

## SIMPLIFIED NOTIFICATION OF CONCENTRATION

### **Lakers Norway AS' acquisition of 100 per cent of the shares in Norsk Pumpeservice AS**

Oslo, 7 July 2021

Ref: M11046767/1/141318-001/sj41

Lawyer in charge: Håkon Cosma Størdal

#### **Notifying party**

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#### **The target company**

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## 1. THE TRANSACTION

### 1.1 Transactional structure

Otto Olsen Holding AS and Lakers Norway AS entered into a share purchase agreement 29. June 2021.

**Appendix 1:** Share Purchase Agreement, 29. June 2021 (confidential)

The Agreement stipulates that Lakers Norway AS shall acquire 100 per cent of the shares in Norsk Pupeservice AS from Otto Olsen Holding AS (the "**Transaction**"). The Transaction thus constitutes a concentration under the Norwegian Competition Act section 17 *litra b*.

Completing the Transaction depends on approval from the Norwegian Competition Authority and is not notifiable in other jurisdictions.

### 1.2 The strategic and economic rationale behind the Transaction

Summa Equity Fund I have, through its thematic investment approach, invested in companies within the water infrastructure industry. As a result, Lakers Holding AS was acquired in 2018.

Norsk Pumpeservice [REDACTED]

## 2. DESCRIPTION OF THE PARTIES

### 2.1 Lakers and other companies within the acquiring undertaking

#### 2.1.1 Organisational structure

Lakers Norway AS ("**Lakers Norway**") is owned by Lakers Group AS ("**Lakers Group**"), which in turn is owned by Lakers Holding AS. Lakers Holding AS is controlled by the private equity undertaking Summa Equity AB ("**Summa**").

Lakers Group owns Lakers Denmark APS, Lakers Finland OY in addition to Lakers Norway. In the following, all companies within the Lakers group of companies are commonly referred to as "**Lakers**".

#### 2.1.2 Lakers' areas of business

Lakers is a North European aftermarket service, project and product provider of water and wastewater pumps, which serve as critical components for water transportation in the water infrastructure. The company specialises in the aftermarket service segment and provides continuous service of water and wastewater pumps, ensuring uptime, predictability, and economical insurance for customers. The group also sells water filters and water pump products, but to a limited degree in Norway.

Lakers divides its operations into three core segments:

- **Pump Service:** Laker's core offering, consisting of the sale, repair and maintenance of water and wastewater pumps.
- **Aftermarket Projects:** Consists of water and wastewater projects/services for municipalities.
- **Niche products:** Is Lakers' smallest business segment and involves the sale of products complementing the offerings in the two segments mentioned above (e.g., sale of water filters).

Lakers carries out its customer-oriented business through a range of stand-alone companies. In Norway, Lakers' controls eight companies, managed by Lakers Norway AS. These are:

- **Oslo Pumpeservice AS** mainly focuses on building services and wastewater. The company operates in the Oslo area and has 11 employees.
- **Pumpeteknikk AS** distributes, installs, services, and repairs pumps for all industrial purposes and private homes. The company also offers rental, spare parts and service agreements for industrial pumps. It operates in Drøbak and has 3 employees.
- **Louis F. Gay AS** is a pump service company that primarily serves industry customers. The company has three employees and operates in the Oslo area.
- **Kafra AS** is a producer of superstructures to pumping stations. The company operates from Fredrikstad and delivers products to all parts of Norway.
- **Pumpe Service AS** specialises in the provisions of services relating to pumps and the installation and sale of pumps. The company has ten employees and is based in Oslo.
- **Driftsteknikk AS** specialises in wastewater. The company has 14 employees and operates in the Oslo area.
- **Driftsteknikk Industrier AS** manufactures pumping stations for the municipal wastewater market. The company has 30 employees.
- **Haugestøl Pumpeservice AS** mainly focuses on wastewater but also provides building services. The company has three employees and operates in the Vestfold area.

### 2.1.3 Summa

Summa was formed in 2016 by partners with a shared vision of building a leading specialised private equity firm in the Nordic lower mid-market, positioned to capture the investment opportunity provided by the thematic megatrends expected to drive growth over the long term. The firm focuses on sectors related to four megatrend-driven themes: resource scarcity, energy efficiency, changing demographics and tech-enabled businesses. Summa closed its first fund (Summa Equity) in February 2017, with commitments of SEK 4.5 billion.

