

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
bRest AS

Oslo, 12 June 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: bRest AS
Reg.no.: 998 391 652
Address: Nordre Øverberg 2, 1397 Nesøya

Representative:

Name: Advokatfirmaet Simonsen Vogt Wiig AS
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3. The transaction

- (1) This notification concerns the proposed acquisition by 4SERVICE Gruppen AS ("Notifying Party", "4SERVICE") of bRest AS ("bRest") (together, the "Parties"). According to the Share Purchase Agreement of 11 June 2019, the Notifying Party will acquire 100% of the shares in bRest (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 bRest. 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]².

- (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, and catering services. 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

¹ The Transaction will include reinvestment by Brest'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.

² The figure includes the turnover of Gastro Catering AS and Søtt+Salt Gruppen AS. The acquisitions of both companies were completed on 16 Mai 2019. For further information, please see Simplified notification of concentration between 4SERVICE Gruppen AS and Gastro Catering AS of 8 April 2019.

such as cleaning, reception and switchboard services, to their customers. 4SERVICE's business is directed at different customer segments, although the services provided are essentially the same throughout the company's activities.

- (9) The subsidiaries 4SERVICE Kantine AS, 4SERVICE AS, 4SERVICE Landanlegg AS, Gastro Catering AS and Søtt+Salt Kantine AS hold 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, Gastro and Søtt+Salt 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) The subsidiaries Gastro Catering AS and Søtt+Salt AS provide catering services to businesses and consumers in Eastern and Western Norway. As part of its catering services, 4SERVICE also offers rental of chefs that will cook at the customer’s location.
- (15) Through its subsidiary Gastro Kitchen AS (66.6%), 4SERVICE produces and supplies ready-made fresh food such as salads, wraps and sandwiches to retail, convenience stores and HORECA (“Hotels, restaurant, catering”) businesses all over Norway.
- (16) In addition, 4SERVICE, through its subsidiary Gastro Kitchen AS, has non-controlling minority shareholdings in Cold Pressed Juice Nordic AS, who produces juices, and Økologibyget AS, who owns a single property in Oslo.
- (17) Further information is available at www.4service.no.

5.3 bRest AS

- (18) bRest is a Norwegian provider of canteen operation and food services for the private and public sectors. Established in 2012, the company is headquartered in Oslo. bRest has 90 employees. The annual turnover of bRest in 2018 was approximately MNOK [REDACTED], with an operating result of approximately MNOK [REDACTED].
- (19) bRest focuses on conventional canteen operation and food services for the private and public sectors. bRest currently operates 16 on-site canteens in Eastern Norway. As part of its general canteen and food services, bRest to a limited extent offers supplemental support services such as reception and switchboard services and conference services. bRest does not offer facility cleaning services.
- (20) More information is available at www.brest.no.

6. Turnover

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

7. No markets are affected by the Transaction

(21) 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

(22) bRest and 4SERVICE are both active within the market for canteen operations and food services, and provide services to the Norwegian public and private sectors.³ 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.

(23) 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. bRest 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.

(24) 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

³ bRest 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 bRest is thus not an actual or potential competitor to 4SERVICE's catering services. Furthermore, the Notifying Party notes that bRest 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 bRest's business.

delineation of the relevant market, the Transaction does not give rise to any competition concerns.

- (25) 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 amounted to NOK 5.9 billion in 2018.⁴ The market is fragmented, and characterised by a number of strong players. Among these are Eurest, ISS, Sodexo, TOMA, Fazer and Coor. In addition a major part of the domestic market is operated by the companies themselves as in house operation.
- (26) 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 approximately [REDACTED]. bRest's turnover in 2018 was approximately MNOK [REDACTED], constituting a market share in this segment estimated at below [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

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

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

- (28) 4SERVICE, 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.
- (29) Although bRest does not currently offer such ready-made products as part of its canteen operation services, it may in principle do so and is thus a potential customer of Gastro Kitchen.
- (30) It is the view of the Notifying Party that the market for production and supply of ready-made fresh food is national in scope. 4SERVICE delivers such products to all over Norway from its production site in Oslo.
- (31) 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
- (32) 4SERVICE'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].
- (33) As noted, bRest's market share in the Norwegian market for a canteen operations and food services market is estimated at below [REDACTED].

⁴ According to NHO Service market data

(34) Against the background of the above, and in light of 4SERVICE'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 bRest as a provider of canteen operations services to Norvestor portfolio companies

(35) As bRest is a provider of canteen operations services to the business and public sectors, bRest 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 25 companies⁵, constitute no more than a negligible share of the market.

(36) As stated above, bRest's market share in the national market for canteen operations and food services is estimated at below ■.

(37) Against the background of the above, and in light of bRest'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 services.

7.2.3 Norvestor portfolio companies as a supplier of services to bRest

(38) bRest 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 canteen operations catering services market specifically, such services may nevertheless be of use to bRest 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. bRest would constitute an end-user in the respective markets in which the portfolio companies are active. However, bRest 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.

(39) In any case, none of the Norvestor portfolio companies have a market share above 30% in the markets in which they operate.

(40) bRest's market share in the markets for canteen operations is estimated at below ■ in the market for provision of conventional canteen services. 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.

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).

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

- (41) 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.
- (42) As a provider of canteen operations, catering services and provider of ready-made fresh food, bRest is a purchaser of food safety services and a potential customer of Nomor.
- (43) 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 Nomor’s limited turnover, the Notifying Party presumes that such a market share would be negligible and in any case well below [REDACTED].⁷
- (44) As noted, bRest’s market share in the markets for canteen operations is estimated at well below [REDACTED]. 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.

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

8.1 The Parties’ most important customers

4SERVICE	bRest
[REDACTED]	[REDACTED]

8.2 The Parties’ most important competitors

4SERVICE	bRest
ISS Facility Services AS	ISS Facility Services AS
Eurest AS	Eurest AS/Compass Group
Sodexo AS	Sodexo AS
Coor Service Management AS	Coor Service Management AS
Toma Facility Services AS	Dugurd AS

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

8.3 The Parties' most important suppliers

4SERVICE	bRest

9. Annual reports

- (45) 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.
- (46) The 2018 audited annual reports of 4SERVICE Gruppen has not yet been made publicly available and is therefore attached to this notification as **Annex 5**.
- (47) The 2018 audited annual report of bRest AS has not yet been made publicly available and is therefore attached to this notification as **Annex 6**.

10. Other

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

11. Confidentiality

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

Yours sincerely,
Advokatfirmaet BAHR AS



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Associate
Lawyer in charge: Børre Sofus Arnet