover of 4SERVICE in 2018 was approximately MNOK [REDACTED] with an operating result of approximately MNOK [REDACTED].
- (8) 4SERVICE focuses on providing canteen operation and food services for the private business and public sectors, including on offshore installations and for on-shore camps related to long-term infrastructure and construction projects. Canteen and food services, i.e. the procurement, preparation and provision of food through on-site canteens, including catering services and distribution and maintenance of third party coffee and juice vending machines, constitute the primary focus, but 4SERVICE also provides, as part of their general canteen and food services, supplemental support services such as cleaning, reception and switchboard services, to their customers. 4SERVICE's business is directed at

¹ The Transaction will include reinvestment by Gastro's current shareholders in 4SERVICE. The reinvestment will be made in 4SERVICE Holding AS. Norvestor VII will constitute the sole controlling shareholder of the Buyer. The reinvesting sellers will all be minority shareholders without negative control.

different customer segments, although the services provided are essentially the same throughout the company's activities.

- (9) The subsidiaries 4SERVICE Kantine AS, 4SERVICE AS and 4SERVICE Landanlegg AS holds 4SERVICE's conventional customer contracts for canteen operations and food services, which depending on the conditions of the individual contracts, may include several of the support services referred to above. 4SERVICE currently operates 120 on-site canteens all over Norway, through its concepts De 3 Stuer, Eir Mat og drikke and 4Service. 4SERVICE also provides related services such as catering for internal workplace events and meetings, onsite coffee bars and reception services. Among 4SERVICE's biggest customers for conventional canteens are [REDACTED]
- (10) The subsidiary 4SERVICE Offshore AS focuses on the provision of canteen operations and food services to offshore oil & gas floating installations in the North Sea, while 4SERVICE Offshore Hotels AS deliver similar services for offshore oil & gas fixed installations in the North Sea. The services provided offshore are canteen and kiosk operations, as well as accommodation and cleaning services. 4SERVICE Offshore AS holds 6 contracts, encompassing 7 floating offshore rigs, while 4SERVICE Offshore Hotels AS holds 2 contracts, encompassing one fixed installation and one floatel. Among 4SERVICE Offshore AS' and 4SERVICE Offshore Hotels AS' biggest customers are [REDACTED]
- (11) The subsidiaries 4SERVICE Landanlegg AS, 4SERVICE AS, Lahaugmoen Innkvartering AS and Spor AS focus on the provision of canteen operations, food services and accommodation services to on-shore camps. 4SERVICE are currently engaged in the operation of 39 on-shore camps. The camps are typically temporarily established in connection with long-term construction or infrastructure projects. The services provided by 4SERVICE are canteen and kiosk operations, as well as camp management-related services such as cleaning, reception, booking and access control. The camps are accommodation facilities. The physical facilities are provided by a different party than 4SERVICE. For certain camps, camp management is provided by joint ventures owned by 4SERVICE and another party, in which the other party is responsible for providing accommodation facilities, typically barracks. In other camps, the facilities are owned by the contract customer. In yet other instances, 4SERVICE leases the facilities from third parties. Among 4SERVICE Landanlegg AS' and Spor AS' biggest customers are [REDACTED]
- (12) The subsidiary 4SERVICE Eir Renhold AS provides facility cleaning services for the business and public sectors in Norway. The company employs approximately 1000 people. Eir Renhold focuses on the provision of conventional daily cleaning services of office buildings and other places of business. The services consist of general cleaning services such as cleaning of floors and other surfaces, dust wiping and cleaning of bathrooms and other sanitary facilities. Eir Renhold also offers services which do not typically form part of daily cleaning, such as floor treatments, dry cleaning of various textiles and fabrics (typically carpets, rug and mats). Furthermore, Eir Renhold may perform so-called deep cleaning (hovedrengjøring), which is a more substantial and thorough cleaning of the facilities. Eir Renhold may also offer sanitary products such as soap and paper towels, including

dispensers for these products. Eir Renhold also offers cleaning of exteriors such as facades, including window cleaning.

- (13) The subsidiary 4SERVICE FS AS provides integrated facility management services, which, in addition to canteen operations and food services and facility cleaning services, encompasses services such as management of reception, switchboards, and office administration and services agreements.
- (14) Further information is available at www.4service.no.

