

## PRESS RELEASE

### **The CNMC approved the merger by absorption of Caixabank and Bankia, and six other mergers in the month of March**

- The merger between the banks was approved in phase I, but with a series of conditions intended to address the competition problems identified.
- The rest were approved in phase I and with no conditions, since they did not pose any problems to competition in their respective markets.
- The sectors affected by the corporate mergers were the funeral services market, the piped LPG supply and distribution market, the food, beverage and pharmaceutical markets, the electricity generation market, and the telecommunications market, among others.

**Madrid, 15 April 2021** - The CNMC approved a total of seven mergers in the month of March, all of them in phase I and with no conditions, except the [merger by absorption of Bankia and Caixabank](#), whose approval required a more detailed analysis and the acceptance of conditions.

### **C/1155/20 FUNESPAÑA/ALIANZA CANARIA**

#### **Funespaña reinforces its presence in the funeral sector of the Canary Islands with its acquisition of Funeraria Alianza Canaria.**

On 2 March 2021, the CNMC authorised, in phase I, the transaction by which Funespaña, S.A. acquires exclusive control of Funeraria Alianza Canaria through the acquisition of all its share capital.

Funespaña is a Spanish company belonging to the Mapfre group, which provides comprehensive funeral services in Spain. Specifically, Funespaña and its subsidiaries currently provide funeral services in 14 provinces, managing 71 funeral homes, 12 crematoriums and 19 cemeteries. In addition, Funespaña exercises joint control over several funeral companies, and also has minority stakes in others.

Alianza Canaria is a Spanish company that provides comprehensive funeral services, managing, through a concession, 7 funeral homes, a crematorium and 2 cemeteries located in the town of San Bartolomé de Tirajana (Gran Canaria). It also has its own funeral home and crematorium in Arrecife (Lanzarote).

With this merger, Funespaña marginally reinforces its presence in the retail market for comprehensive funeral services nationwide, although it was not previously present in the Canary Islands, meaning it will take over the share held by Alianza Canaria. The same applies to the wholesale markets of funeral homes, crematoriums and the cemetery of San Bartolomé de Tirajana and Arrecife, in which

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Funespaña was not present beforehand; as a result, it will assume the competitive position that Alianza Canaria already had.

Despite the high market shares, especially in San Bartolomé de Tirajana, the CNMC finds that the merger does not involve a significant transformation in the structure of the wholesale markets, since one operator is being replaced by another. In addition, these shares derive from the corresponding municipal concessions, which specify the terms for providing the service (access, quality and price conditions).

The CNMC also analysed the merger from the point of view of vertical integration, since the Alianza Canaria funeral facilities in San Bartolomé de Tirajana and Arrecife will be added to the Mapfre group's portfolio. This will increase the insurance company's ability to provide funeral services in those locations to the policyholders of its group companies. However, given Mapfre's market share in the funeral insurance market in the province of Las Palmas, which stands at 15.42%, no risks to effective competition were identified.

### **[C/1168/21 REDEXIS/REPSOL GLP](#)**

#### **Redexis purchases 4,230 supply points and 139 supply facilities for piped LPG from Repsol.**

On 16 March 2021, the CNMC authorised, in phase I, the transaction in which Redexis Gas, S.A. acquires certain piped liquefied petroleum gas (LPG) supply points from Repsol Butano, S.A., together with piped LPG supply facilities. In addition, the acquisition includes certain associated instruments and networks, together with the LPG supply agreements signed with customers that involve the facilities.

Redexis mainly engages in transporting natural gas in Spain and distributing it in various Spanish municipalities, which are regulated activities, while its subsidiary Redexis GLP, S.L.U. distributes and markets piped LPG, an activity that will initially be carried out using the facilities to be acquired.

