

## 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

Lyreco S.A.S

and

Samba Holdco B.V.

Oslo, 25 March 2021

*Confidential*  
*Contains business secrets*

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## 1. CONTACT DETAILS

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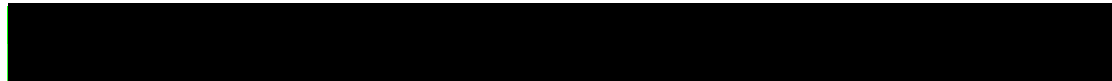
## 2. THE TRANSACTION

- (1) This notification concerns the acquisition by Lyreco S.A.S (“Lyreco”) of all the shares of Samba Holdco B.V. (the “Target”), a shelf company which will comprise the commercial, online and retail business carried on by Staples Solutions B.V. (“Staples Solutions”) (collectively referred to as the “Parties” and individually a “Party”) and its subsidiaries in Austria, Denmark, Germany, Norway, Poland, and Sweden as well as certain support functions (the “Transaction”).
- (2) The Transaction involves the combination of two office products suppliers active nationally in the distribution of office supplies to professional end-customers in Norway. It will be implemented by means of a share purchase agreement between Lyreco and Staples International B.V. dated February 19 2021. The share purchase agreement, including Amendment

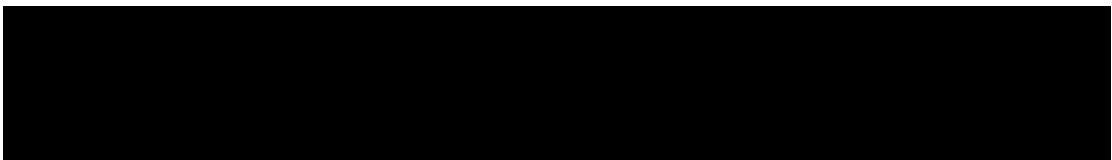
and Restatement Deed relating to a put option deed dated 16 January 2021 is included in **Annex 1**.

- (3) Through acquiring 100% of the company shares, Lyreco will acquire sole control of the Target. Hence, the proposed acquisition constitutes a change of control according to Section 17 of the Norwegian Competition Act. In light of the turnover achieved by the Parties, as set out in Section 5 below, the Transaction constitutes a notifiable concentration within the meaning of Section 18 of the Competition Act. Completion of the Transaction is according to Section 4.1 of the Share Purchase Agreement conditioned on approval from the Norwegian Competition Authority, as well as the competition authorities in Germany, Poland, and Sweden.
- (4) Over the last decade, the office supplies sector has been undergoing several profound changes which are re-shaping the competitive landscape. The demand for stationery, paper, and ink & toner (so-called traditional office supplies, "TOS") has significantly declined due to the increasing digitalization of the workplace, the growing emphasis placed on environmental concerns, and the shift in working habits. This has led office supplies providers to diversify into non-traditional product areas ("non-TOS"), such as office furniture, electronic office supplies, cleaning and hygiene products, safety and personal protective equipment, packaging, and food and break-room supplies. Conversely, a number of non-TOS players have expanded their presence into TOS categories as a way to complement their product range, and are capturing an increasing portion of the office supplies demand.
- (5) Simultaneously, as part of broader efforts to cut costs, companies have targeted office supplies as a key area for savings. There has therefore been an increased pressure on prices, including through multi-sourcing and highly competitive tendering procedures. These trends have been amplified by the COVID-19 pandemic.

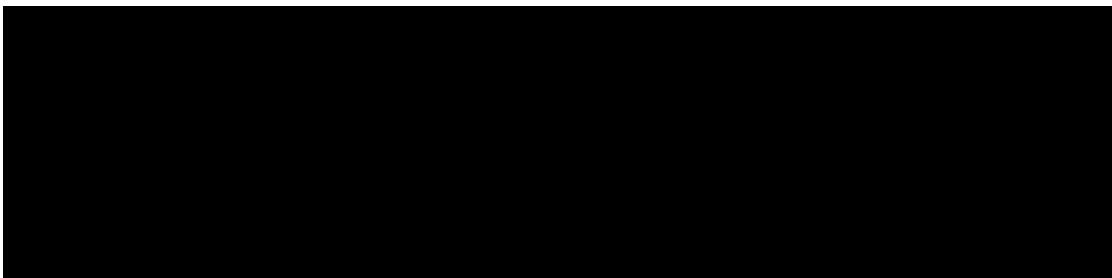
(6)



(7)



(8)



### **3. APPLICABILITY OF THE SIMPLIFIED MERGER PROCEDURE**

- (9) The Parties submit that the transaction fulfils the criteria for a simplified notification in accordance with Section 3, first paragraph, item 3, letter b and c of the Regulation on the Notification of Concentration ("Regulation of Notification").
- (10) The proposed transaction gives rise to a horizontal overlap between Lyreco and the Target on the national markets for the supply of TOS and non-TOS through contracts with large

customers and SMEs. However, as follows from Section 9 below, the combined market share of the Parties is below 20% under any plausible market definition.

- (11) The proposed transaction also gives rise to hypothetical vertical relations as the Target is active within wholesale distribution of TOS products in Norway. However, as follows from Section 9.5 below, the market shares of the Parties' are well below 30% on any plausible upstream and downstream markets.
- (12) Consequently, the proposed transaction qualifies for the simplified notification procedure in accordance with Section 3 of the Regulation of Notification.

