

## Statement of Issues

### Viridian/Metro Performance Glass

7 August 2025

#### Introduction

1. On 29 May 2025, the Commerce Commission registered an application (the Application) from Viridian NZ BidCo Limited (Viridian) seeking clearance for it, or any related or associated company, to acquire up to 100% of the shares in Metro Performance Glass Limited (Metro) by way of a takeover offer under the Takeovers Code or scheme of arrangement under Part 15 of the Companies Act 1993 (the Proposed Acquisition).<sup>1</sup>
2. As required by the Commerce Act 1986<sup>2</sup> (the Act), we assess mergers and acquisitions using the substantial lessening of competition test, which we describe further below.
3. To grant clearance for the Proposed Acquisition, we must be satisfied that it will not have, or would not be likely to have, the effect of substantially lessening competition in a market in New Zealand.
4. This Statement of Issues (Sol) sets out the competition issues on which we are not currently satisfied following our initial investigation. This is so Viridian, Metro and any other interested parties can provide us with submissions and further information relating to those issues.
5. In reaching the preliminary views set out in this Sol, we have considered information provided so far by Viridian and Metro and other industry participants. We have not yet drawn any final conclusions on the issues outlined below (or any other issues) and our views may change, and new competition concerns may arise, as the investigation continues.

#### The issues we are continuing to investigate

6. Based on the evidence collected to date, we are not currently satisfied that the Proposed Acquisition would not be likely to substantially lessen competition in one or more relevant markets. We are continuing to investigate the competitive effects of the Proposed Acquisition.
7. Our preliminary view is that the markets which best isolate the potential competition issues that might arise from the Proposed Acquisition are narrower than those put

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<sup>1</sup> A public version of the Application is available on our website at: <https://comcom.govt.nz/case-register/case-register-entries/viridian-nz-bidco-limited-and-metro-performance-glass-limited>.

<sup>2</sup> Commerce Act 1986, s66(3).

forward in the Application, and comprise separate national markets for the processing and supply of architectural glass products to:

- 7.1 fabricators;
  - 7.2 merchants/glaziers; and
  - 7.3 construction firms.
8. We are continuing to consider the geographic dimensions of these markets, in particular whether the supply options for customers differ across New Zealand such that it might be appropriate to define separate North Island and South Island geographic markets.
  9. In addition to the markets outlined above for the processing and supply of architectural glass products, our preliminary view is that there are regional markets for the supply of glass installation services.
  10. We are continuing to explore the possible competitive effects of the Proposed Acquisition in these markets. At this stage, our key concerns relate to potential unilateral effects in the relevant glass processing and supply markets.
  11. Irrespective of the scope of the relevant markets, we are focused on assessing the closeness of competition between Viridian and Metro, and other glass processors, and the strength of competitive constraints from all sources.
  12. We are not currently satisfied that the Proposed Acquisition would not substantially lessen competition due to unilateral effects.
    - 12.1 Viridian and Metro are two of New Zealand's four large national glass processors and suppliers, and the only two that are not vertically integrated into downstream fabricator markets.
    - 12.2 Viridian and Metro are one another's closest competitor in relation to a significant portion of fabricator and merchant/glazier customers, and the Proposed Acquisition would remove the existing vigorous competition (on price, service, quality, and national footprint) between them to supply these customers.
    - 12.3 We are not currently satisfied that existing or potential competitors would constrain the merged entity.
      - 12.3.1 While Architectural Glass Products (AGP, owned by Architectural Profiles Limited, APL) and FMI/Glass Relate exist as New Zealand's other two large national glass processors and suppliers, they almost exclusively supply glass to their respective aligned fabricator networks. As such, they do not compete with Viridian and Metro for other fabricator customers (including for independent fabricators and those that are aligned to a different die holder). As discussed further below, APL/AGP and FMI/Glass Relate may not be incentivised to

supply customers outside their networks in response to a price increase or reduction in quality by the merged entity.

12.3.2 Outside of the four large national providers, other New Zealand glass processors are materially smaller in scale (in terms of both production capacity and output volumes) and do not have the same 'everywhere, everyday' national footprint that Metro and Viridian currently provide.

12.3.3 Glass processors supply differentiated services, competing on price, quality of glass, quality of service (including timely delivery), geographic reach, customer relationships, and investment in plant and production technology. Although existing competitors may have capacity to expand production volumes (using existing plants) within a relatively short timeframe, there are a large number of customers who view Viridian and Metro as their only viable options due to the various factors listed above. As such, spare capacity or expansion by other firms in the market may not result in a material constraint on the merged entity.

