



Case M1262J

Proposed acquisition of
Ronez Limited by SigmaRoc plc

Decision

Document No: CICRA 16/55

07 December 2016

Jersey Competition Regulatory Authority
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Summary

SigmaRoc plc (**SigmaRoc**) proposes to acquire sole control of Ronez Limited (**Ronez**) by acquisition of its entire share capital from its present owners, Aggregate Industries Limited, which is itself a subsidiary of Lafarge Holcim.

The JCRA was requested to approve the acquisition in accordance with the *Competition (Jersey) Law 2005*, (the **Law**) together with the ancillary agreements identified by SigmaRoc plc.

SigmaRoc does not own any other businesses in Jersey nor does it own any businesses which would operate upstream of Ronez. There is no overlap of activities between SigmaRoc and Ronez, and there will be no substantial lessening of competition in any relevant market in Jersey. On that basis the JCRA approves the acquisition.

The Notified Transaction

1. On 18 November 2016, pursuant to Article 21 of the Law, the JCRA received an application from SigmaRoc and Aggregate Industries Limited for approval of its acquisition of Ronez Limited.
2. The JCRA registered the application on its website on 18 November 2016. It invited comments by 5pm on 2 December 2016. No submissions were received.

The Parties

3. The purchaser is SigmaRoc plc (**SigmaRoc**), 47 Charles Street, London W1J 5EL, UK, a company registered in England and Wales, number 05204176. SigmaRoc is listed on the London Stock Exchange Alternative Investment Market which, having sold its previous telecoms businesses, now intends to focus on the aggregates and building materials markets¹.
4. The target of the proposed acquisition is Ronez Limited (**Ronez**), La Route du Nord, St John JE3 4AR, Jersey, a company incorporated in Jersey. Ronez is a subsidiary of Aggregate Industries Limited (see below), and its ultimate parent Lafarge Holcim.
5. The seller is Aggregate Industries Limited (**AIL**), a company registered in England & Wales and subsidiary of Lafarge Holcim Limited, registered address: Bardon Hall, Copt Oak

¹ See the London Stock Exchange (LSE) announcement in relation to SigmaRoc here: <http://www.londonstockexchange.com/exchange/news/market-news/market-news-detail/SRC/12939663.html>; further market and regulatory announcements may be found on the LSE website: <http://www.londonstockexchange.com/exchange/prices-and-markets/stocks/exchange-insight/company-news.html?fourWayKey=GB00BDBY9264GBGBXAIM>

Road, Markfield, Leicestershire, LE67 9PJ. Lafarge Holcim Limited, Hagenholzstrasse 85, 8050 Zurich, Switzerland is the ultimate parent company of both the seller and the target and is a publicly listed company on Euronext and the SIX Swiss Exchange.

Requirement for JCRA Approval

6. Article 4 of the *Competition (Mergers and Acquisitions) (Jersey) Order 2010* (the **Order**) provides that if one or more of the parties to a proposed merger or acquisition has an existing share of 40% or more of the supply or purchase of goods or services of any description supplied to or purchased from persons in Jersey, then that merger must be notified to the JCRA under Article 20(1) of the Law.
7. The parties have identified in their application that Ronez has a significant market share in Jersey in a number of markets related to the building industry and supply of construction materials. This includes a share of supply of the bulk cement market of [90-100%] (Ronez is the sole supplier based in Jersey) and of [90-100%] of the supply of asphalt products from fixed plant.
8. This exceeds the 40% share of supply threshold specified in the Order which requires an application for approval of an acquisition to be made to the JCRA. Therefore, in accordance with Article 20(1) of the Law, the approval of the JCRA is required prior to the completion of this transaction.

Market Definition

9. The principal markets in this decision are considered to be markets for construction materials, specifically the supply of: construction aggregates; RMX; concrete products (blocks kerbs, paving); bulk cement; asphalt from fixed plant; and asphalt contracting services. In each case the geographic market is Jersey.
10. However, since the purchaser has no existing businesses (in Jersey or elsewhere) this transaction is essentially a change of ownership of Ronez and it is not necessary to precisely define the market under consideration.

Effect on Competition

11. There is no overlap between the activities of the parties in Jersey. Prior to the acquisition it has no turnover or market share in Jersey or in markets upstream (or downstream) of the target. There is no horizontal or vertical overlap in any market in Jersey and therefore no further concentration of market power.
12. The JCRA concludes that there is no significant lessening of competition in the markets for goods or services in Jersey arising from this transaction.

Ancillary Agreements

13. In its application, the parties identified two agreements, the Bitumen Supply Agreement (**BSA**) and Transitional Services Agreement (**TSA**) as ancillary agreements directly related to, and necessary for, the completion of the transaction.
14. The JCRA considers such agreements in line with the EU guideline on restrictions directly related and necessary to concentrations².
15. The BSA relates to the continued purchase of bitumen by Ronez from AIL after the acquisition. The precise terms are commercially confidential, but having been reviewed by the JCRA, the agreement meets the relevant criteria set out in the EU guideline. That is to say, its duration is less than 5 years, it is not exclusive and it does not confer preferred supplier status on the seller (AIL).
16. The TSA relates to the transitional arrangements for business services, including payroll, billing and customer management, during the transfer of the business from AIL to SigmaRoc. The JCRA does not consider this to be ancillary to the acquisition, but an integral part of the process and therefore does not require separate consideration.
17. The JCRA is satisfied that the BSA agreement is related to and necessary for the completion of the transaction and as an integral part of the transaction the TSA does not require separate approval as an ancillary agreement. To the extent that the TSA contains any elements which could be considered to hinder competition in contravention of article 8 of the Law, the parties would need to make separate application to the JCRA for an exemption which would then be considered on its own merits, and entirely separately from the application for approval of an acquisition.

Third Party Views

18. No third party concerns were raised in respect of the transaction.

Conclusion

19. On the basis of the information provided and the analysis set out above, the JCRA is satisfied that there is no substantial lessening of competition in the island of Jersey. The JCRA therefore approves the proposed acquisition under Article 22(1) of the Law.

07 December 2016

By order of the JCRA Board

² Commission Notice on restrictions directly related and necessary to concentrations (2005/C 56/03), found here: [http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52005XC0305\(02\)&from=EN](http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52005XC0305(02)&from=EN)