The Repsol assets being purchased are 4,230 piped LPG supply points located in different municipalities in the provinces of Alicante, Valencia, Madrid Cáceres and Badajoz, and 139 piped LPG supply facilities located in the provinces of Albacete, Alicante, Ávila, Badajoz, Barcelona, Cáceres, Cantabria, Granada, Huesca, Balearic Islands, Jaén, La Coruña, Lleida, Madrid, Murcia, Segovia, Tarragona, Valencia and Zaragoza. Also included are several related instruments and networks, as well as the LPG supply agreements signed with the clients of said facilities.

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The economic sector affected by the acquisition is the distribution and supply of piped LPG, where the parties operate, as well as the natural gas transportation and distribution market (closely linked to that of LPG distribution), where Redexis is present.

The CNMC studied the shares that Redexis will reach in the markets analysed at both the national and regional levels, as well as the market share after analysing the natural gas distribution market (given the existing possibility, confirmed by Redexis, that the piped LPG networks can be replaced by natural gas distribution networks). It also considered a hypothetical joint market for piped LPG distribution and natural gas distribution, assuming that all the LPG networks can be transformed into natural gas networks. The CNMC concluded that, regardless of whether the piped LPG and natural gas distribution markets are considered jointly or separately, the increase in Redexis' share as a result of this acquisition is generally low, with the sole exception being the province of Valencia, where its share of the piped LPG market, given its very low position before the purchase, will increase by 53.29%.

The CNMC also considered the fact that Redexis is not present in the market to source and supply LPG in bulk, since it acquires the LPG that it supplies to its customers from third parties. As a result, the CNMC did not identify a risk that Redexis will be significantly reinforced in the upstream market. The same circumstance applies with respect to the absence of Redexis in the vertical natural gas commercialisation market, such that there is no risk that the enhanced position of the acquiring group in the natural gas distribution market could be transferred to said market.

All of the above, added to the fact that natural gas distribution networks are a natural monopoly and regulated activity, leads the CNMC to authorise the acquisition, since it does not give rise to portfolio effects, nor does it pose a threat to effective competition in the affected markets.

### **[C/1169/21 KERRY IBERIA TASTE & NUTRITION, S.L.U./BIOSEARCH, S.A.](#)**

#### **Kerry acquires exclusive control of Biosearch.**

On 16 March 2021, the CNMC authorised, in phase I, the operation by which Kerry Iberia Taste & Nutrition, S.L.U. acquires exclusive control of Biosearch, S.A. through a friendly takeover of the entirety of Biosearch.

The Kerry Group develops flavour and nutritional solutions for the food, beverage

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and pharmaceutical markets. In Spain, Kerry has several business areas, including: i) the manufacture and distribution of beverages for automatic (vending) coffee machines under the Vendin brand; ii) the manufacture and marketing of special flours, doughs, breadcrumbs and breaded and other products for the precooked, frozen and refrigerated food industry (Hasenosa business line); and iii) the manufacture and marketing of vegetable proteins and by-products for companies in the food, nutrition, cosmetics, bioscience and agro-science sectors.

Biosearch is a Spanish biotechnology company that engages in the research, development, production and marketing of new products based on natural ingredients with positive effects on human health. Its main shareholders are Grupo Lactalis and Pescaderías Coruñesas. It has clients in more than 30 countries and a portfolio of about 200 products grouped into three business lines: i) Hereditium, which includes the production of probiotic cultures of isolated strains from breast milk; ii) Eupoly-3, which includes a series of lipid products rich in Omega-3 fatty acids produced in the form of oils, and; iii) Exxentia, which encompasses the production of natural plant extracts with different physiological functionalities.

The CNMC is of the opinion that this merger does not pose a threat to effective competition in the markets, as the transaction does not give rise to horizontal or vertical overlaps between the parties since the buyer, Kerry, is not present in Biosearch's markets or in any other vertically related market.

### **C/1175/21: ELBIT SYSTEMS / SPARTON**

**The Israeli company ELBIT SYSTEMS acquires exclusive control of the American company SPARTON, which manufactures anti-submarine and hardened electronic warfare products.**

On 16 March 2021, the CNMC authorised, in phase I, the merger in which Elbit Systems Ltd. acquires exclusive control of Sparton Intermediate Holdings Inc.