12.3.4 Entry by new glass processors in New Zealand seems unlikely given that the market is at the bottom of a cycle in terms of construction demand, so spare capacity is at its highest, and returns earned by suppliers are at their lowest. It is unclear how long this situation is likely to persist, meaning that we are currently not satisfied that entry would occur in a timely manner.

12.4 While imported glass may be a viable supply option for some types of glass products or some construction projects, we are currently not satisfied that imports are a realistic supply option for most customers, or that imports would constrain the merged entity in all markets for the processing and supply of architectural glass products.

12.5 We do not currently consider it likely that customers would self-supply or sponsor new entry. As such, we are not satisfied that the merged entity would be constrained by countervailing power.

13. Some merchant/glazier customers that currently source glass from Viridian and Metro (and others) also compete with Viridian and Metro for glass installation services. We are continuing to explore the extent to which the Proposed Acquisition may lead to a material reduction of choice for these customers.

### **The issues that do not currently raise concerns**

14. We are currently of the view that the Proposed Acquisition would not be likely to cause a substantial lessening of competition due to vertical or coordinated effects in any relevant market.

15. We do not discuss coordination or vertical effects further in this Sol, but we welcome any submissions on these points.

## Process and timeline

16. We have agreed with Viridian to extend the period in which to make a decision until **20 October 2025**. Further extensions may be agreed between the Commission and Viridian.
17. We invite submissions and supporting evidence from Viridian, Metro and any other interested parties on the issues raised in this Sol. We request responses by close of business on **4 September 2025**, including a confidential and public version of any submission made where relevant. All submissions received will be published on our website with appropriate redactions.<sup>3</sup> All parties will have the opportunity to cross-submit on the public versions of submissions received from other parties. Cross-submissions must be received by close of business on **18 September 2025**.
18. If you would like to make a submission but face difficulties in doing so within the timeframe, please ensure that you register your interest with us at [registrar@comcom.govt.nz](mailto:registrar@comcom.govt.nz) so that we can work with you to accommodate your needs where possible.

## Our framework

19. The Act requires us to assess mergers and acquisitions using the substantial lessening of competition test. The Act, together with relevant case law, governs the way in which we consider all mergers, including the Proposed Acquisition. Our approach to this assessment is also based on the principles set out in our Mergers and Acquisitions Guidelines (Guidelines).<sup>4</sup>
20. We determine whether a merger or acquisition is likely to substantially lessen competition in a market by considering what would change with a merger. We do so by comparing the likely state of competition if a merger proceeds (the scenario with a merger, often referred to as the factual) with the likely state of competition if a merger does not proceed (the scenario without a merger, often referred to as the counterfactual).<sup>5</sup> This allows us to assess the degree by which the Proposed Acquisition might lessen competition.
21. Whether or not a lessening of competition as a result of a merger is substantial depends on the particular circumstances.<sup>6</sup> It is the degree to which competition has been lessened which is critical. A lessening of competition does not need to be felt across an entire market, or relate to all dimensions of competition in a market, for that lessening to be substantial. A lessening of competition that adversely affects a significant section of the market may be enough to amount to a substantial lessening

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<sup>3</sup> Confidential information must be clearly marked (by highlighting the information and enclosing it in square brackets). Submitters must also provide a public version of their submission with confidential material redacted. At the same time, a schedule must be provided which sets out each of the pieces of information over which confidentiality is claimed and the reasons why the information is confidential (preferably with reference to the Official Information Act 1982).

<sup>4</sup> Commerce Commission, Mergers and Acquisitions Guidelines (May 2022).

<sup>5</sup> *Commerce Commission v Woolworths Limited* (2008) 12 TCLR 194 (CA) at [63].

<sup>6</sup> *ANZCO Foods Waitara Ltd v AFFCO NZ Ltd* (2005) 11 TCLR 278 at [240] (CA).

of competition.<sup>7</sup> Further, in markets that are already concentrated, a smaller change in competition with a merger may amount to a substantial lessening of competition than would be the case in markets that are less concentrated to begin with.<sup>8</sup>

22. In considering the Application and assessing whether the Proposed Acquisition is likely to substantially lessen competition, our focus is on what would change with the Proposed Acquisition. Unless we are satisfied that any lessening of competition as a result of the Proposed Acquisition is not likely to be substantial, we cannot give clearance.

