

***Case No IV/M.1572 - **
ISS / ABILIS***

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**REGULATION (EEC) No 4064/89
MERGER PROCEDURE**

Article 6(1)(b) NON-OPPOSITION
Date: 05/07/1999

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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 5.7.1999

In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EEC) No 4064/89 concerning non-disclosure of business secrets and other confidential information. The omissions are shown thus [...]. Where possible the information omitted has been replaced by ranges of figures or a general description.

PUBLIC VERSION

MERGER PROCEDURE
ARTICLE 6(1)(b) DECISION

To the notifying party

Subject: Case No IV/M.1572 – ISS/Abilis

Notification of 2 June 1999 pursuant to Article 4 Council Regulation No. 4064/89

1. On 2 June 1999 the Danish company International Service System (ISS) notified its proposed acquisition of the Dutch company Abilis International B.V. (Abilis).
2. After examination of the notification, the Commission has concluded that the notified operation falls under the scope of Council Regulation No 4064/89 and does not raise any serious doubts with regard to its compatibility with the common market and the functioning of the EEA agreement.

I. THE PARTIES

3. The main activity of ISS is the supply of cleaning and related services. The company operates in more than 30 countries in Europe, Asia and Brazil. Abilis, which is controlled by the Dutch Vedior group N.V., is active in the supply of cleaning services and related services.

II. THE OPERATION

4. ISS and Vedior Holding B.V. entered into a [.....] by which ISS shall purchase all the shares in the Abilis group. These are the parts of Vedior's business, which are active in the supply of cleaning and related services.

III. THE CONCENTRATION

5. By this operation ISS acquires directly or indirectly control over Abilis. The operation constitutes a concentration within the meaning of Article 3 (1)(b) of the Merger Regulation.

IV. COMMUNITY DIMENSION

6. ISS and Abilis have a combined aggregate worldwide turnover in excess of ECU¹. 2 500 million (ISS ECU 1.915,77 million; Abilis ECU 716,5 million). In each of three Member States, the combined aggregate turnover of all the undertakings concerned is more than ECU 100 million (Netherlands 309,26 million; France ECU 415,11 million; Belgium ECU 159,19 million). In each of these three Member States the aggregate turnover of each of at least two of the undertakings concerned is more than ECU 25 million (ISS: Netherlands ECU 69,8 million, France ECU 35,38 million, Belgium ECU 70,45 million; Abilis: Netherlands ECU 239,46 million, France ECU 379,73 million, Belgium ECU 88,74 million). The aggregate Community-wide turnover of each of at least two of the undertakings concerned is more than ECU 100 million (ISS: ECU 1.379,25 million; Abilis: ECU 716,5 million), but they do not achieve more than two thirds of their aggregate Community-wide turnover within one and the same Member State.
7. The notified operation therefore has a Community dimension according to Article 1 (3) of the Merger Regulation. It does not constitute a co-operation case under the EEA Agreement pursuant to Article 57 and Article 2 in Protocol 24 of that Agreement.

V. COMPETITIVE ASSESSMENT

A. Relevant product market

8. The notifying party considers the relevant product market to be the market for cleaning and related services. It is possible that a further distinction between Daily Office Cleaning (DOC) and special cleaning services such as hospital cleaning could be made, since there are different requirements concerning hygienic levels, training and machinery. Furthermore it is possible that a distinction should be made between cleaning services and related services such as catering, security service etc, which are offered to cleaning clients, because of the fact, that the cleaning service provider is already present at the premises or buildings and therefore is able to provide a multi-service.
9. However, it is not necessary to further delineate the relevant product market because, in all alternative market definitions considered, the operation would not lead to the creation or strengthening of a dominant position which would significantly impede effective competition in the EEA or any substantial part of that area. The definition of the relevant product market can therefore be left open.

B. Relevant geographic market

¹ Turnover calculated in accordance with Article 5(1) of the Merger Regulation and the Commission Notice on the calculation of turnover (OJ C66, 2.3.1998, p25). To the extent that figures include turnover for the period before 1.1.1999, they are calculated on the basis of average ECU exchange rates and translated into EUR on a one-for-one basis.

10. The parties consider that the geographic market for cleaning and related services should be defined nationally. The contracts are highly dependent on the prevailing working conditions. On the other hand cross-border contracts are expected to become more common place.
11. However, it is not necessary to delineate the relevant geographic market because, in all alternative market definitions considered, the operation would not lead to the creation or strengthening of a dominant position which would significantly impede effective competition in the EEA or any substantial part of that area. The definition of the relevant geographic market can therefore be left open.

C. Assessment

12. ISS and Abilis are both amongst the largest providers of cleaning and related services in Europe. In this respect, the merger is an important operation for the sector. However, the cleaning industry is still highly fragmented even on a national level. ISS and Abilis are both active in the markets for cleaning and related services in the Netherlands, Belgium, Luxembourg, France and Spain. Their combined market shares will not exceed 20% in any of these countries. The operation will not lead to the creation or strengthening of a dominant position which would significantly impede effective competition in the EEA or any substantial part of that area.

VI. ANCILLARY RESTRAINTS

13. Article 8.1 of the [.....] provides that the seller shall not compete for a period of [...] after the Completion date directly or indirectly with the current business of Abilis. The Commission considers that this clause ensures the transfer of the full value of Abilis to ISS. However, given the nature of the business transferred and in particular the degree of goodwill and know-how involved, it considers that the non-compete restriction is only necessary for a period of [.....]. During a period of [.....] after Completion Vedior Group will not employ any present key Employee in order to allow ISS to realise the full benefits of the acquisition. This clause ensures the transfer of the full value of the business and is therefore necessary for its implementation and ancillary to the concentration.

VII. CONCLUSION

14. For the above reasons, the Commission has decided not to oppose the notified operation and to declare it compatible with the common market and with the functioning of the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of Council Regulation (EEC) No 4064/89.

For the Commission,