## 4. THE INVOLVED PARTIES

### 4.1 Lyreco

- (13) Lyreco is a privately held company fully owned by the members of the Gaspard family. Lyreco is headquartered in Marly (France). In 2020, Lyreco had global revenues of €2.1 billion, of which €1.8 billion in the EEA with direct operations in 25 countries in Europe and Asia, and indirect presence through a network of distribution partners in 17 other countries globally. Lyreco has about 10,000 employees globally.
- (14) Lyreco is active globally in the contract distribution of workplace products and solutions to professional end-users, including traditional office supplies such as paper, stationery, and ink and toner, and a wide range of non-traditional office supplies such as office furniture, business machines (paper shredders) and associated services, IT and telecommunications equipment, cleaning products, food and breakroom supplies, and personal protective equipment.
- (15) Lyreco's business in Norway is headquartered in Fetsund and is led from a business unit covering the Scandinavian countries. Lyreco SCAN is headquartered in Roskilde (Denmark) and employees 80 FTEs providing transversal services across Scandinavia.
- (16) Lyreco Norge AS ("Lyreco Norge") operates a national distribution centre from Fetsund and a regional distribution centre in Oslo. Lyreco Norge has sales consultants located in the major Norwegian cities. It employs 109 people, including 36 in supply chain activities, 66 in sales, and seven in customer care. Lyreco does not have any wholesale, direct/online sales or B2C retail activities in Norway.
- (17) In 2020, Lyreco generated a NOK [REDACTED] million turnover in Norway, which accounted for [REDACTED] of its worldwide turnover.
- (18) Further information on Lyreco is available at <https://lyreco.com/group/>.

### 4.2 Staples Solutions and the Target

- (19) Staples Solutions is a privately-held group headquartered in Amsterdam (the Netherlands) under the sole control of funds advised by Cerberus Capital Management, L.P.
- (20) Staples Solutions is active in Europe in the distribution of workplace products and solutions to professional end-users, including traditional office supplies and a wide range of non-traditional office supplies. It also has limited activities in the retail, online, and wholesale sale of office supplies.

- (21) In 2020, Staples Solutions had total revenues of EUR [REDACTED] million and 2,847 employees.
- (22) The Target is a shelf company created for the purpose of the Transaction which will comprise the commercial, online and retail business carried out by Staples Solutions in Austria, Denmark, Germany, Poland, Norway, Sweden (and, to the extent served from operations in these countries, Switzerland). It also includes certain corporate functions (“Support Functions”), namely (i) central support functions from Staples Solutions’ shared service centre primarily located in Poland; (ii) assets related to the management of the import of Staples branded products demerged from Staples Europe Import B.V.
- (23) The Target is active in the distribution of office supplies to business end-users. It is mostly active in the contract channel and has limited activities in the retail, online, and wholesale channels.
- (24) In 2020, the Target’s assets generated total revenues of € [REDACTED] million and comprised approximately 1,600 employees.
- (25) In Norway, the Target is a supplier of TOS and non-TOS products, and is also active within wholesale, B2C retail, and online activities.
- (26) The Target owns two subsidiaries in Norway, Staples Solutions Norway AS (“SSN”) and Emo Wholesale AS, which have their head-office in Lørenskog and a distribution centre at Lahaugmoen, both outside Oslo. The Target has 18 retail stores which also help serve online customers (in-store pick-up) and contract customers throughout the country. SSN has 396 employees.
- (27) In 2020, the Target achieved a NOK [REDACTED] million turnover in Norway, which accounted for approximately [REDACTED] of the Target’s total turnover.
- (28) Further information on Staples Solutions is available at <https://www.staples.eu/>.

## 5. TURNOVER

**Table 1 - The Parties’ turnover in Norway, 2019**

Turnover in Norway (NOK million) in 2019 <sup>1</sup>	
Lyreco S.A.S	[REDACTED]
Samba Holdco B.V.	[REDACTED]

<sup>1</sup> Audited turnover data for 2020 is not yet available.

## 7. ACTIVITIES OF THE PARTIES - THE MARKET FOR DISTRIBUTION OF OFFICE SUPPLIES

### 7.1 Types of office supply

- (29) The Parties are both engaged in the distribution of office supplies in Norway.
- (30) The term “office supplies” describes a range of products used in workplaces by businesses or consumers. Traditionally, office supplies include products such as stationery, ink & toner, and cut sheet paper.
- **Stationery** supplies include (i) writing and graphic supplies such as pencils, fountain pens, highlighters, markers, and erasers, (ii) storage and filing products such as binders, dividers, suspension files, and box files, (iii) office desk accessories such as adhesive tapes, glues, clips and fasteners, staplers and holes punchers, (iv) office books, pads, and notes, (v) envelopes and post-room accessories, (vi) handicraft games such as party decoration and in/outdoor games.
  - **Ink & toner** supplies include machine consumables, printer ribbons, typewriter ribbons, calculator ribbons/ink rollers, laser cartridges, inkjet cartridges, copier cartridges, fax cartridges/ribbons, and filaments for 3D printing machines.
  - **Paper** supplies include white office paper, tinted paper, recycled paper, professional machine paper, writing paper, communication, and correspondence paper.
- (31) The TOS industry has been in steady decline for more than a decade due to digitalization of the workplace, the development of paperless tools and new technology solutions (e.g., the e-signature), the focus on a more sustainable/ethical workplace with lower consumption, and a shift in working habits with, in particular, a long-term trend towards home working. The TOS categories have been declining by 3% to 5% each year at EU level.<sup>2</sup> In only a few years, Lyreco’s European sales of TOS products dropped by █████ (2016-2020), and Staples Solutions’ European sales of TOS products, by █████ (2017-2020).
- (32) The COVID-19 pandemic has intensified these trends. With many offices closed and employees working from home, business customers are using fewer office supplies and demand for TOS has taken a further sharp dive.
- (33) As a result, office supplies providers, including the Parties, have increasingly complemented their product portfolio with non-TOS products. Today, Lyreco and Staples Solutions, as most other generalist contract stationers, offer a broad range of products, including (i) office furniture, (ii) technology solutions, (iii) cleaning and hygiene products, (iv) safety and personal protective equipment, (v) packaging products, (vi) facilities & supplies, (vii) foodservice, and (viii) branding solutions (i.e. personalized products).

