

OFFICE FOR COMPETITION

14th March 2016

COMP-MCCAA/9/2016- Acquisition by KKR & Co. L.P.

Decision on acquisition in terms of Regulations 6 (1) (ii) and 12(4) of the Control of Concentrations Regulations (LN 294 of 2002 as subsequently amended)

The Office for Competition,

Having considered the notification dated 24 February 2016 pursuant to Regulation 5 of the Control of Concentrations Regulations,

Having considered the provisions of the Control of Concentrations Regulations

Facts

1. On the 19 February 2016, the Office for Competition received a notification of a proposed concentration pursuant to Regulation 5 of the Control of Concentrations Regulations (hereinafter referred to as “the Regulations”), whereby KKR & Co. L.P. will indirectly acquire control of Vålinge International AB by way of a share acquisition pursuant to a Share Purchase Agreement (“SPA”) dated 5 February 2016.
2. The notification was filed on the 19th of February 2016, and accepted as a complete notification on the 24th of February 2016 and was notified to the public through a notice that appeared in a daily newspaper on 1st March 2016 and a notice that appeared in the Government Gazette number 19,542 on 1st March 2016.

Parties

3. The Notifying Party is KKR & Co. L.P., (New York, USA) which is a global investment firm listed on the New York Stock Exchange. Specifically, KKR & Co. L.P manages investments across multiple asset classes, including private equity, energy, infrastructure, real estate, credit strategies and hedge funds. KKR & Co. L.P. has a number of controlled portfolio companies that are active in Malta.
4. Vålinge International AB (Viken, Sweden) is a research and development and intellectual property company involved in the flooring and furniture industries. Vålinge develops and patents new product concepts related to furniture and surfaces and flooring and further commercialises such technologies via licensing and production. [REDACTED]



Transaction

5. Pursuant to an SPA which was signed on the 5th of February 2016, KKR & Co. L.P. proposes to indirectly acquire, through special acquisition vehicles Golviken Holdco AB, Golviken Newco AB and Golviken Buyco AB (all with registered office in Stockholm, Sweden), 49.9% of the shares in and joint control over Valinge International AB (Viken, Sweden) (together with all affiliated companies 'Valinge').
6. KKR & Co. L.P intends to acquire a total of 49.9% of the shares from Valinge's current shareholders: Valinge Flooring Technology AB (Viken Sweden) that currently holds 60% of the shares; Kronospan Technical Holdings Limited (Nicosia, Cyprus) that currently holds 20% of the shares and Flooring Technologies Limited (Pieta' Malta)- (C36387) that currently holds 20% of the shares in Valinge. Post- acquisition, KKR & Co. L.P intends to hold 49.9% of the shares in Valinge while Valinge Flooring Technology AB will hold the remaining 50.1% of the shares.
7. The sale and purchase of the Shares is conditional upon the customary conditions of the SPA including, *inter alia*, approval of the said transaction by the Office for Competition in Malta within the Malta Competition and Consumer Affairs Authority.

Notifiable Concentration

8. In terms of Regulation 2 of the Control of Concentrations Regulations, a concentration refers to the acquisition by one or more undertakings, or by one or more persons already controlling at least one undertaking, whether by purchase of securities or assets, by contract or by any other means, of direct or indirect control of the whole or parts of one or more undertakings.
9. The proposed transaction brings about the acquisition of joint control by the Notifying Party on the acquired party in the form of purchase of shares.
10. Therefore the proposed transaction constitutes a concentration within the meaning of Regulation 2 of the Regulations.

Threshold for Notification

11. The aggregate turnover of the undertakings concerned in the preceding financial year exceeds €2,329,373.40 and each of the parties concerned had a turnover in Malta equivalent to at least 10% of the combined aggregate turnover of the undertakings concerned.

12. The notified concentration, therefore, meets the notification threshold as set out in Regulation 2 of the Regulations.

Simplified Procedure

13. Following the examination of the notification, it is considered that the notified concentration falls within the scope of Regulation 12(1) of the Regulations, whereby it is provided that:

“The simplified procedure will apply to the following categories of concentrations that are deemed not to raise serious doubts as to their legality in terms of the provisions of these regulations...

ii) two or more undertakings merge, or one or more undertakings acquire sole or joint control of another undertaking, provided that none of the parties to the concentration are engaged in business activities in the same product or geographical market, or in a product market which is upstream or downstream of a product market in which any other party to the concentration is engaged”.

Conclusion

For the above mentioned reasons and in terms of Regulations 6 (1) (ii) and 12 (4) of the Regulations, it is therefore decided:

- (1) that the Concentration falls within the scope of the Regulations on Control of Concentrations;
- (2) that the Concentration does not raise serious doubts as to its lawfulness;
- (3) not to oppose the notified Concentration and to declare it a lawful Concentration.



Godwin Mangion
Director General