5.3 Gastro

- (15) Gastro is a Norwegian provider of canteen operations and catering services for the private and public sectors. Established in 2010, the company is headquartered in Oslo. Gastro has 120 employees. The annual turnover of Gastro in 2018 was approximately MNOK [REDACTED] with an operating result of approximately MNOK [REDACTED].
- (16) Gastro focuses on conventional canteen operation and food services as well as catering services for the private and public sectors. Gastro currently operates 16 on-site canteens in Oslo and Akershus. Gastro does not offer facility cleaning or other facility management support services.
- (17) From its production facility in Oslo, Gastro provides catering to businesses and consumers in Eastern Norway. As part of its catering services, Gastro also offers rental of chefs that will cook at the customer’s location.
- (18) Through its subsidiary Gastro Kitchen AS (66.6%), Gastro produces and supplies ready-made fresh food to foods such as salads, wraps and sandwiches to retail, convenience stores and HORECA (“Hotels, restaurant, catering”) businesses all over Norway. Gastro Kitchen had an annual turnover in 2019 of approximately MNOK [REDACTED] and an operation result of approximately MNOK [REDACTED].
- (19) In addition, Gastro has non-controlling minority shareholding in Cold Pressed Juice Nordic AS, who produces juices, and Økologibygget AS, who owns a single property in Oslo.

6. Turnover

	Turnover in Norway 2018 (MNOK)
Norvestor	[REDACTED]
4SERVICE	[REDACTED]
Gastro	[REDACTED]

7. No markets are affected by the Transaction

- (20) The Parties are both active in the market for canteen operations and food services prior to the notified Transaction. However, the Parties have joint markets shares well below 20%. Although the Parties do hold vertical relations along four separate dimensions, the companies concerned all have market shares below 30% in the relevant markets. Consequently, there are no markets affected by the concentration.

7.1 The Parties overlap within the market for canteen operations and food services

- (21) Gastro and 4SERVICE are both active within the market for canteen operations and food services, and provide services to the Norwegian public and private sectors.² The basic service offered is the operation of onsite canteens at the place of the customer's business. In the standard scenario this entails the operation of a canteen in an office building on the basis of a contract. As part of the services related to the operation of the canteen as such, i.e. the procurement, preparation and provision of food and related logistic and administrative tasks, various additional support services may also be offered. Such support services may encompass, *inter alia*, cleaning services, reception services, catering to internal meetings and events and kiosk operations. Services may also include the provision of canteen operations, food and accommodation services to on-shore camps established in connection with construction or infrastructure projects and to offshore installations in the oil & gas industry.
- (22) It is the view of the Notifying Party that the market for canteen operations and food services is national in scope. 4SERVICE operates all over Norway. Gastro concentrates on Eastern Norway, in particular Oslo and Akershus, but may in principle compete for canteen operation contracts all over Norway. There is no permanent presence necessary besides the establishment of the individual canteens in question. At the same time, the market is also likely to have local dimensions, as a consequence of demand being local in nature. In any event, a definitive delineation of the scope of the geographic market may be left open in the present case, as the Transaction does not give rise to competition concerns under any circumstances, cf. the below.
- (23) The relevant product market for canteen operations and food services may potentially be divided into several segments. While a definitive delineation of the relevant market may be left open in the present case, for the purposes of the present notification, the Notifying Party has provided market data on the basis of a narrow market segment encompassing the operation of conventional on-site canteens and provision of food and related services at places of work, such as office buildings or schools. Even on the basis of such a narrow delineation of the relevant market, the Transaction does not give rise to any competition concerns.
- (24) According to the best estimate of the Notifying Party, the annual total value of a market segment for conventional on-site canteens and provision of food and related services

² 4SERVICE does not offer catering services on a stand-alone basis, but to a limited extent offers food for meetings and events to existing customers from its own canteens, as part of its facility management services. The Notifying Party therefore submits that 4SERVICE is thus not an actual or potential competitor to Gastro's catering services. Furthermore, the Notifying Party notes that Gastro is not active within the narrow market segments relating to the provision of integrated facility management services, the provision of canteen operations, food services and accommodation, including related support services such as cleaning and booking, to offshore installations in the oil & gas industry and to on-shore camps established in connection with construction or infrastructure projects. There are thus no horizontal overlaps between 4SERVICE's activities in these segments and Gastro's business.

amounted to NOK 5.9 billion in 2018.³ The market is fragmented, and characterised by a number of strong players. Among these are Eurest, ISS, Sodexo, TOMA, Fazer and Coor.

