



DETERMINATION OF MERGER NOTIFICATION M/06/001 – Carillion/Mowlem

Section 21 of the Competition Act 2002

Proposed acquisition of Mowlem plc by Carillion plc

Dated 03/02/06

Introduction

1. On 6th January 2006, the Competition Authority, in accordance with Section 18(1) of the Competition Act, 2002 (“the Act”), was notified on a mandatory basis of the proposed acquisition by Carillion plc (“Carillion”) of sole control of Mowlem plc, (“Mowlem”).

The Parties

2. Carillion, the acquirer, is a UK-based company active in the provision of integrated solutions for buildings, infrastructure and services. Its activities include:
 - Carillion Transport provides heavy rail and road infrastructure;
 - Carillion Health provides a wide range of services to the UK health sector including construction, maintenance and facilities management services. It has also been involved in a number of Public Private Partnership (“PPP”) projects in the UK;
 - Carillion Business Services is active in construction and facilities management services;
 - Carillion Developments specialises in the regeneration of brownfield sites and developments where risk can be minimised through pre-letting or sale to occupiers;
 - Carillion International is active in Canada, the Middle East and the Caribbean in construction, infrastructure, maintenance and facilities management services; and
 - Carillion Private Finance provides support to Carillion’s businesses and manages its portfolio of PPP equity investments.

In Ireland, Carillion is active only in the provision of mechanical and engineering maintenance for buildings. In 2005, it generated turnover, in Ireland, of [less than € 1 million] from these activities.

3. Mowlem, the target, is an international provider of construction and support services to public and private sector customers across a wide range of market sectors. Mowlem has four business segments for reporting purposes:

- Construction Services comprises of:
 - Mowlem Building which provides a comprehensive national building service to the public and private sectors, from larger building projects through to smaller building works, delivered through a UK wide network of regional offices;
 - Mowlem Infrastructure, a multi-discipline engineering business covering the full range of civil engineering and related disciplines, offering a total infrastructure services capability to a range of public and private sector clients, including to the rail, highways, water and utilities sectors; and
 - Mowlem Engineering and its specialist businesses which provide a comprehensive range of mechanical and electrical multi-discipline design, construction and maintenance services across all commercial and industrial applications. Operating throughout the UK, it is able to provide bundled service solutions covering small works through to major, complex integrated projects;

- Mowlem International is an engineering and construction business which operates in Australia and South East Asia (through its Barclay Mowlem subsidiary) and the USA (through Charter Builders);

- Mowlem Projects integrates all of Mowlem's PPP activities (i.e., investment, development, construction and services), into one business unit; and

- Mowlem Support Services comprises of Mowlem Asset Services (its strategic customer facilities and assets management business), the Mowlem Pall Mall cleaning services and security business and the Mowlem Environmental Services Group.

Mowlem is active in Ireland through its wholly-owned subsidiary, John Mowlem Construction Limited ("John Mowlem"). John Mowlem is active only in construction-related activities. These relate to the construction of the Dublin Port Tunnel, the M1 widening scheme, the Moneypoint Civil Works and the Dart Upgrade Civil Works. In 2005, Mowlem generated turnover, in Ireland, of [less than €150 million] from these activities.

Analysis

4. Although the business activities of parties overlap in the UK, there is no competitive overlap between their activities in the State. Carillion is engaged in mechanical and electrical maintenance, while Mowlem is active only in construction and infrastructure related

activities.¹ Therefore, the proposed transaction does not raise competition concerns.

Determination

The Competition Authority, in accordance with Section 21(2) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed acquisition by Carillion plc of Mowlem plc will not be to substantially lessen competition in markets for goods and services in the State and, accordingly, that the acquisition may be put into effect.

For the Competition Authority

Dr Paul K. Gorecki

Member of the Competition Authority

¹ In 2005, the value of construction output in the State was estimated at €29.76 billion. One of the parties estimated that about 15% of this value is attributable to mechanical and electrical engineering related activities.