## The parties and the Proposed Acquisition

### Viridian NZ BidCo Limited

23. Viridian NZ BidCo Limited is wholly owned by funds associated with private equity firm Crescent Capital Partners, which owns Viridian Glass GP Limited.<sup>9</sup>
24. At plants in Auckland and Christchurch, Viridian processes imported glass into architectural glass products. It supplies a range of different types of architectural glass products (which are a mix of single glass or insulated glass units), including:<sup>10</sup>
- 24.1 annealed glass, which is most commonly used in single-glazed windows;
  - 24.2 sealed or insulated glass, which is produced by sealing inert gas between two panes of glass (eg, to create a double-glazed window or glass unit);
  - 24.3 safety, toughened or laminated glass, which has undergone heat treatment and/or lamination to strengthen it for use in some single-glazed applications (eg, internal glass walls, balustrades, pool fences, shower doors);
  - 24.4 coated or low emissivity (LowE) glass, which has had a microscopic film or coating applied to change the thermal or reflective properties of the glass (eg, to retain heat or reduce glare); and
  - 24.5 cosmetic glass, which has been patterned, etched, obscured for decorative purposes (eg, a frosted window in a bathroom).
25. Viridian sells these architectural glass products to:<sup>11</sup>
- 25.1 window and door fabricators, who bundle glass with joinery and on-sell the assembled product to group home builders and other end-users for installation in homes and buildings in New Zealand;

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<sup>7</sup> *Dandy Power Equipment Pty Ltd v Mercury Marine Pty Ltd* (1982) 64 FLR 238; ATPR 40-315, 43,888.

<sup>8</sup> M Sumpter, *New Zealand Competition Law and Policy* (CCH, Auckland, 2010) at 186-187, discussing the decision in *Air New Zealand v Commerce Commission* (2004) 11 TCLR 347 (HC).

<sup>9</sup> For ease of reference, this Sol simply refers to Viridian, rather than differentiating between Viridian NZ BidCo Limited and Viridian Glass GP Limited.

<sup>10</sup> The Application at [47], Table 1 and <https://www.viridianglass.co.nz/glass-types/>.

<sup>11</sup> The Application at [3] and [80.1]-[80.3].

- 25.2 merchants throughout New Zealand who re-sell the glass to end-users; and
  - 25.3 large construction contractors who purchase glass for facades and single glass products.<sup>12</sup>
26. Viridian also provides ancillary glass installation services and offers retrofit double-glazing services direct to property owners.

### **Metro Performance Glass Limited**

27. Metro is a publicly listed company.
28. Like Viridian, Metro is involved in the processing and installation of glass in New Zealand. From plants in Auckland and Christchurch, Metro produces architectural glass products that it supplies throughout New Zealand.<sup>13</sup> Metro also provides ancillary glass installation services and offers retrofit double-glazing services direct to property owners.

### **The Proposed Acquisition**

29. Viridian seeks clearance to acquire up to 100% of the shares in Metro by way of a takeover offer or scheme of arrangement. With the Proposed Acquisition, the New Zealand operations of Viridian and Metro would be merged.
30. Viridian submits that Viridian and Metro are operating at sub-scale with high fixed costs and falling demand due to window fabricators switching to networks run by large third parties who offer joinery and glass bundles, and imports also being an increasingly attractive option for builders.<sup>14</sup> Viridian further submits that the Proposed Acquisition would create manufacturing and distribution synergies that would allow Viridian together with Metro (the merged entity) to be a better scaled and more efficient competitor, and have resources to invest in its offering to ensure it can compete with networked rivals in glass markets in New Zealand.<sup>15</sup>

### **Relevant background**

31. In this section, we describe the supply chain for processed glass, the types of processed glass, the channels to market for suppliers of processed glass, and some market context.
32. Figure 1 below illustrates the processed glass supply chain. This figure reflects our views on the glass supply chain and where competition is occurring based on evidence gathered to date.<sup>16</sup>

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<sup>12</sup> [ ] and [ ].