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<sup>2</sup> See Industry Insights, “COVID-19’s Impact on the Office Supply Market,” April 27, 2020, available at: <https://glin-sights.com/articles/covid-19s-impact-on-the-office-supply-market/>.

Figure 1: Categories of TOS and non-TOS

TOS		Non-TOS			
	Stationery		Packaging		Cleaning & hygiene
	Ink & Toner		Safety & PPE		Facilities and supplies
	Cut sheet paper		Office furniture		Branding solutions
			Foodservice		Technology solutions

Source: The Parties

- (34) In the non-TOS product areas, traditional office suppliers compete with a wide range of suppliers. These non-TOS suppliers have a strong supply chain which they can use to distribute TOS products as well as experience in competing in tenders and serving all sizes of customers. These non-TOS suppliers can also easily source TOS products from various manufacturers. Although TOS demand is in decline, it is often an attractive ‘add on’ line of business for non-TOS players. As a result, a number of non-TOS players have expanded into other non-TOS and TOS product areas in the past few years.

## 7.2 Channels for sale of office supplies

- (35) Office supplies are distributed to individuals and business customers through different channels:

- **Contract sales** cover sales made directly to business end-users on the basis of framework contracts, usually awarded through tender procedures. Contracts are generally, but not necessarily, written agreements, sometimes of several years’ duration, and may cover more than one country. They govern the prices and other sales conditions under which the customer may order office supplies whenever the need arises.
- **Direct sales** cover sales made directly to individuals and business end-users without a pre-existing framework contract. Products are typically sold through physical catalogues and open online systems.
- **Retail outlets** (stationery shops) are physical shops selling office products primarily to individuals and small enterprises/offices.
- In the **wholesale** channel, manufacturers sell office products directly to wholesalers, which, in turn, sell to dealers and stationery shops for re-sale, but not to end-use customers.



- (36) Lyreco is only active in the contract sales channel in Norway.
- (37) The Target is active in all channels, including through brick-and-mortar retail sales and online sales to both consumers and business customers.

### 7.3 Contract sales of office supplies

- (38) Generally, large customers wish to enter into a framework contract for the purchase of office products in order to manage the spend of office products by their different offices at the level of the company and obtain better prices. Specifically, when a large customer wishes to enter into a new contract for office products, it generally launches a call for tender. Contracts have a duration of one year or more. Prices will be individually negotiated or offered in the tender procedure, and are generally set for about a year. Contracts do not normally contain any exclusivity clause nor any volume commitment.
- (39) A contract covers the customer's purchases throughout the country, and suppliers are in charge of delivering the products to the various offices of the customers. The supply of office products through contracts requires logistics capabilities in order to deliver the products through the country within short time periods. Large customers often require delivery within 24 hours, at least for core spend (i.e., products purchased in large volumes, typically based on an individually negotiated price).
- (40) For products out of the scope of a contract, the Parties can also offer a broader catalogue of products for the customers' "long tail" needs (i.e., un-planned, un-contracted spend which typically consists of ad-hoc needs for specific office products). When the customers buy product outside a contract, prices applied are typically catalogue prices, although rebates can also be applied depending on the volume of purchases made over a given period. Tail spend can account for about 20% of companies' office product needs. The Parties sell products under catalogue prices to their own contract customers for their long tail spend, but also to other customers. For the latter, these sales are referred to as "opportunistic sales", and account for about ████████ of the Parties' sales of office products per country.
- (41) With the expansion of online platforms, customers are increasingly diverting sales to other suppliers than their incumbent contract stationer for long-tail spend. Online marketplaces and e-procurement platforms also allow customers to easily compare products from a wide range of suppliers, which puts increased pricing pressure on suppliers. Some manufacturers also deliver their products directly to customers having ordered through online marketplaces or players ("drop-shipment").
- (42) This, in turn, has led contract stationers to revisit the traditional business model distinguishing core from long-tail spend. The current trend is moving towards an "open-book" model. "Open book" contracts allow customers to have visibility in the suppliers' pricing and margins. More specifically, in an open-book contract the supplier typically invoices the customer based on the actual costs incurred plus the agreed margin. This allows customers to obtain the most competitive prices from their suppliers. This trend also stems from customers' demand, who tend to prefer lower headline prices, rather than rebates linked to purchasing specific quantities, as this provides more visibility on the prices than rebates which are dependent on volumes ordered.

## 7.4 Lyreco's activities in Norway

- (43) In Norway, Lyreco is active in the distribution of office supplies to professional end-user customers in the contract channel. It also has limited sales generated through international contracts for customers typically head-quartered outside of Norway and buying office products for their offices in Norway or companies headquartered in Norway with offices in several countries. Lyreco is not active in the retail, direct sales, and wholesale channels. Lyreco also has no presence in the manufacturing segment of the supply chain.
- (44) In Norway, Lyreco provides both TOS and non-TOS products to small, medium and large enterprises, as well as public entities. Specifically, Lyreco distributes office supplies in four large product areas: Office, Tech & Print, Life@Work, and Industrial.
- **Office** includes office stationery (e.g., pencils, ball pens, markers, highlighters, glue, or staples), books and pads, cut sheet paper, and correspondence paper.
  - **Tech & Print** includes office machines such as printers, scanners, personal computers, or shredders as well as machine consumables.
  - **Life@Work** includes products such as catering supplies, hygiene and cleaning products, and office furniture.
  - **Industrial** includes a variety of products such as packaging tapes and accessories, personal protection equipment, and first aid and medical equipment.
- (45) Lyreco is the fifth largest provider of TOS through contracts with large customers<sup>3</sup> in Norway and does not perceive itself as a key driver in the market.
- (46) Lyreco's largest customers in the supply of TOS through contracts in Norway are [REDACTED]

