

PRESS RELEASE

The CNMC approves Mémora's acquisition of the Rekalde and Irache funeral homes, with commitments

- The acquisitions affect the Basque Country and Navarre funeral services markets.
- The transaction was cleared in Phase 2, contingent on fulfilment of certain commitments by Mémora not to affect competition.
- Among these, Mémora undertakes to dispose of investments in San Sebastián, Zarauz and in the areas of Santesteban and Elizondo.

Madrid, 28 September 2021.- The CNMC has authorised, in phase 2, the acquisitions by Mémora of Rekalde, the leading funeral services company in Guipúzcoa, and Irache, the leader in the Navarre funeral market. The transaction is contingent on compliance with the commitments provided by Mémora aimed at avoiding anti-competitive effects in the market ([C/1151/20: MEMORA / REKALDE /IRACHE](#)).

The two acquisitions affect the funeral services sector, since Mémora's operations overlap horizontally with those of Rekalde 21 Corporación and Irache Funeral Services and their respective subsidiaries.

Transaction timeline

In January 2021, the CNMC agreed to perform an in-depth "phase 2" investigation into transaction C/1151/20 to assess its potential adverse effects on competition. Initially, Mémora's acquisition of Irache was assessed under case C/1191/21.

However, as not only the acquisition of Irache but also that of Rekalde directly reinforced Mémora's positioning, the CNMC decided in July to combine the two transactions in case C/1151/20.

Given the appreciable impact of the transaction in the Basque Country and Navarre, the CNMC requested reports from the Basque and Navarre competition authorities.

Funeral homes, crematoriums and cemeteries

In its analysis, the CNMC pinpointed potential risks to competition in the funeral services market, above all the wholesale funeral home market.

Specifically, the entity post-Rekalde acquisition would have a monopoly in the wholesale funeral home market in four towns in Guipúzcoa; in the crematorium market in three towns; and in the cemeteries market in another 14 towns.

In Navarre, Mémora post-Irache acquisition would be the only operator in the wholesale funeral home market in 15 towns; it would have the only crematorium in

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two towns; and it would manage the cemetery in one.

Therefore, on completion of the two acquisitions, the combined entity would manage facilities in **47 towns of Navarre** where it did not have operations previously and another **five towns in Guipúzcoa**. This would bolster Mémora's positioning in the wholesale markets, especially in funeral homes, as well as the retail market for funeral services.

In its assessment, the CNMC considered that the new entity could impose stricter terms and conditions for accessing its services, raise prices and even block access by other companies to its facilities once it disposed of a significant part of its investments in them, especially in (non-municipal) funeral homes.

Towns with high market shares

In its resolution, the CNMC acknowledged that by acquiring Rekalde the company would have high market shares in San Sebastián, Zarauz and Errentería (Guipúzcoa). Moreover, if it also acquired Irache, there would be significant overlaps in another four towns: Mendavia and Tudela (where Mémora has operations), and Santesteban and Elizondo (where Rekalde has operations).

In Mendavia and Tudela, it ruled out issues for competition since there are plenty of alternative funeral homes within a close enough distance to the towns. It also concluded that it did not pose problems for competition in Errentería, since the entity would manage a municipal funeral home, whose conditions of access are regulated by the town council.

Commitments assumed by Mémora

In August, Mémora presented a series of **commitments** to address the problems for competition posed by the transaction.

After undergoing a market test, Mémora presented **new commitments** in September with the aim that, once it acquired both companies and their subsidiaries, competition would be virtually unaltered from at present.

In the specific case of **San Sebastián**, Mémora undertook to dispose of its Benta Berri and Trintxerpe funeral homes, after which its market share would be similar to Rekalde's current market share (17 visitation rooms, as opposed to 16 at present).

The CNMC concludes that this *“will prevent the situation of virtual monopoly arising from the transaction and ensures, at least, that the transaction will not erode the situation of competition that existed prior to the transaction”*.

For Zarauz and the areas of Santesteban and Elizondo, where market shares are especially high, Mémora undertakes to dispose of a funeral facility in each. This way, the competitive structure of the market is virtually unchanged with respect the number of alternatives available in the respective geographical areas.

The CNMC will oversee fulfilment of these commitments by Mémora and the potential effects of the transaction on the market.

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