



GAZDASÁGI
VERSENYHIVATAL

Strabag-Cemex merger approved

The Hungarian Competition Authority (GVH) approved the acquisition of control over Cemex AG by Strabag SE on condition that the buyer makes Cemex divest itself of the plant producing premixed concrete in Salgótarján and sell it to an independent undertaking.

In July 2008 Strabag SE one of Europe's leading construction groups signed a contract to purchase all the shares of Cemex Austria AG. Strabag is present in every field of the construction industry and its activity also covers other construction-related services (e.g. project development), building materials production and sales. In Hungary the group is interested in building; highway, road, bridge and tunnel construction; transportable concrete (premixed concrete) production and exploitation of aggregates very often used in the construction industry (sand and gravel, chalk and dolomite, andesite and basalt).

The members of the acquired Cemex-group deal with mining, production and distribution of construction materials in the territory of Austria and Hungary. In Hungary the group is active in producing transportable concrete (premixed concrete); exploiting aggregates and also manufacturing paving bricks.

The GVH established that both undertakings being parties to the concentration are interested in manufacturing transportable concrete and exploiting construction aggregates. In these fields of interest market competition is likely to be lessened as a result of the concentration of Strabag and Cemex. Therefore the GVH conducted a thorough investigation in the case for determining the probable effects of the transaction.

According to the GVH, even in the case of several unconnected geographical areas, the aggregate net turnover of the Strabag- and Cemex-group on the transportable concrete market significantly exceeds the 20 % threshold above which (the possibility of) harmful effects on competition cannot be excluded. For instance in Salgótarján their aggregate net turnover on the transportable concrete market exceeds 90%. With this market share the Strabag-group is likely to get in a sole dominant position after the transaction. However the GVH deemed it unnecessary to conduct a thorough investigation in the case since as a precondition of the concentration Strabag SE made a commitment to make the owner of the Cemex-group sell its transportable concrete plant in Salgótarján. As for Kaposvár, Kecskemét and Békéscsaba the aggregate net turnover of the Strabag- and Cemex-group is above 50%. However following the transaction they are not likely to get into a dominant position because on the one hand one of the two biggest national competitors (Holcim, Heidelberg) is present in all of the three towns; on the other hand the joint capacity of these undertakings and further competitors in the areas exceed the double of the demand for transportable concrete in the area.

In Sopron the aggregate net turnover of the Strabag- and Cemex-group is above 40%. However all the three national competitors (Holcim, Heidelberg, Betonpartner) are present in this area with a capacity two-three times bigger than the demand, therefore it cannot be considered that Strabag would get into a sole dominant position. In Nyíregyháza their aggregate net turnover goes beyond 40%, this market share is practically the same as the one of Holcim, which has a capacity several times bigger than the real demand, thereby there is no concern for the creation of sole dominance in this area. In the area of Pécs-Siklós the market share of the Cemex-group is extremely high, above 60%. Though the Strabag-group possesses a plant jointly controlled with Heidelberg that has less than 10% market share, there are six further competitors whose aggregate capacity is six times bigger than the demand. Therefore it is not likely that a sole dominance would be created or strengthened as a result of the concentration in this area.

In Szeged and Miskolc, the Strabag-group has a plant with less than 30%, the Cemex-group has a jointly controlled plant with 20-30% and another plant with 10-20% market share. However, neither the 40% nor the less than 50% aggregate market share created as a result of the concentration can be considered high enough for the creation of a sole dominant position. In Szeged, Holcim is also present on the market, in Miskolc there are Holcim and Heidelberg as well and further competitors in both areas with a joint capacity several times higher than the demand.

On the market of aggregates exploitation there is no circumstance on the basis of which the Strabag-Cemex concentration would be likely to create a dominant position.

Based on the above-mentioned the GVH established that the Strabag-Cemex concentration would only have detrimental effects on the market of transportable concrete and only in Salgótarján and its surroundings. Since Strabag made a commitment to make the owner of Cemex sell the plant of transportable concrete in Salgótarján to an undertaking that is independent of Strabag, no lessening of competition is considered probable on that market. Therefore the GVH cleared the concentration of Strabag and Cemex with the above-mentioned condition.