



The Hungarian Competition Authority (GVH) has set up a trustee for the first time in a merger between undertakings

The GVH ordered Duna-Dráva Cement Kft. (DDC) to sell six of its ready-mix concrete plants in order to implement its acquisition of control over Readymix Hungária Kft. (Readymix). A trustee set up by the GVH will oversee the sale of the plants.

On 2 November 2015, Duna-Dráva Cement Kft. (DDC) concluded a contract with Readymix Hungária Kft. and with a Croatian undertaking participating in the same group of corporations with Readymix in order to acquire control over Cemex Croatia.

In April of 2017 the European Commission prohibited the part of the proposed transaction concerning the Croatian market in proceeding no. M.7878 on the ground that it raised serious competition concerns. As a result of this prohibition the part of the transaction concerning the Hungarian market could also not be implemented; consequently, the parties revoked their request and the GVH terminated its proceeding no. VJ/74/2016 related to this case. Following this, more precisely on 13 July 2017, the DDC once again notified the GVH of the concentration but this time limited to the Hungarian market. The GVH concluded its proceeding no. VJ/37/2017 related to the case.

The DDC Group operates two cement plants, 29 ready-mix concrete plants (some of them jointly controlled with third parties), 8 self-owned and 1 rented aggregates (mineral materials used in constructions) sites in Hungary.

Readymix owns 33 ready-mix concrete plants, 4 aggregates sites and 3 paving stone factories in Hungary.

Through a thorough investigation the GVH evaluated the possible effects on competition, i.e. it requested information from numerous market participants, performed assessment visits, prepared an economic analysis, and conducted market tests for rating the commitments made by the parties.

Based on the markets, the position of the parties and the revealed facts concerning their role in the competition, the GVH identified the presence of both parties on the ready-mix concrete market in the area of Kaposvár, Kecskemét, Nagykanizsa, Siófok, Székesfehérvár and Pécs; furthermore, it observed that in these areas the notified concentration – without implementing corrective measures – could cause significant

restrictions on competition and could result in one-sided horizontal effects (an increase in prices).

After recognising the doubts of the GVH, the DDC Group has undertaken the following:

- to sell its plants operating in the above-mentioned areas or to sell the shares it has in the undertakings that operate these plants by handing in the letter of intent of the potential buyers;
- to fulfill its complementary commitments.

As regards to the detachment ordered for the implementation of the acquisition, the GVH has for the first time set up a trustee in order to oversee the maintenance of the value and economic viability of factory units.

The record number of the case is VJ/37/2017

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Hungarian Competition Authority

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