

OFFICE FOR COMPETITION

26 February, 2013

Comp-MCCAA/01/13 – Mohawk Industries Inc. /Fintiles S.P.A.

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 of 1 February, 2013 pursuant to regulation 5 of the Control of Concentrations Regulations,

Having considered the provisions of the Control of Concentrations Regulations,

Having considered Commission Notice on a simplified procedure for treatment of certain concentrations under Council Regulation EC No. 139/2004

Facts

1. On 14 January, 2013, Mohawk Industries Inc. notified the Office for Competition with a proposed transaction, whereby Mohawk Industries Inc., (hereinafter referred to as “Notifying Party”), through its subsidiary, Mohawk International Holdings (DE) Corporation, will acquire sole control of the whole of Fintiles S.P.A. from Finceramica S.P.A. which currently holds 51% in Fintiles and from LuxELIT S.a.r.l. which holds the remaining 49%.
2. The notification was filed and accepted on the 1 February, 2013 and was notified to the public through a public notice in the Government Gazette number 19,025 on 5 February, 2013 and a notice that appeared in a local newspaper on the same date.

Parties

3. Mohawk Industries Inc. is headquartered in Georgia, in the United States of America and has its registered office at 106, Boulevard, Calhoun Georgia 30701, USA. Via a network of subsidiaries it is globally active in the production and sale of floor coverings for residential and commercial applications in North America and residential applications in Europe. It is also the second largest carpet and rug manufacturer and one of the largest manufacturers, marketers and distributors of ceramic tile, natural stone and hardwood flooring in the U.S., as well as a leading producer of laminate flooring in the U.S. and Europe. Mohawk Industries operates via three business segments, the (i) Mohawk Segment, (ii) Dal-Tile Segment and the (iii) Unilin Segment.
 - (i) The Mohawk segment designs, manufactures, sources, distributes and markets its floor covering product lines, which include carpets, ceramic tile,

laminates, rugs, carpet pads, hardwood and resilient for residential and commercial applications in both remodeling and new construction. Its customers include independent floor covering retailers, home centres, mass merchandisers, department stores, commercial dealers and commercial end users.

- (ii) The Dal-Tile segment designs, manufactures, sources, distributes and markets a broad line of ceramic tile, porcelain tile and natural stone products used in the residential and commercial markets for both remodeling and new construction. Most of the Dal-Tile segment's ceramic tile products are sold through independent distributors, home centre retailers, individual floor covering retailers, ceramic specialists, commercial dealers and commercial end users.
 - (iii) The Unilin segment designs, manufactures, sources, licenses, distributes and markets laminates and hardwood flooring used primarily in the residential market for both remodeling and new construction in Europe and the U.S. In Europe, Unilin also produces roofing systems, insulation panels and other wood products.
4. The undertakings forming part of the same group of companies as Mohawk Industries with turnover in Malta are:
- i. **Mohawk Carpet Distribution, Inc.:** 160 S. Industrial Blvd, Calhoun, GA 30701 USA - distributor of carpets and rugs;
 - ii. **Unilin BVBA:** Ooigemstraat 3 Rd, 8710 Wielsbeke Belgium – producer and distributor of laminates and hardwood flooring; and
 - iii. **Flooring Industries Ltd.:** 10-b, rue des Meringiens, Zone Industrielle Bourmicht, L-8070 Bertrange, Luxembourg - grantor of licenses with regard to Unilin's patent rights.
5. Fintiles S.P.A, having its registered office at Via Bernardino Telesio 2, Milan, Italy, is a holding company and the parent company of the Marazzi Group of undertakings ("Marazzi Group"). The Marazzi Group is globally active in the production and sale of ceramic or porcelain tiles with sales in Italy, France, Spain, Russia and the US, where it also produces its tiles. The Marazzi Group offers various tiles (floor and wall coverings), i.e. porcelain stoneware, crystallized stoneware and single-fired tiles, as well as mosaics, marble, granite and natural stones, under various brands. To a limited extent the Marazzi Group also offers sanitary ware made out of ceramic.
6. The undertaking/s forming part of the same group of companies as Fintiles S.P.A with turnover in Malta are:
- i. **Hatria SpA:** Via Isidoro e Lepido Facii, Zona Industriale S. Atto, 64020 Teramo, Italy – producer of ceramic sanitary ware for contemporary bathrooms;
 - ii. **Marazzi Group SpA:** Viale Virgilio 30, 41123 Modena, Italy – manufacturer of ceramic tiles;
 - iii. **Marazzi Iberia SA:** Avenida Enrique Gimeno 315, 12006 Castellón de la Plana, Castellon, Espana – manufacturer of ceramic tiles with a growing presence in sanitary fixtures;

- iv. **Marazzi Engineering Unipersonale:** Viale Regina Pacis, 39, 41049 - Sassuolo (MO)- provider of design and installation of ventilated walls; and
 - v. **Marazzi Group Trading (Shanghai) Co. Ltd:** Room 2101, no. 107, Aetna Bulding, Zun Yi Road, Shanghai - sales of ceramics.
7. The Notifying Party is only active to a certain extent in the market for ceramic or porcelain tiles in which Fintiles is active, predominantly via its Dal-Tile business segment and – to a limited extent – also via its Mohawk business segment. Mohawk Industries does not sell ceramic or porcelain tiles in Malta.

Notifiable Concentration

8. Regulation 2(d) (ii) 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 notified operation is a concentration within the meaning of regulation 2 (d) (ii) of the Regulations on the Control of Concentrations, whereby the Notifying Party acquires sole control of Fintiles.

Threshold for Notification

10. The aggregate turnover of the undertakings concerned in the preceding financial year exceeds 2.33 million Euro 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.
11. The notified concentration, therefore, meets the notification threshold as set out in regulation 2(d) of the Regulations.

Simplified Procedure

12. After examination of the notification it is considered that, the notified concentration falls within the scope of regulation 12(1) of the Regulations on Control of Concentrations, 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...:

(iii) two or more undertakings merge, or one or more undertakings acquire sole or joint control of another undertaking and two or more of the parties to the concentration are engaged in business activities either in the same product and geographical market and their combined market share is less than 15%...”

Conclusion

For the above mentioned reasons and in terms of regulations 6 (1) (ii) and 12(4) of the Regulations on Control of Concentrations, 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.

Dr Sylvann Aquilina Zahra
Director General