The Israel-based Elbit Group develops and supplies a broad portfolio of air, land and naval systems and products for defence, national security and commercial operations on a global scale.

Sparton, based in the United States, develops, designs and manufactures its own anti-submarine products (including sonobuoys and inertial detection devices) and hardened electronics (including hardened displays and hardened computers). It is

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the only supplier of certified sonobuoys to the United States Navy and allied navies around the world.

The CNMC determined that this merger does not pose a threat to effective competition in the markets, since there is no horizontal or vertical overlap between the activities of the parties in Spain and the competitive dynamics will not be modified in any way. It also does not give rise to portfolio or conglomerate effects, since the way in which sonobuoys are purchased does not allow for package deals (sonobuoys are supplied through public tenders, the scope of which is specific to each product).

### **C/1172/21 ATC – TELXIUS**

#### **ATC acquires the Telxius Telecom's European tower business**

On 23 March 2021, the CNMC approved, in phase I, the merger involving the acquisition by American Tower Corporation (ATC) of the European tower business of Telxius Telecom, S.A.

ATC, which is listed on the New York Stock Exchange, is an independent operator and owner of telecommunications towers. It has telecommunications infrastructure in the Americas, Europe, Africa and Asia. In Europe, it currently offers neutral mobile telecommunications equipment location services to Mobile Network Operators (MNOs) in France, Germany and Poland. ATC is not currently present in Spain; therefore, this purchase will result in its entry into the Spanish market.

Telxius owns, operates and develops infrastructures for the installation of wireless communications equipment, whose services are offered to MNOs, including Telefónica S.A. The purchase is of Telxius' tower business in Europe, and does not involve other Telxius activities (such as data access and transmission through submarine cables).

The CNMC is of the opinion that the merger does not pose a threat to effective competition in the affected markets, given the lack of horizontal or vertical overlaps between the activities of the parties in the affected domestic markets. In addition, the purchase involves the entry of a new non-vertically integrated operator and the elimination of the structural links between the acquired business and Telefónica S.A., which is currently a vertically integrated mobile network operator.

### **C/1176/21 CHINA THREE GORGES/WIND ROSE-CÉFIRO**

#### **China Three Gorges acquires exclusive control of Wind Rose Renewables and Céfiro Energía**

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On 23 March 2021, the CNMC approved, in phase I, the merger through which CTG Spain acquires exclusive control of the companies Wind Rose Renewables S.L. and Céfiro Energía S.L.

CTG Spain is a holding company in Spain belonging to the China Three Gorges Corporation, whose sole shareholder is the State-owned Assets Supervision and Administration Commission of the State Council of the People's Republic of China, and which owns a minority (not controlling) stake in EDP - Energías de Portugal, SA. For its part, CTG Spain is engaged in an investment strategy focusing on renewable energies. It currently has a portfolio of 13 operating photovoltaic solar plants in Spain.

Wind Rose is a Spanish company that is present in the renewable energy sector, and is the indirect owner of a portfolio made up of eight wind farms located in Castilla y León.

Céfiro is a Spanish company that is fully controlled by the Bóreas company, which owns a portfolio consisting of ten wind farms located in Castilla y León and a photovoltaic plant located in La Rioja.

Despite the presence of horizontal overlaps between the activities of the parties in the electricity generation market, as well as in the narrow segment of photovoltaic electricity generation and an additional market share in the wind power segment, the CNMC concludes that these overlaps are of a residual nature and are not an effective threat to the affected markets, since the merger does not result in joint shares in excess of 10%. It also does not think that CTG's minority interest in EDP can give rise to competition risks, since the absence of control keeps it from exercising a decisive influence over EDP's businesses and, in any case, any potential horizontal and vertical overlaps are of a residual nature. Finally, the CNMC finds that the operation does not give rise to vertical overlaps or to portfolio effects.

[List of mergers approved by the CNMC.](#)

[Merger analysis.](#)

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