19 December: DIY, home decoration and gardening stores

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The Autorité de la concurrence has cleared, subject to several conditions, the acquisition of the Bricorama group by ITM Équipement de la Maison (Bricomarché, Brico Cash)

Parties to the transaction

On 18 October 2017, ITM Équipement de la Maison, a subsidiary of ITM Entreprises, which notably operates a chain of Bricomarché and Brico Cash stores, notified the *Autorité de la concurrence* of its intention to acquire Bricorama France SAS, Bricorama Méditerranée SL and Bricorama Asia LTD ("Bricorama group").

The parties operate in the do-it-yourself (DIY), home decoration and gardening retail market, which has been analysed in depth, in particular via a market test (consultation exercises) with industry stakeholders, conducted at both national and local levels.

ITM Équipement de la Maison has made a number of commitments to address competition issues identified in several catchment areas

Although the transaction poses no problem with regard to competition in the upstream supplier procurement market, considering the new entity's limited share of the national market, the *Autorité* does consider that it would raise serious competition concerns in several local catchment areas.

The *Autorité* has, however, cleared the transaction following its initial

examination phase, subject to commitments to divest five retail outlets and to terminate a franchise agreement

The *Autorité* considered that, post-transaction, the new entity would have very high market share in a number of catchment areas. In each of these areas, acquiring control of Bricorama might have resulted in local price increases, as the transaction would have eliminated outlets competing with stores under the Bricomarché or Brico Cash brands. In each of the affected areas, the Autorité noted that consumers would be deprived of an alternative, with no likelihood of competitors remaining in those areas being able to exert adequate competitive pressure on the new entity.

To remedy these competition concerns, ITM Équipement de la Maison has committed to divest five Bricorama outlets to a competitor, and to terminate a Bricorama franchise agreement and facilitate the negotiation of a new franchise agreement by a competing chain. These commitments are intended to ensure that adequate competition is maintained in the affected areas.

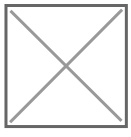
The divestitures mean that stores will change retailer rather than close

The required divestitures are justified by the disappearance of local competitive pressure on the new entity after the transaction.

Their purpose is to enable stores and their businesses to be taken over by a retailer other than Bricorama, Bricomarché or Brico Cash, in order to maintain dynamic competition in the affected catchment area and ensure that consumers have continued access to a diversified retail market in DIY, home decoration and gardening products.

> To see the full text of decision 17-DCC-215 of 18 December 2017

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> See decision of the Conseil d'Etat (14 September 2018)