Summa currently controls thirteen portfolio companies, where only Lakers operate in the same segment as the target company.

An overview and a brief description of Summa's portfolio companies is available at <https://summaequity.com/our-portfolio/>.

For further information on Summa, see [www.summaequity.com](http://www.summaequity.com).

## 2.2 Norsk Pumpeservice

Norsk Pumpeservice AS ("**NPS**") was founded in 1984 and is owned by Otto Olsen Holding AS.

NPS initially focused on ensuring freshwater access to cabins and households outside of the public infrastructure by supplying drilling companies and plumbers with water pumps and drilling consumables. However, NPS has since the early 2010s expanded into a broader drilling consumables market, especially the foundation drilling segment. In 2017, NPS also started selling water treatment equipment through the acquisition of Roald Pettersen AS.

NPS today divides its product offering into three segments:

- **Drilling equipment:** NPS provides all consumables needed for Top Hammering, Down-the-hole drilling and water drilling. The target segments are foundation drilling and well drilling.
- **Pumps and equipment:** NPS sells products necessary to construct water supply systems mainly to private homes and cabins and some industrial customers (mostly fish farms). The core products are submersible pumps for water wells and collets for energy wells. Almost 80 per cent of NPS pump sales come from their private label brand "Albatros Pumper", but they also sell pumps from established brands such as Grundfos.
- **Water Treatment** is NPS' newest and smallest business segment. The product offering consists of water cleaning systems and filters mainly used in houses, cabins, small waterworks, and industry.

NPS is not actively engaged in the aftermarket of pumps but focuses its business on wholesale of drilling equipment, water pumps and water treatment equipment. The company's primary customers are plumbers and well drillers, with a strong position as a one-stop-shop for the latter segment.

For further information on Norsk Pumpeservice, see [www.norskpumpeservice.no/](http://www.norskpumpeservice.no/).

## 2.3 The Parties' turnover and operating result in Norway last operating year

Lakers and NPS ("**the Parties**") turnover and operating result in Norway is provided below. As 2020 accounts are not yet available for Summa, Summa's has included turnover and operating result for 2019. For NPS, the turnover and operating result are 2020 figures.

**Table 1:** The Parties turnover and operating result in Norway

Undertaking	Turnover NOK	Operating result NOK
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Summa (group) <sup>1</sup>	4 717 823 801	-
Norsk pumpeservice	165 466 172	26 184 519

### 3. MARKET DEFINITION

#### 3.1 The sale of pumps and related equipment

##### 3.1.1 Product market

Lakers and NPS sell pumps and related equipment to Norwegian customers. However, the Parties are unaware of any previous decisions from the EU Commission or the Norwegian competition authority that assess the markets for water pumps or related products.

Pumps are generally designed to transport water and wastewater. Thus, all pumps perform similar tasks and share the same basic functionality. However, the overall market for pumps may be segmented according to the intended use. In this respect, it is possible to distinguish between at least two general categories of pumps:

- **Wastewater pumps** are used to remove wastewater, either for commercial purposes or private properties. Wastewater pumps are usually submersible (i.e. submerged in the fluid handled) and are designed to transport contaminated water which contains solid particles of various origin. Typical applications are food processing, construction, metal industries and municipal uses (e.g. raw sewage, sludge and stormwater). Wastewater pumps can be sub-categorised according to the type of wastewater to be transported since the pumps may be constructed differently to handle different kinds of aggressive or abrasive fluids.
- **Water pumps** are pumps that are designed to transport uncontaminated water. Water pumps have various different uses, from pumping water from private water wells, heating wells and swimming pools to commercial-grade water pumps used in large buildings and public infrastructure.

The Parties believe that the market for the sale of pumps should be segmented between water pumps and wastewater pumps. Wastewater and water pumps are not interchangeable from a consumer perspective and have different functions. The sale of wastewater and water pumps requires other competencies from the sellers, as it is necessary to have expertise on how to choose and design a pumping system for each customer and its intended use.

Moreover, it is reasonable to segment the market between the sale of consumer and commercial pumps, as these are not interchangeable from a customer perspective either. Commercial pumps are generally more expensive and with a significantly larger physical footprint and capacity than pumps meant for consumers. On the other hand, consumer pumps do not have the capacity or power required for most industrial purposes.