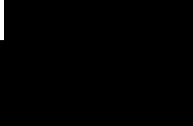
## 7.5 The Target's activities in Norway

- (47) In Norway, the Target is active in the distribution of office supplies to business end-users and consumers. It is mostly active in the contract channel and has limited activities in the retail, direct/online sales, and wholesale channels.
- (48) The Target distributes both TOS and non-TOS products. In general, Staples Solutions internally distinguishes between nine large product areas:
- **Office supplies**, *i.e.* paper, ink & toner and general office merchandise such as pens, pads and books, writing supplies, and page flags.
  - **Office furniture**, *i.e.*, desks and tables, chairs, lamps, boards and flipcharts, *etc.*;
  - **Technology solutions**, *i.e.*, printing machines, scanners, fax machines, dictation machines, personal computers, *etc.*;

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<sup>3</sup> See market share estimates below.

- **Cleaning and hygiene products**, *i.e.*, detergents, wiping, waste management, air care, cleaning equipment, washroom supplies and personal care products, *etc.*;
- **Safety and PPE**, *i.e.*, head, face, eye, hand, and hearing protection products, footwear, first aid and medical equipment, work-wear and protective clothing, *etc.*;
- **Facilities and supplies**, *i.e.*, maintenance equipment, wiring and electrical components, gardening and landscaping, appliances;
- **Packaging**, *i.e.*, packaging tapes and accessories, packaging and dispatch products, *etc.*;
- **Foodservice**, *i.e.*, catering supplies, hot drinks, cold drinks, break-room food supplies; and
- **Branding solutions**, *i.e.*, promotional and personalized products, printed products, *etc.*

(49) The Target's largest customers in the supply of TOS through contracts are 

## 8. MARKET DEFINITION

### 8.1 Product market

#### 8.1.1 Segmentation by distribution channel

(50) To the Parties' knowledge, the Norwegian competition authority has not assessed the market definition in the sector of business to business distribution of office supplies.

(51) The European Commission's decisional practice segmented this sector by distribution channel, distinguishing (i) the contract channel, (ii) the direct sales channel, and (iii) the wholesale channel.<sup>4</sup>

(52) Based on recent market dynamics, including the expansion of online players, the Parties consider that the lines between the contract and direct/online sales channels are increasingly blurring. Digital suppliers are already capturing a large part of the demand in other European countries such as Germany, and the Parties expect that their importance on the Norwegian market will increase significantly in the coming years. Furthermore, the products offered in the contract and direct/online sales are the same and most office suppliers are active within both distribution channels. As such, the Parties consider that there are no clear lines between the two distribution channels. In fact, this is how the Parties view the market from a business perspective.

(53) In any event, the exact market definition can be left open as the Transaction will not raise any competitive concerns regardless of the segmentation. On this basis, the Parties will provide information data for the narrower segments distinguishing between contract sales and direct sales.

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<sup>4</sup> Case M.7555, *Staples/Office Depot*, European Commission's decision of February 10, 2016.

(54) As Lyreco is not active within the wholesale and direct/online sales distribution channels, these segments will not be addressed further.

## 8.1.2 Segmentation within contract sales

(55) Within the market for office supply sold through the contract channel, the European Commission has distinguished between (i) international contracts and non-international contracts, as well as (ii) the size of the customer.<sup>5</sup>

(56) The distinction between international and non-international contracts is not relevant for purposes of this Transaction as the Parties' activities do not overlap regarding international contracts. Staples Solutions sold its international contract business to a third-party player, PBS, in February 2021<sup>6</sup> and therefore the Target does not carry out an international contract business in Norway (nor in any other country).<sup>7</sup> Therefore, only non-international contracts will be addressed in the following.

## 8.1.3 Segmentation by size of customer

(57) The European Commission has further segmented the market for non-international contracts according to the size of the customer, distinguishing (i) businesses with more than 100-200 office workers or 250 total employees from (ii) businesses with less than 100-200 office workers or 250 total employees.<sup>8</sup>

(58) While the Parties acknowledge the relevance of distinguishing a segment for large business customers, they consider that the cut-off threshold considered in the European Commission's past practice may only be taken as an approximation. In particular, the number of office workers or total employees of a business customer is not in itself reflective of the customer's internal procurement organization nor its specific requirements in terms of e.g., delivery and coverage across a given country. There is therefore strong demand-side and supply-side substitutability, at least between the lower bound of the large business category and the upper bound of the SME category, and large businesses in this grey area would typically switch to suppliers mostly targeting SMEs if confronted with a price increase of 5% to 10%. As regards Norway specifically, only a limited number of customers exceed the 250 FTEs threshold in Norway. In addition,

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<sup>5</sup> Case M.7555, *Staples/Office Depot*, European Commission's decision of February 10, 2016, and Case M.2965, *Staples/Guilbert*, European Commission's decision of October 14, 2022.

<sup>6</sup> Staples Solutions entered into a business transfer agreement for the sale of its international contracts business ("IC Business") with the Austrian-based office supplier group PBS. Under the Business Transfer Agreement, the IC Business consists of (i) 85 international contract customers, referred to as Global Accounts, that were led by Staples Solutions' operations in Austria, Denmark, Germany, Norway, Poland, and Sweden; (ii) employees involved in the management of these contracts; (iii) related stock and storage agreements; and (iv) 15 partner agreements with companies in different countries for the local fulfilment of those customer contracts.

<sup>7</sup> For completeness, the Target has negligible sales acting as a partner for Staples Inc., Staples Solutions' former parent company, for international contracts led from the U.S.