- (25) 4SERVICE had approximately MNOK [REDACTED] in turnover in 2018 related to canteen operations and food services. According to the Notifying Party's best estimate, 4SERVICE's market share in this segment is estimated at below [REDACTED]. Gastros turnover in 2018 was approximately MNOK [REDACTED] constituting a market share in this segment estimated at [REDACTED]. On this basis, the Transaction will not affect the market for canteen operations and food services, nor give rise to any competition concerns.

7.2 Vertical relations

- (26) The Notifying Party have identified vertical relations along the following dimensions:

7.2.1 Gastro as a supplier of ready-made fresh food products to 4SERVICE

- (27) Gastro, through its subsidiary Gastro Kitchen, is a producer and supplier of ready-made fresh foods such as salads, wraps and sandwiches to retail, convenience stores and HORECA businesses.
- (28) Although 4SERVICE does not currently offer such ready-made products as part of its facility management services, it may in principle do so and is thus a potential customer of Gastro Kitchen.
- (29) It is the view of the Notifying Party that the market for production and supply of ready-made fresh food is national in scope. Gastro delivers such products to all over Norway from its production site in Oslo.
- (30) The Notifying Party estimates the national market for production and supply of ready-made fresh food to retail, convenience stores and HORECA businesses amounts to at least NOK [REDACTED] billion. This is likely a conservative estimate
- (31) Gastro's turnover within the market for production and supply of ready-made fresh food in 2018 amounted to approximately MNOK [REDACTED] constituting a market share of less than [REDACTED]
- (32) As noted, 4SERVICE's market share in the Norwegian market for a canteen operations and food services market is estimated at below [REDACTED]. According to the best estimate of the Notifying Party, 4SERVICE's market share in the narrower markets segments of (i) the operation of conventional on-site canteens, (ii) the provision of canteen operations and accommodation to offshore installations and (iii) the provision of canteen operations and accommodations to on-shore camps would be approximately [REDACTED], approximately [REDACTED] and approximately [REDACTED] respectively.⁴

³ According to NHO Service market data

⁴ For further information, see Simplified notification of concentration between Noma Hold AS and 4SERVICE Gruppen AS of 22 December 2018 and

(33) Against the background of the above, and in light of Gastro's limited market share, there will be no ability or incentive for either input or customer foreclosure following the Transaction. As such, the Transaction does not affect any markets in the value chain for production and supply of ready-made fresh food.

7.2.2 Gastro as a provider of canteen operations and catering services to Norvestor portfolio companies

(34) As Gastro is a provider of, respectively, canteen operations and catering services to the business and public sectors, Gastro may be a potential supplier to any Norvestor portfolio company with a demand for these services. However, as the target customer group with respect to both canteen operations and catering services must be assumed to be every private or public enterprise with a demand for such outsourced services, the Norvestor portfolio companies, numbering 26 companies⁵, constitute no more than a negligible share of the market.

(35) As stated above, Gastro's market share in the national market for canteen operations and food services is estimated at [REDACTED]

(36) It is the view of the Notifying Party that the market for catering services is local or regional in scope, depending on the type of client and the food prepared. Gastro prepares food both at its production site in Oslo and at the customer's location, and delivers to locations in Eastern Norway. In any event, a definitive delineation of the relevant market may be left out in the present case, as the Transaction does not under any circumstances affect the market for catering services.

(37) The Notifying Party does not possess market data relating to the size of the total market for catering services in Eastern Norway. However, the market is fragmented and characterised by a number of strong players such as Norgescatering, Matspecialen, Elvebredden and Nobel. Gastro's turnover within the market for catering services in 2018 amounted to approximately MNOK [REDACTED]. According to the best estimate of the Notifying Party, this constitutes a market share below [REDACTED].