However, it is not necessary to conclude on the exact market definition as the Transaction will not raise any competition issues regardless of how the markets are delineated.

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<sup>1</sup> Summa does not calculate operating result on a country to country basis.

### **3.1.2 Geographical market**

The Parties believe the overall market for the sale of pumps, and potential sub-segments, are national in scope. In Norway, the customers usually purchase pumps directly from Norwegian distributors, and there is a limited degree of cross-border sales.

### **3.2 The aftermarket for pumps (service and maintenance of pumps and pump systems)**

The Parties submit that service and installation of pumps constitute a distinct market from the sale of pumps. NPS, for instance, is a wholesaler of pumps and is not actively engaged in the aftermarket (installation or service). Indeed, most purchasers of pumps are professionals who instal and service the pumps on behalf of an end-customer (e.g., homeowner, municipality or industrial customer). Service companies are usually engaged by pump owners or plumbers/contractors who instal the pumps.

Service of pumps is a highly specialised business requiring skilled personnel and the ability to act quickly. Moreover, especially within the commercial segment, the technically advanced nature of the products necessitate in-depth technical and practical knowledge of each brand/system to instal and service. It is also expected that market players in the pump aftermarket act as *de facto* consultants who can advise the customers on improving an existing pumping system.

Aftermarket services, thus, differ considerably from the sale of pumps and should be considered a distinct market.

The Parties' see the aftermarket for pumps as having a national scope. This is because most service providers deliver their services across the country.

### **3.3 Water treatment products**

Both Parties provide water treatment products to Norwegian customers. This market consists of products that purify water, mainly water filters.

The Parties are unaware of any precedence from relevant competition authorities that assess the market for water treatment products. However, the Parties believe that there is a distinct product market for the sale of water treatment products as there are no immediate substitutes.

As for the markets mentioned above, the Parties believe that the market for water treatment products is national in scope as customers usually procure products from Norwegian distributors, and there is a limited degree of cross-border sales.

### **3.4 Drilling equipment**

NPS offers drilling equipment used by contractors to construct water wells, foundations and rock drilling (e.g. drilling heads, explosives, hammer drills and drilling pipes). Drilling equipment constitute approx. [REDACTED] per cent of NPS' business activities. Lakers, on the other hand, does not offer drilling equipment. Drilling equipment products are distinct from NPS' water supply products, but are usually employed to construct new water supply systems.

The Parties are not aware of any EU Commission or NCA precedence that addresses this market. However, Lakers submit that there might exist a distinct product market for the sale of



drilling equipment as these are specialised products with no immediate substitutes. However, some of the drilling products may form part of a larger construction market (e.g. explosives) as they are also utilised for other purposes than drilling.

However, it is not necessary to conclude the exact market definition within this segment since the Parties do not have overlapping activities regardless of how the markets are segmented.

#### **4. COMPETITION ANALYSIS**

##### **4.1 No adverse effects on the market for the sale of pumps and related equipment**

The Parties do not have access to detailed market data on each of the potential sub-segments of pumps. However, the Parties have estimated the total wastewater and water pump market in Norway as having a total turnover of [REDACTED] NOK.

The total market figure is based on the Parties best estimate. The estimate is based on [REDACTED]

[REDACTED]

NPS has a market share of approximately [REDACTED] per cent, and Lakers have about [REDACTED] per cent within this market. Thus, the Parties combined market share in the overall pump market will be approximately [REDACTED] per cent. These market shares alone preclude that the Transaction may have any adverse effects on competition.

If the markets are segmented further to water pumps and wastewater pumps, the Parties' only have overlapping activities in the water pump market since NPS does not sell wastewater pumps.

The Parties do not have any reliable data to estimate the market revenue in the potential water pump market. To the Parties' best knowledge, their combined market share does not exceed 20 per cent in the potential water pump market.

Moreover, NPS mainly sell submersible water pumps meant to ensure water supply or collectors used as part of geothermal well systems for homes and cabins. NPS does not sell water pumps intended for industrial use. Lakers, on the other hand, has a minimal presence within NPS main segments within the water pump market. Lakers mainly sell large water, and wastewater pumps to businesses and enterprises as up-selling when conducting a service operation.

To conclude, both NPS and Lakers are minor players in the overall Norwegian pump market and are not particularly close competitors. Furthermore, if the market is segmented according to end-use or consumer type, the Parties' overlap is limited. Thus, the Transaction will not affect competition within the Norwegian market for the sale of pumps and related equipment.

