

## PRESS RELEASE

### **The CNMC authorises Sofisport S.A. to purchase the hunting and sport shooting cartridge business of MaxamCorp Holding S.L. with commitments**

- The acquisition is cleared in phase I, but Sofisport will have to satisfy a series of commitments.
- These are necessary to avoid potential risks to competition once the acquisition is finalised.
- One of the problems identified is that third-party competitors may not have components to manufacture cartridges.

**Madrid, 19 May 2021** - On 11 May 2021, the CNMC (National Commission of Markets and Competition) agreed to authorise the Sofisport-Maxam merger, in which the former and some of its subsidiaries are acquiring exclusive control of the hunting and sport shooting cartridges business and certain related assets of the Maxam Group ([C/1170/21: SOFISPORT/MAXAM](#)).

While analysing this merger, the CNMC identified several risks to competition. These include the disappearance of the main and, in some cases, the only alternative to supply third parties with the components (gunpowder, primers and cases) used to manufacture non-metallic hunting and sport shooting cartridges in Spain and the European Economic Area.

This situation could cause a foreclosure when supplying third-party competitors with this type of product.

Therefore, the authorisation of this merger is contingent on having the purchasing company satisfy a series of commitments:

- Sofisport undertakes to assign the necessary assets to a competitor, Fiocchi Munizioni, S.P.A. (Fiocchi), so that it can increase its production capacity for non-metallic cartridges, and thus become a supply alternative to the resulting entity in the medium term.
- Since Fiocchi will need time to expand its production (of powder and other components) before it becomes an alternative producer of these parts, and because there is a risk of foreclosure of components (powder and primers, mainly) to industrial producers, Sofisport further commits to:
  - i. Temporarily supply Fiocchi with gunpowder for a maximum of 3 years under reasonable conditions, both to cover its own short-term production needs for non-metallic cartridges, and so that Fiocchi can supply single-base gunpowder to producers in Spain, Italy, Portugal and UK.
  - ii. Guarantee the supply of gunpowder, primers and cases for the next five years to Spanish producers under conditions comparable to those that existed before this merger.

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- iii. This guarantee will be extended for another five years if the CNMC deems it necessary to guarantee competition in the Spanish market, either because Fiocchi has not attained sufficient production capacity to be able to supply producers under competitive conditions in the Spanish market, and/or because no other alternative competitor has emerged with sufficient capacity to do so.
- These conditions are also subject to a periodic reporting system to verify and guarantee compliance.

These conditions seek to eliminate the risks to competition identified until Fiocchi, or any other new operator, can secure a foothold in the market and alternative component suppliers are available to producers.

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