



Mergers: Commission opens in-depth investigation into proposed acquisition of VDM by Aperam in nickel alloy industry

Brussels, 29 November 2018

The European Commission has opened an in-depth investigation to assess the proposed acquisition of VDM by Aperam under the EU Merger Regulation. At this stage, the Commission is concerned that the merger may reduce competition in the supply of nickel alloys.

Commissioner Margrethe **Vestager**, in charge of competition policy, said: "*Nickel alloys are a crucial input for industrial products in a wide range of sectors, including cars and trucks, oil and gas and electronic and electrical equipment. The proposed transaction would bring together the two leading European suppliers. This is why the Commission will carefully assess whether Aperam's plans to buy VDM would affect competition in the markets for nickel alloys and would lead to less choice or higher prices for European manufacturers, and ultimately, for consumers.*"

Aperam and VDM both produce nickel alloys, which are highly alloyed steels with a nickel content of at least 25%, used predominantly in highly corrosive or hot environments. They have customers in a range of industries, including the automotive, oil & gas, chemical process and electronics & electrical industries.

Aperam and VDM are the two leading nickel alloy producers in Europe, and the transaction may strengthen VDM's already strong position in flat nickel alloy products specifically.

The Commission's preliminary competition concerns

The Commission's initial market investigation raised issues relating in particular to the combination of Aperam's and VDM's offering of **flat nickel alloy products**, namely with regard to **nickel alloy plates and sheets**, and **nickel alloy strips**.

At this stage, the Commission is concerned that, following the transaction, customers would face reduced choice of suppliers, as well as higher prices, for nickel alloy plates and sheets, and for strips. VDM is already the market leader in these products and its position could be strengthened further through its merger with Aperam.

The Commission will also investigate further whether the transaction could have an effect on the supply and prices of **long nickel alloy products**, namely nickel alloy wire and wire rod.

The transaction was notified to the Commission on 23 October 2018.

The Commission now has 90 working days, **until 16 April 2019**, to take a decision. The opening of an in-depth investigation does not prejudice the outcome of the investigation.

Companies and products

Aperam, with its registered seat in Luxembourg and producing in France, is a manufacturer of stainless, electrical and specialty steel, with customers in over 40 countries, active in a wide range of industries. Aperam's largest shareholder, the Mittal family trust, is equally the largest shareholder in ArcelorMittal, which also produces nickel alloys through its subsidiary Industeel.

VDM, headquartered and producing in Germany, is a manufacturer of high-performance materials consisting of nickel and nickel alloys, special stainless steels, zirconium and cobalt-based alloys, supplying to customers based worldwide and active in various end industries.

Merger control rules and procedures

The Commission has the duty to assess mergers and acquisitions involving companies with a turnover above certain thresholds (see Article 1 of the [Merger Regulation](#)) and to prevent concentrations that would significantly impede effective competition in the EEA or any substantial part of it.

The vast majority of notified mergers do not pose competition problems and are cleared after a routine review. From the moment a transaction is notified, the Commission generally has 25 working days to decide whether to grant approval (Phase I) or to start an in-depth investigation (Phase II).

In addition to the current transaction, there are currently seven on-going phase II merger

investigations: the proposed acquisition of Embraco, Whirlpool's refrigeration compressor business, by Nidec, the proposed creation of a [joint venture by Tata Steel and ThyssenKrupp](#), the proposed [acquisition of Aurubis Rolled Products and Schwermetall by Wieland](#), the proposed [acquisition of MKM by KME](#), the proposed [acquisition of Gemalto by Thales](#), the proposed [acquisition of Alstom by Siemens](#), and the proposed [acquisition of Solvay's nylon business by BASF](#).

More information will be available on the [competition website](#), in the Commission's [public case register](#) under the case number [M.8907](#).

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