COMISIÓN NACIONAL DE LOS MERCADOS Y LA COMPETENCIA

PRESS RELEASE

The CNMC authorised five mergers in March, despite the suspension of administrative proceedings

- Mergers affected sectors such as gambling, gas, animal health and chemicals

Madrid, 09 April 2020.- The CNMC approved five mergers in March: all the transactions were approved in the first phase, via the regular procedure.

- **C/1094/20: FLUTTER/STARS**

Two major online gambling sites merge

On 12th March 2020, the CNMC resolved in pase I the transaction whereby FLUTTER ENTERTAINMENT PLC. acquired THE STARS GROUP INC. Both companies operate online gambling, including betting and a range of games, and they have a presence in multiple countries.

In Spain, FLUTTER offers its services through Betfair, and STARS does so through brands such as PokerStars and BetStars.

The transaction was reported to the CNMC because the resulting share in Spain after the merger will exceed 30% of the online gaming market (excluding betting), in particular in the online poker segment. The CNMC requested a preliminary report from the Directorate-General for Gambling Regulation.

The CNMC does not consider this merger to pose a threat to competition in the markets concerned, given that the acquirer's presence in online gambling in Spain is low (less than 10%), and this is therefore a case of one operator replacing another. In addition, there are several competitors in the marketplace.

- **C/1098/20 REDEXIS/CEPSA GLP3**

Natural gas distributor REDEXIS continues to expand in the LPG supply and distribution market

On 12th March 2020, the CNMC authorised in Phase I, the transaction whereby REDEXIS GAS, S.A. acquired from CEPSA Comercial Petróleo S.A.U. various networks and contracts for the supply of piped LPG.

In recent years, there have been a number of transactions involving the sale of piped LPG networks, which have substantially changed the structure of the market. This transaction is part of a divestment process carried out by CEPSA in recent years.

The transaction was reported to the CNMC because distribution networks are considered natural monopolies, and therefore, the resulting share held by REDEXIS will exceed 30%.

Regardless of whether the piped LPG and natural gas distribution markets are considered jointly or separately, the increases in REDEXIS's share resulting from this transaction are small, and therefore, the transaction is not considered to pose a threat to competition in the markets concerned.

- **C/1104/20 NATURGY/SONATRACH/MEDGAZ**

NATURGY and SONATRACH acquire joint control of the MEDGAZ gas pipeline

On 24th March 2020, the CNMC authorised (Phase I) the transaction whereby NATURGY ENERGY GROUP, S.A and SONATRACH, S.p.A. acquired joint control of MEDGAZ, SA, after the purchase of the shares belonging to MUBADALA Investment Company PJSC through its subsidiary CEPSA HOLDING, S.L.

The transaction had an EU dimension, although the European Commission agreed to forward the operation to Spain, after a request from the parties, with the agreement of the CNMC.

MEDGAZ is the company responsible for operating the gas pipeline of the same name connecting Algeria with the coast of Spain (Almeria). Both SONATRACH and NATURGY have a presence throughout the natural gas value chain and operate in Spain.

Although this pipeline accounts for 82% of all gas imported via pipeline into Spain, it represents only 10% of the total import capacity to the Spanish gas system, which has six regasification plants and six international gas pipelines.

In addition, the pipeline's capacity is allocated to different operators with long-term contracts, and there is also capacity available to contract through third parties, so the CNMC does not consider this merger to pose a threat to competition.

- **C/1101/20 COVETRUS/DISTRIVET**

COVETRUS buys DISTRIVET to establish itself in the veterinary product distribution market

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On 24th March 2020, the CNMC authorised in Phase I, the transaction whereby COVETRUS INC acquired control over DISTRIVET SA, together with the current owners.

COVETRUS is the parent company of a U.S. multinational with a presence in 25 countries, operating in the animal health sector, specifically in the distribution of veterinary products (both food and medicines). DISTRIVET is a company also engaged in the distribution of these veterinary products in Spain.

The merger was reported to the CNMC because following the transaction, the resulting share in several wholesale distribution markets exceeds 30% in some provinces.

The transaction will give rise to minor horizontal overlaps, except for narrower segments in certain provinces. Additionally, there are still many competitors and there is countervailing power in both supply and demand. Therefore, the CNMC does not consider this merger to pose a threat to competition in the markets concerned.

- **C/1103/20 POLYONE/ACTIVOS MASTERBATCH CLARIANT**

POLYONE purchases CLARIANT's masterbatch business

On 24th March 2020, the CNMC authorised in Phase I the transaction whereby POLYONE acquired the masterbatch (process used to colour, strengthen and give certain properties to plastics) line of business from CLARIANT AG.

POLYONE is an American company active in the manufacturing and distribution of chemicals such as plastics, dyes, composite panels, etc., as well as manufacturing and selling masterbatch. It has two Spanish subsidiaries engaged in the manufacture and marketing of masterbatch and different chemicals.

CLARIANT AG is a Swiss multinational engaged in the manufacture of chemicals for different industrial areas. It has a presence in Spain in the area of masterbatch.

The transaction was reported to the CNMC because the resulting share of the masterbatch production and sale market in Spain exceeds 30%.

Despite the overlap between the parties' activities, there are a considerable number of operators holding a significant market position, the cost of switching suppliers is low, and the parties' shares of related markets are low. Therefore, the CNMC does not consider this merger to pose a threat to competition in the markets concerned.

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Merger control rules and procedure

The CNMC assesses mergers and acquisitions involving companies with a turnover or market share exceeding certain thresholds (Article 8 of the Defence of Competition Act) in order to block mergers that represent a significant impediment to competition.

According to the Defence of Competition Act, these thresholds are set based on:

- If the resulting enterprise acquires or increases a certain market share (art. 8.1 of Act 15/2007), which is generally assumed to be 30% of the relevant market (product and geographical);
- If it exceeds a certain turnover (art. 8.1 b), so that the sum of its turnover for the previous financial year exceeds 240 million, provided that at least two of the participants have individual turnover of more than 60 million euros in Spain.

The DC Act also provides for a number of exemptions in some cases to control mergers. Learn more about the merger analysis procedure. From the moment the transaction is reported, the CNMC generally has one month to decide whether to approve the transaction (phase I) or initiate a detailed investigation (phase II).

Learn more about the merger analysis procedure.

Access to the CNMC mergers list.