(38) Against the background of the above, and in light of Gastro's very limited market presence, there is no ability or incentive for either input or customer foreclosure following the Transaction. As such, the Transaction does not affect any markets in the value chains for canteen operations or catering services.

7.2.3 Norvestor portfolio companies as a supplier of services to Gastro

(39) Gastro may in principle be a potential customer of several Norvestor portfolio companies which provide their services to businesses in general.⁶ While not being directed towards the

⁵ Not including subsidiaries.

⁶ Norvestor portfolio companies of relevance include The North Alliance (communication and design), Eneas (electricity purchasing), Nomor (conventional pest control), Apsis (electronic newsletter), IT Gården (IT-services), NetNordic (communication and cloud solutions) and Stamina (occupational healthcare).

canteen operations catering services market specifically, such services may nevertheless be of use to Gastro in the operation of its business. A common characteristic of these services is that they are offered to businesses as end-users and do not constitute a factor in the customer's product or service production. Gastro would constitute an end user in the respective markets in which the portfolio companies are active. However, Gastro would represent only a negligible portion of the customer bases of these companies, which are not limited to providers of canteen operations and catering services.

- (40) In any case, none of the Norvestor portfolio companies have a market share above 30% in the markets in which they operate.
- (41) Gastro's market share in the markets for canteen operations, catering services and production and supply of ready-made fresh food is estimated at well below 30 % in all markets. Against this background, there is no ability or incentive for either input or customer foreclosure following the Transaction and the Transaction does not lead to any vertically affected markets.

7.2.4 Norvestor portfolio company Nomor as a supplier of food safety services to Gastro

- (42) Norvestor portfolio company Nomor offers food safety services, such as development of IK-systems, food safety revisions, HACCP (Hazard Analysis and Critical Control Point) analyses and courses in food safety, hygiene, and HACCP, and allergy management, to businesses offering food-related services.
- (43) As a provider of canteen operations, catering services and provider of ready-made fresh food, Gastro is a purchaser of food safety services and a potential customer of Nomor.
- (44) Nomors turnover within the market for food safety services was in 2017 approximately MNOK [REDACTED]. As food safety services constitute a marginal part of Nomors service offerings, the Notifying Party does not possess market data related to the size of the total market for food safety services. In light of Gastro's limited turnover, the Notifying Party presumes that such a market share would be negligible and in any case well below [REDACTED].⁷
- (45) As noted, Gastro's market share in the markets for canteen operations, catering services and production and supply of ready-made fresh food is estimated at well below 30% in all markets. Against this background, there is no ability or incentive for either input or customer foreclosure following the Transaction the Transaction does not lead to any vertically affected markets.

⁷ For more information, see Melding av foretakssammenslutning mellom Nomor Holding AB og PELIAS Norsk Skadedyrkontroll AS av 2. januar 2019.

8. The Parties' most important customers, competitors and suppliers within canteen operations and food services

8.1 The Parties' most important customers

4SERVICE	Gastro
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

8.2 The Parties' most important competitors

4SERVICE	Gastro
ISS Facility Services AS	ISS Facility Services AS
Eurest AS	Eurest AS
Sodexo AS	Dugurd AS
Coor Service Management AS	Sodexo AS
Toma Facility Services AS	Toma Facility Services AS

8.3 The Parties' most important suppliers

4SERVICE	Gastro
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

9. Annual reports

- (46) The 2018 audited annual reports of Norvestor VII General Partner L.P., Norvestor VII (GP) Limited and Norvestor VII, L.P. are attached to this notification as **Annex 2, 3 and 4**, respectively. These annual reports contain business secrets.
- (47) The 2018 audited annual reports of 4SERVICE Gruppen AS are not yet available. The 2017 audited annual reports of 4SERVICE Gruppen AS is publicly available and are therefore not attached to this notification.
- (48) The 2018 audited annual report of Gastro Catering AS has not yet been made publicly available and is therefore attached to this notification as **Annex 5**.

10. Other

- (49) The Transaction will not be notified to the competition authorities in any other jurisdictions than Norway.

11. Confidentiality

(50) The notification contains business secrets. Business secrets are marked with a **green background**.

Yours sincerely,
Advokatfirmaet BAHR AS



Ingeborg Maria Gudem
Associate
Lawyer in charge: Børre Sofus Arnet