<sup>8</sup> Case M.7555, *Staples/Office Depot*, European Commission's decision of February 10, 2016, para. 169

(59) In any event, for purposes of this Transaction the Parties will, in a conservative approach, provide information in line with the European Commission’s definition of large businesses and SMEs (*i.e.*, using as a cut-off threshold the number of 250 FTEs).

## 8.1.4 Segmentation by product category

(60) The European Commission has considered a market for the distribution of office supplies including traditional categories (stationery, ink & toner, and paper) and excluding the distribution of complete ranges of office furniture, large business machines and associated services, cleaning products, food, IT, and telecommunications equipment (“non-TOS”).<sup>9</sup>

(61) The Parties note that the long-term decline of TOS demand has resulted in accentuated structural changes where traditional suppliers have focused their resources, among others, on expanding into non-traditional product areas while non-TOS suppliers have expanded into other non-TOS and TOS product areas. These non-TOS suppliers have a strong supply chain which they can use to distribute TOS products as well as experience in competing in tenders and serving all sizes of customers. As such, the Parties believe that these suppliers exert significant competitive pressure on suppliers with more focus on TOS.

(62) This is in line with the approach of the Swedish Competition Authority, which did not consider it necessary to distinguish between TOS and non-TOS in its assessment of the Office Depot’s acquisition of Svanström. In fact, the SCA’s market investigation confirmed that suppliers of non-TOS competed with TOS-suppliers.<sup>10</sup>

(63) For the sake of completeness, the Parties will, for purposes of this Transaction, provide information distinguishing between TOS and non-TOS.

(64) The Parties also consider that the relevant market includes specialist suppliers, which is in line with precedence from the Swedish Competition Authority.<sup>11</sup> These suppliers mostly focus on the supply of certain TOS products, such as paper or ink & toner, but exert a significant competitive constraint on generalist suppliers. If confronted with a 5-10% increase of prices under contracts for the supply of all TOS categories, a substantial portion of customers would switch to separate contracts per product category to obtain better prices from specialists, likely making such a price increase unprofitable.

(65) In any event, the market definition may be left open as the Transaction will not lead to any affected markets in the TOS or non-TOS area regardless of the exact delineation of the market.

## 8.2 Geographical market

(66) In line with the European Commission’s decisional practice, the Parties consider the relevant market for the supply of TOS through contracts with large businesses to be national in scope.<sup>12</sup> Customers in each EEA Member State have different preferences, which result in

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<sup>9</sup> Case M.7555, *Staples/Office Depot*, European Commission’s decision of February 10, 2016, para 71.

<sup>10</sup> Case Dnr 42/2011, Goldcup 6174 AB, u. ä. t. Office Depot Sweden (Holding) AB acquisition of Frans Svanström & Co AB, para. 19-22.

<sup>11</sup> Case Dnr 42/2011, Goldcup 6174 AB, u. ä. t. Office Depot Sweden (Holding) AB acquisition of Frans Svanström & Co AB, para. 19-22.

<sup>12</sup> Case M.7555, *Staples/Office Depot*, European Commission’s decision of February 10, 2016, paras. 187-189.

different product catalogues and assortments across countries, as well as different pricing and rebate systems. The market players operating in each country will commonly vary from one country to another.

- (67) The Parties further consider the relevant market for the supply of TOS through contracts to SMEs to be national in scope, in line with the European Commission's decisional practice.<sup>13</sup>
- (68) Indeed, suppliers determine prices centrally and apply homogeneous prices throughout the country. All providers of office supply offer and deliver products all over Norway. The cost of delivery for large customers (as well as for small customers beyond a minimum order quantity) is included in the product price. For most major towns and cities as far as Trondheim products are delivered the next day, and within 2/3 days in the other locations.
- (69) The Parties are therefore of the opinion that competition takes place at a national level.
- (70) In any event, the exact delineation of the relevant geographic market for the supply of TOS through non-international contracts with SMEs and large businesses can be left open, as the Transaction will not give rise to any affected markets in this area regardless of the precise geographic market definition adopted.

### **8.3 Conclusion**

(71) On this basis, the Parties will provide information for the following segments:

- The Norwegian market for contract sales of TOS to large businesses
- The Norwegian market for contract sales of non-TOS to large businesses
- The Norwegian market for contract sales of TOS to SMEs
- The Norwegian market for contract sales of non-TOS to SMEs

## **9. HORIZONTAL OVERLAP - NO MARKETS AFFECTED**

### **9.1 Overlaps between the Parties' activities**

(72) The Parties' turnover within the various channels for distribution of office supplies to professional customers in Norway in 2020 is as follows:

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<sup>13</sup> Case M.7555, *Staples/Office Depot*, European Commission's decision of February 10, 2016, paras. 190-191.

Table 2 - The Parties' turnover for each national distribution channel in Norway, 2020

Product market			Lyreco (NOK million) <sup>14</sup>	The Target (NOK million)
Wholesale				
International contracts				
National contracts	Large customers	TOS		
		Non-TOS		
	SMBs	TOS		
		Non-TOS		
Direct sales/Retail				

(73) **No overlap in the wholesale, direct (online) and retail channels.** The Parties do not have overlapping activities within the wholesale, direct sale, or retail channel, because Lyreco is not active in any of those segments.

(74) **No overlap in international contracts.** Within the segment for contract sales, the Parties' activities also do not overlap in the segment of international contracts. Lyreco is to a limited degree serving customers in Norway that are typically head-quartered outside of Norway and have entered into international contracts that also include Norway. Staples Solutions sold its international contract business to a third-party player, PBS, in February 2021. Therefore, the Target does not serve international contracts.<sup>15</sup>

(75) **National contract sales is the only area of overlap.** Therefore, the Parties' activities in Norway only overlap in the markets for the supply of TOS and non-TOS products through the contract channel, both with large customers and SMEs.