#### **4.2 The Transaction does not affect the aftermarket for pumps**

The Parties estimate that the Norwegian market for service of pumps of having a total turnover of [REDACTED] NOK. The market figure is based on the Parties best estimate, using the method described in section 4.1 above.

NPS' market share is below [REDACTED] per cent within this market, while Lakers market share is approximately [REDACTED] per cent. Thus, the Parties joint market shares alone preclude that the Transaction may impede effective competition in the aftermarket for pumps.

The Parties are not close competitors in the aftermarket either. NPS does not actively engage in service or installation of pumps but only provides such services if the customer is located in NPS's head office's immediate proximity. Usually, however, NPS sells pumps and related equipment to plumbers and well drillers who undertake installation and regular maintenance on behalf of the end customer.

On the other hand, Lakers' primary product offering is servicing pumps and providing customers advice on improving an existing pumping system. Lakers target experienced customers, such as plumbers, industrial customers and governmental agencies and, to a lesser degree, engage with private consumers directly.

Accordingly, the Transaction will not have any adverse effects in the aftermarket for pumps either.

#### **4.3 The market for water treatment products is unaffected by the Transaction**

The Parties have estimated the market size for water treatment products as being [REDACTED] NOK. The calculation is done through a bottom-up analysis of other market players and a top-down estimation from the largest players assumed market share.

Within this segment, NPS' has a market share of [REDACTED] per cent. Lakers is not present in the Norwegian market for water treatment products but sells water treatment products in other geographic markets. However, due to the low market shares and Lakers not being present in the Norwegian market, the Transaction will not affect the market for water treatment products either.

#### **4.4 Five closest competitors, suppliers and customers in the affected markets**

Lakers and NPS five closest competitors, suppliers and customers in the affected markets are provided in the enclosed spreadsheets. As mentioned above, NPS does not actively engage in service or installation of pumps (the aftermarket for pumps). The few customers NPS has in this segment are consumers. Therefore, the Parties do not consider it appropriate to provide information about NPS' most important customers in the aftermarket for pumps.

**Appendix 2:** Lakers' five most important competitors, suppliers and customers (confidential)

**Appendix 3:** NPS' five most important competitors, suppliers and customers (confidential)



## **5. VERTICALLY RELATED MARKETS**

NPS and Lakers are present in adjacent segments and do not have a vertical relationship. The Parties have searched their records, and only found one occasion where Lakers purchased a pump from NPS in 2020.

The missing vertical relationship is because Lakers and NPS are not active in the same segments and targeting different customers. NPS sells smaller submersible pumps for use in homes and cabins, while Lakers services and sells pumps towards the industry and governmental infrastructure. Thus, even though Lakers theoretically could be an NPS customer, that would not be in their ordinary course of business.

## **6. ANNUAL REPORTS AND ACCOUNTS**

The Parties annual reports and accounts are enclosed.

**Appendix 4:** Summa's annual accounts 2019

**Appendix 5:** Norsk Pumpeservice's annual accounts 2020

## **7. THE CONDITION FOR A SIMPLIFIED NOTIFICATION ARE FULFILLED**

The Parties' combined market share does not exceed 20 per cent in any market. Moreover, the individual or combined market shares of all the parties to the concentration engaged in a product market that is upstream or downstream from a product market in which any other party is engaged are less than 30 per cent.

Accordingly, the conditions for filing a simplified notification are met, ref. Meldepliktsforskriften Section 3 (1) *litra* a) and c).

## **8. CONFIDENTIALITY AND PUBLIC ACCESS**

This notification contains business secrets. All business secrets are marked in the text in double-underlined format or marked as "confidential".

The confidential information involves operational and/or business matters, which for competition reasons it is important to keep secret in the interests of the party whom the information concerns, cf. Public Administration Act § 13 (1) 2. Disclosure of this information would be a competitive disadvantage for the relevant party vis-a-vis its competitors, suppliers and/or customers, and the party would risk a loss due to these advantages.

The individual business secrets are further substantiated in the document attached below.

**Appendix 6:** Further grounds for secrecy (confidential)

We kindly ask the Competition Authority to contact us should any third party require access to the notification and that we are contacted before access is granted.

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Oslo, 7 July 2021

DocuSigned by:  
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Advokatfullmektig