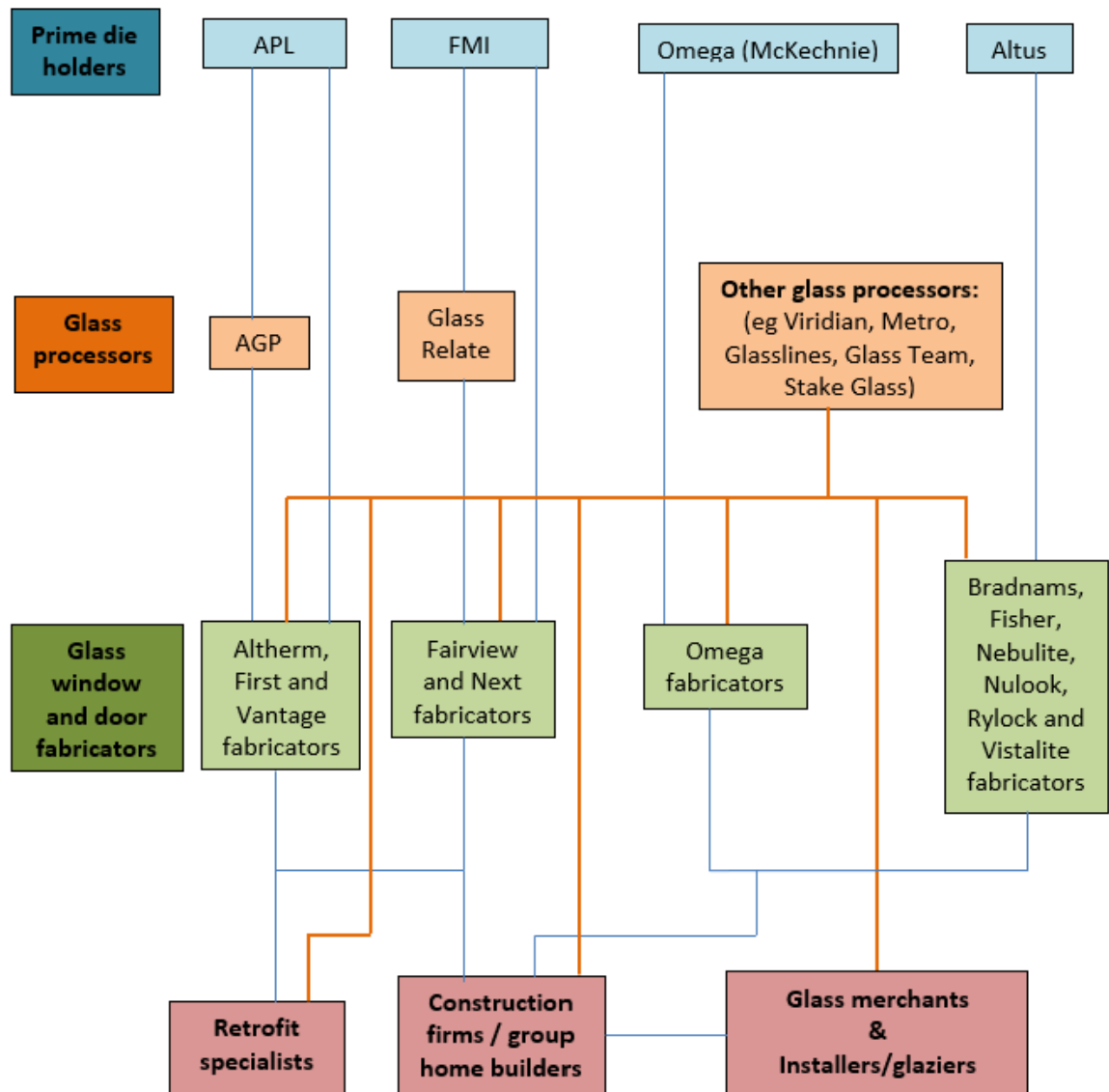
<sup>13</sup> The Application at Table 1 and <https://metroglass.co.nz/glass-types/>.

<sup>14</sup> The Application at [2.4(b)] of the Executive Summary, [14.4], [142.4(b)] and [158].

<sup>15</sup> The Application at [15] and [172].

<sup>16</sup> In Figure 1, the orange lines show glass supply to downstream customers by glass processors other than AGP and Glass Relate. The blue lines show the supply chain of aluminium and/or glass from the prime die holders downstream. Also, Figure 1 does not show direct supply of retrofit double-glazing by Viridian and Metro to property owners.

Figure 1: Supply chain



33. Raw float glass is manufactured overseas and imported by New Zealand-based glass processors who apply various treatments to produce different types of processed glass products.<sup>17</sup>
34. There are several different types of processed glass products that are processed and installed in homes and buildings throughout New Zealand, as noted at [24].<sup>18</sup>
35. Glass processors sell insulated glass units (IGUs) (most commonly used for double-glazed glass in windows and doors) and/or single-glazed glass products (used for a range of applications such as internal partitioning, balustrades, shower doors and splashbacks). Changes to the Building Code in New Zealand since the early 2000s

<sup>17</sup> There are no manufacturers of float glass in New Zealand. The Application at [41] and [46].