(76) Because the Parties' combined market shares do not exceed 20% in any of these markets, the Transaction does not give rise to any affected market. Nonetheless, for the sake of completeness, the Parties provide below a competitive assessment of the Transaction's effects in each of those markets.

## 9.2 The Norwegian market for contract sales of TOS to large customers

(77) As explained above, the Parties' activities in Norway overlap within the national market for distribution of TOS to large customers.

<sup>14</sup> Lyreco's 2020 data are unconsolidated, and therefore provisional.

<sup>15</sup> For completeness, the Target has negligible sales acting as a partner for Staples Inc., Staples Solutions' former parent company, for international contracts led from the U.S. These revenues amounted to c. NOK 3 million in 2020.

- (78) The Parties are not aware of any third-party data that could be used to calculate market shares for the segmentations set out in this notification. All shares throughout this notification therefore represent the Parties' best efforts at providing the correct data for purposes of this notification.
- (79) More specifically, the Parties have relied on their local teams' estimates and, where possible, supported these estimates by drawing on publicly available financial information in order to estimate both the overall size of each market segment and their competitors' shares of those segments.
- (80) To estimate market shares for the contract supply of TOS products to large customers by national contracts, the Parties estimated competitor revenues in this segment. Competitors' implied revenues were derived using data on each competitor's overall turnover and an estimate of the share derived from the supply of TOS to large customers via national contracts. Market sizes were computed by a bottom-up estimation summing up the Parties' and each competitor's revenues.
- (81) The following table provides the Parties' best estimate of their shares, as well as their competitors' shares, in this market.

**Table 3 - Market share for national contracts for TOS to large customers - 2020**

	Revenue (mNOK)	Share (%)
Lyreco		
Staples		
Combined		
NorEngros		
Maske		
Wittussen & Jensen		
ATEA		
Papyrus (Optigroup)		
DUSTIN		
Wulf		
Total market size		100%

- (82) Lyreco had approximately MNOK [REDACTED] in turnover in 2020 related to the distribution of TOS to large businesses. According to the best estimate of the notifying Party, Lyreco's market share in this market is estimated at below [REDACTED]. The Target's turnover in 2020 in the same market was approximately MNOK [REDACTED] constituting a market share estimated at below [REDACTED]. The combined market share of the Parties will therefore be approximately [REDACTED]. Therefore, the Norwegian market for contract sales of TOS to large business is not affected by the Transaction.
- (83) The Transaction will, in any event, not lead to a significant impediment to effective competition in the market segment for distribution of TOS to large businesses, given the large number of competitors who will continue to constrain the Parties post-Transaction, the potential for entry and expansion of smaller competitors, and the sophistication, size and power of buyers.



- (84) Firstly, the increment resulting from the Transaction is limited. Considering Lyreco's relatively small business in Norway, the increment resulting from the Transaction is small. The increment in market power can therefore not be expected to have a significant or lasting effect on the competitive dynamics in the Norwegian market.
- (85) Secondly, there are strong suppliers active in the Norwegian market. Post-Transaction, the combined entity will still only be the third largest supplier in this market and will be less than half the size of the market leader NorEngros. End-customers will continue to have multiple alternative suppliers to choose from, including well-established players with a strong online presence and ongoing partnerships with international suppliers.
- (86) **NorEngros** is by far the leading player in the Norwegian market for TOS contract sales to large customers. NorEngros is an Oslo-based alliance of 13 local players which operates as a single player in the market. It operates 13 wholesale warehouses and 40 retail stores throughout the Norwegian territory. The alliance employs altogether about 900 FTEs in Norway and generated annual revenues of about NOK 3.8 billion in 2019.
- (87) Its catalogue features the full range of TOS and non-TOS products, with a broad offering of office supplies, packaging materials, medical consumables, cleaning products, protective equipment, food and drinks, kitchenware, furniture and interior products, light sources, and printed materials.
- (88) **Maske** is the second largest supplier of TOS through contract with large customers in Norway and, like NorEngros, has a stronger presence than both Parties combined.<sup>16</sup> It operates two major warehouses in Trondheim and Vinterbro, retail stores in Bergen, Molde, Sandefjord, Stavanger, and Trondheim, branch offices in 10 locations, as well as an online webshop. It employs approximately 172 FTEs in Norway (of which 65 FTEs are dedicated to sales activities) and generated annual revenues of NOK 871 million in 2019.
- (89) Maske supplies a broad range of TOS and non-TOS products, including office and computer supplies, drying and cleaning products, catering, packaging, light sources, school and health items.
- (90) **Wittusen & Jensen** has a strong brand recognition in the Norwegian market. It operates nine retail shops in Norway (Oslo, Vestfold, Agder, Stavanger, Haugesund, Hordaland, Møre og Romsdal, and Trøndelag), with a particularly strong presence in the area of Oslo. It also operates an online webshop. The company employs approximately 130 FTEs in Norway (of which 36 FTEs are dedicated to sales activities) and generated annual revenues of NOK 449 million in 2019.
- (91) Its TOS catalogues includes full range of stationery, paper, office machines, and office furniture. Wittusen & Jensen has also been serving Office Depot's international contract customers in Norway and distributes Office Depot's branded products in Norway.
- (92) **Wulff Supplies** is a Finnish company that recently entered the Norwegian market through the acquisition of Strålfors Supplies. It operates four divisions in Oslo, Bergen, Trondheim

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<sup>16</sup> See market share data below.

and Stavanger. The company has 10 FTEs and generated annual revenues of NOK 72 million in 2019.

