



GAZDASÁGI
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Avocent-Emerson merger approved by the GVH

The Hungarian Competition Authority (GVH) granted authorisation to the acquisition of Avocent Corporation by Globe Acquisition Corporation.

Globe Acquisition Corporation (Globe) is a wholly-owned subsidiary of Emerson Electric Company (Emerson). Globe is a corporation established only for the purpose of this acquisition. Following the completion of the acquisition of Avocent, Globe will break off. The parent company of Globe, Emerson, seated in Missouri, is a public company the shares of which are traded on the New York Stock Exchange (NYSE).

The undertaking that is to be acquired is Avocent, the shares of which are traded on the Nasdaq Stock Market. Through license agreements Avocent designs, produces, sells and utilizes software and hardware products and technologies ensuring the integration and the central management of IT infrastructure. Avocent is in contact with technology providers such as HP, Dell, IBM, Intel and FTS. Among others, its buyers are Microsoft, Intel, Dell, HP, Time Warner, GE, Exxon Mobile, FedEx and Home Depot.

Pursuant to the Hungarian Competition Act, a concentration of undertakings is effected, where a sole undertaking or more than one undertaking jointly acquire direct or indirect control of the whole or parts of one or more than one other undertaking which have been independent of them. It is also stated in the Competition Act that for a concentration of undertakings, the authorisation of the GVH has to be sought in cases where the aggregate net turnover of all the groups of undertakings concerned and the undertakings jointly controlled by undertakings that are members of the groups of undertakings concerned and by other undertakings exceeded HUF 15 billion in the preceding business year, and the net turnover of each of at least two of the groups of undertakings concerned in the preceding business year combined with the net turnover of the undertakings jointly controlled by undertakings members of the respective group of undertakings and other undertakings was more than HUF 500 million. The aggregate net turnover of the undertaking-groups concerned by the transaction (the Emerson-group and the Avocent-group) in 2008 exceeded HUF 15 billion, and the net turnover of each of the groups exceeded HUF 500 million, hereby the authorisation of the GVH is required for the transaction.

According to the Hungarian Competition Act, the GVH may not refuse to grant authorisation for a concentration where the concentration would not significantly reduce competition on the relevant market, in particular as a result of the creation or strengthening of a dominant position.

From a competition law point of view, the concentration of the two undertaking-groups may have significant harmful effects on markets where both of them are present with the same activities. In the course of the investigation, the GVH identified two products of this kind: Rack PDUs and LCD consoles. Based on the information available, the geographical

dimension of the product markets concerned is wider than the territory of Hungary. As for Rack PDUs, the market concerned is extended to Europe, while in the case of LCD consoles the market can be regarded as worldwide. With respect to the relevant geographical dimension wider than the territory of Hungary, preceding the concentration, both undertaking-groups based on their respected market shares were considered as the third market players on the markets concerned: the Emerson-group with a share somewhat less than 10 percent on the European market of Rack PDUs (where the market share of Avocent was 3,1 percent), while the Avocent-group on the market of LCD consoles had a market share somewhat lower than 15 percent (Emerson had 2,8 percent).

According to the GVH the transaction concerned is not expected to have any significant harmful effects. Following the transaction, the newly-formed undertaking-group will remain the third biggest player on both markets with a market share a few percent higher than earlier, but substantially less than 20 percent in both cases, while continuing to compete with some strong competitors. Above all, beneficial competitive effects are not to be excluded either since by the transaction a third competitor will get stronger and stronger hereby urging the leading undertakings of the market to compete. The GVH has not identified any concerns that the requested transaction would have detrimental effects on the market within the territory of Hungary.

Based on all the above mentioned, the GVH cleared the concentration.

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