- (93) Wulff Supplies is a complete supplier of office products, including TOS but also non-TOS products such as cleaning and hygiene products and food supplies.
- (94) **Specialists.** The Parties also compete with several strong specialist players, e.g., Antalis and Papyrus for paper and Dustin for ink & toner. Those specialists typically offer very competitive prices in the segment in which they are active and have strong logistic capabilities. In response to a hypothetical attempt to increase prices for the supply of TOS post-Transaction, customers would likely switch to separate contracts with ink & toner and paper specialists in a short timeframe and with limited costs.
- **Antalis** is a leading distributor of paper and packaging solutions in Norway. It sells graphic formats to printers, advertising agencies and larger companies' advertising department, businesses, state entities, and municipalities. Antalis recently strengthened its presence in Norway with the acquisition of Gregersen AS, one of Europe's leading resellers of HP large format printers, in February 2017. Antalis' Norwegian operations employ 34 FTEs and have an annual turnover of approximately NOK 280 million.
  - **Atea** is the leading provider of IT infrastructure solutions in the Nordic and Baltic region. It offers a full range of hardware and software from the world's top technology companies, including a broad catalogue of toner, ink and other consumables for printers. The company generates NOK 40 billion in annual revenue and has more than 7,000 employees and operations in 84 cities.
  - **Dustin** is a leading online IT partner serving the Nordic region and the Netherlands. The company is headquartered in Stockholm and employees 18,000 FTEs in five countries. Its subdivision for large customers supplies businesses of more than 500 employees through procurement and framework agreements. In Norway, Dustin employs 170 FTEs and generated an annual turnover of NOK 1.4 billion in 2019.
  - **Papyrus** is a leading wholesaler of paper, packaging, and consumer goods in Europe. The company is headquartered in Sweden, it has operations in 17 European countries, it serves more than 50,000 customers, and it generates an annual turnover of approximately € 1.9 billion. In Norway, Papyrus employs 30 FTEs and generated an annual turnover of NOK 274 million in 2019.
- (95) **MPS providers.** There is also a growing competitive pressure from suppliers of Managed Print Services ("MPS"), which over the last decade has captures a large portion of the demand for ink and toner from business customers. MPS providers offer a contract for business machines with associated services, including the supply of ink & toner, thereby putting increased pressure on contract stationers. Today, these providers account for the largest share of sales in terms of revenue, and 75% of the sales of toner in Scandinavia (i.e., Norway, Sweden, and Denmark). In contrast, Lyreco's sales of ink & toner [REDACTED] in the past 10 years. Similarly, the Target also observes a [REDACTED] in its ink & toner sales in the last five years.
- (96) Several MPS providers have a strong presence in the Norwegian market, including Canon, KonicaMinolta, Office Management, Saksvik Kontorsenter, and Avant IT.

- (97) **Online players.** In the last five years, new digital business models – online marketplaces, e-procurement platforms, and online retailers – have successfully entered the market. While online marketplaces have initially captured small and mid-size businesses’ TOS spend, they have more recently managed to attract large business customers.
- (98) Although Amazon has no local operations in Norway, it is already the 7th largest online store in the country and is expected to further expand its presence from its recently opened Swedish division. Amazon Business, a version of the online marketplace dedicated to business customers, offers office products in several European countries (i.e., France, Germany, Italy, the Netherlands, Spain, and the United Kingdom) and is expected to expand to the Nordic countries in the next few years. In those countries, Amazon Business operates both as a marketplace, offering third-party products, and as a retailer both for third-party and its own-branded products. Amazon Business has explicitly announced its strategy to supply “non-core” (“long tail”) office supply products to large customers in the Nordic countries.<sup>17</sup>
- (99) E-procurement solutions offer an easy-to-use online solution allowing customers to centrally manage their commercial relationships with one or several contracted office product suppliers, compare prices offered by those suppliers, and source products through a single interface.<sup>18</sup> E-procurement solutions allow direct access to external web-shops or marketplaces (via “punch out” connections), allowing customers to easily shift orders to competing suppliers such as Amazon Business.<sup>19</sup> E-procurement providers (i.e. Coupa, SAP Ariba) have in the last three years launched long tail modules with a large network of suppliers in many European countries. Through this recent evolution, office suppliers in Europe are at risk of being disintermediated (loss of end-user direct relationship) and are facing increasing pressure on pricing and margin (due to price transparency). In 2017, Coupa launched Open Buy module in partnership with Amazon Business and targeted primarily large businesses.
- (100) In addition, there are some pure online players, like Inkmann and Dustin (mentioned above). Given their low overhead costs and limited physical assets, these players have a significant competitive edge over traditional players. In Norway, pure online players with a broad range of office supplies include Kontorpluss.no, Inkmann.no, and Tonerweb.no.
- (101) Thirdly, the barriers to entry are low. TOS are commodity products which can be sourced from a wide range of manufacturers and wholesalers in Norway. Entry in the TOS sector is particularly simple for non-TOS suppliers, because both categories of products are often supplied to the same customers and can be stocked and delivered through the same logistic chain. New entrants can access the market with very limited initial volumes. Small suppliers can scale up their business competing for the demand of “long-tail” products, that is products which are not covered by framework contracts and are procured by customers in small volumes.

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<sup>17</sup> The Amazon presentation on its Nordic entry from the “PostNord Retail Day 2020” is available at: <https://youtu.be/nU5YLjY11ng>.

<sup>18</sup> An e-procurement solution typically offers a range of digital services, including the creation of customized catalogues, price comparison functions, order approval processes, consolidated spending analysis, and artificial intelligence-enhanced reporting. They can also predict the company’s needs and intelligently anticipate demand based on spend history, seasonality effects, and customer behaviour.

<sup>19</sup> See Opi.net, “Amazon Business reveals sales figure,” available at: <https://www.opi.net/news/region/001-north-america/amazon-business-reveals-sales-figure/>. As explained in this article, Amazon Business includes several features meeting the needs of large customers and the public sector.

- (102) For instance, the Finnish company Wulff Supplies has recently entered in the Norwegian markets of TOS and non-TOS. This expansion also included the acquisition of Strålfors Supplies, a reseller of office and computer supplies active in Sweden, Norway, and Denmark. At the European level, Raja, among others, has successfully expanded from the supply of non-TOS (particularly packaging materials) into the segment of TOS supplies.
- (103) Fourthly, the Parties face significant countervailing buyer power from large business customers and will continue doing so post-Transaction. These customers are sophisticated and experienced buyers and use structured tenders to maximize competition between alternative suppliers and ensure they receive the most competitive offers.
- (104) Customers can source from multiple suppliers, as contracts are rarely if ever exclusive, nor do they include purchase obligations. Customers often procure from different suppliers (including specialists) for different TOS segments (*i.e.*, separately for paper, ink & toner, and stationary).
- (105) On this basis, the Transaction will not lead to any competition concerns in the market for contract distribution of TOS to large customers.

### 9.3 The Norwegian market for contract sales of TOS to SMBs

- (106) As explained above, the Parties' activities in Norway overlap within the national market for contract sales of TOS to SMBs.
- (107) Lyreco estimated the market size for the supply of TOS for SMB customers via national contracts similarly to the market size for the supply of TOS for large customers via national contracts, by estimating each perceived competitor's sales within this segment and summing them together.
- (108) Lyreco had approximately MNOK [REDACTED] in turnover in 2020 related to the contract sales of TOS to SMBs. According to the best estimate of the notifying Party, Lyreco's share in this market is estimated at [REDACTED]. The Target's turnover in 2020 in the same market was approximately MNOK [REDACTED], constituting a market share estimated at [REDACTED]. The combined market share of the Parties will therefore be approximately [REDACTED]. Therefore, the Norwegian market for contract sales of TOS to SMBs is not affected by the Transaction.
- (109) The considerations explained above also apply to the market for contract sales of TOS to SMB, which is even more fragmented than the market for large customers. In addition to the players mentioned above, smaller providers of office supplies include Kontorleverandøren and Kontorpartner, and the online players kontorgiganten.no and kontorrek.no
- (110) On this basis, the Transaction will not affect the market for contract distribution of TOS to SMBs, nor give rise to any competition concerns.

### 9.4 The Norwegian market for contract sales of non-TOS to large customers

- (111) As explained above, the Parties are not aware of any third-party data that could be used to calculate market shares for the segmentations set out in this notification. All shares throughout this notification therefore represent the Parties' best efforts at providing the correct data for purposes of this notification.

- (112) More specifically, to estimate the size of the markets for the supply of non-TOS to large customers, Lyreco estimated the total spend on each non-TOS product category per inhabitant in Norway and multiplied this by the total number of inhabitants. Lyreco have then applied business estimates about the proportion of this demand that is supplied to large customers via national contracts.
- (113) According to the Parties' best estimate, their combined shares is below [REDACTED] in the national market for contract distribution of non-TOS to large customers. Therefore, this market is not affected by the Transaction and the Transaction will have no material effect on competition in this area.

## 9.5 The Norwegian market for contract sales of non-TOS to SMBs

- (114) As explained above, the Parties' activities overlap within the national market for contract sales of non-TOS to SMBs. The Parties have not estimated the total size of the market for contract sales of non-TOS to SMB. The Parties however consider their market presence to be weaker within the market for contract sales of non-TOS to SMBs than in the market for contract sales of TOS to SMBs.
- (115) Accordingly, according to the Parties' best estimate, their combined shares is below [REDACTED] in this market (i.e., their estimated share in TOS to SMBs). Therefore, this market is not affected by the Transaction and the Transaction will have no material effect on competition in this area.

## 10. VERTICAL RELATIONS - NO MARKETS AFFECTED

- (116) The Target is active within wholesale distribution of TOS products in Norway. Wholesalers typically do not sell products to larger suppliers active in the contract channel, which directly source from manufacturers. For instance, the Target's main customers in the wholesale segment are [REDACTED], none of which are active within contract sales of TOS at the national level.
- (117) Therefore, and irrespective of Staples' market share at the wholesale level, the transaction would not result in any vertical link with Lyreco's activities in the contract segment (Lyreco is not active in the retail and direct/online channels).
- (118) In any event, even if there were to be a vertical link, the Transaction would not give rise to a vertically affected market. While the Parties are not able to provide market shares for the wholesale segment, it expects the Target's share to be below 30% given the large number of suppliers active in this segment, including Despec, Maske-gruppen, Optigroup, Antalis Norge, Papirkompaniet, Kuenholt, and Almanakkforlaget.
- (119) Against this background, there is no ability or incentive for either input or customer foreclosure following the Transaction.

## 11. MOST IMPORTANT CUSTOMERS, COMPETITORS AND SUPPLIERS

- (120) A list of the Parties' most important customers, competitors and suppliers on the national market for contract sales of TOS and non-TOS is attached as Annex 2 and 3.

## 12. ANNUAL REPORTS

- (121) A copy of Lyreco's 2019 consolidated financial accounts is provided as **Annex 4**. In addition, the audited annual report and financial statement for Lyreco Norge AS for 2019 is included as **Annex 5**.
- (122) A copy of Staples Solutions' 2019 financial accounts is provided as **Annex 6**. In addition, the audited annual reports and financial statements for Staples Solutions Norway AS and Emo Wholesale AS for 2020 are included as Annexes 7 and 8.

## 13. OTHER

- (123) The transaction will also be notified to competition authorities in Germany, Sweden and Poland.

## 14. CONFIDENTIALITY

- (124) The notification contains business secrets. The business secrets are marked with **green**. Reasons for an exemption from public disclosure are set out in **Annex 9**.

Yours sincerely,  
Advokatfirmaet BAHR AS



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