<sup>18</sup> The Application at [47].

have seen a shift from the use of annealed glass in windows and doors of new build properties to mandatory double-glazed units (DGUs).<sup>19</sup>

### Channels to market

36. While the ultimate end consumers are homeowners and property owners, there are three main channels through which glass processors supply processed glass, namely:

36.1 glass window and door fabricators;

36.2 merchants/glaziers; and

36.3 large construction firms.

37. We discuss each of these channels to market in more detail below.

#### *Fabricator channel to market*

38. Glass window and door fabricators (which we refer to as “fabricators” for the purposes of this Sol) bundle glass with unassembled extruded joinery and on-sell the assembled or integrated product to group home builders and other end-users for installation in homes and buildings in New Zealand.<sup>20</sup>

39. The cutting and shaping of that joinery is achieved by a machine called a ‘die’. Dies are licensed by ‘prime die holders’ of which there are four in New Zealand, namely McKechnie Aluminium (through the brand name Omega), Altus, FMI and APL.<sup>21</sup>

40. Fabricators can choose to align with one of these four prime die holders (who will either license the use of their dies to the aligned fabricator or produce the unprocessed joinery parts using their own dies and then supply those parts to the aligned fabricator)<sup>22</sup> or can remain independent (by importing their joinery from offshore markets such as China).<sup>23,24</sup>

41. Importantly, FMI and APL have vertically integrated into glass processing (through Glass Relate and AGP, respectively), and almost exclusively supply glass to fabricators within their own networks.<sup>25</sup>

<sup>19</sup> The Application at [49] and [59]-[61].

<sup>20</sup> The Application at [3.1] and [80.1].

<sup>21</sup> The Application at [88], [90] and [91].

<sup>22</sup> The Application at [92]. In many cases, fabricators appear to align with a prime die holder through a franchise model, operating under the prime die holder’s established brands. However, alignment may also occur by way of other contractual arrangements.

<sup>23</sup> The Application at [105].

<sup>24</sup> The Application at [93]. Viridian estimates that 93% of fabricators are aligned to a particular prime die holder.

<sup>25</sup>

[ ] [ ] Commerce Commission interview with [ ] and Commerce Commission call with [ ]

42. The remaining two prime die holders, McKechnie Aluminium (Omega) and Altus do not currently have their own glass processing facilities. Fabricators that are aligned to these two prime die holders must purchase their glass from independent glass processors (such as Viridian or Metro). Fabricators that are aligned to Omega or Altus cannot source processed glass from FMI/Glass Relate or APL/AGP, as they do not supply rival fabricators outside their respective networks.<sup>26</sup>

*Merchant/glazier channel to market*

43. Glass merchants/glaziers are on-sellers of glass products who supply single glass products to end-users (including showers, balustrades, and splashbacks) and supply IGUs to repair broken windows, retrofit windows and supply the new timber frame market.<sup>27</sup>
44. While many merchants may do retrofit work, there are also some retrofit specialists that predominantly or only offer retrofit double-glazing services.<sup>28</sup>
45. Merchants/glaziers also provide the installation and glazing services for these products. However, they do not typically install IGU windows and doors in new build properties.<sup>29</sup>

*Construction channel to market*

46. Large construction firms purchase double-glazed glass (for windows, doors, and external facades) and single-glazed glass products (for balustrades or internal glass partitions).<sup>30</sup>
47. These firms then use this glass for a range of construction projects including low-rise commercial projects, large-scale commercial projects (eg, high-rise office buildings, hospitals), and large residential projects (eg, apartment buildings, townhouse developments).

**Market context**

48. Based on market feedback, the market appears to be at the bottom of a cycle in terms of construction demand.<sup>31</sup>
49. In our investigation, we will continue to have regard to the relevant economic context, including construction demand, and the potential that demand could recover significantly within the next two to three years (with associated

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<sup>26</sup> Commerce Commission interviews with [redacted] and [redacted] and Commerce Commission call with [redacted].

<sup>27</sup> The Application at [3.2] and [80.2].

<sup>28</sup> For example, the Application at [101.2].

<sup>29</sup> Glass in new build properties tends to be installed by licensed builders. The Application at [80.2].

<sup>30</sup> The Application at [118] and [80.3].

<sup>31</sup> Commerce Commission interviews with [redacted], [redacted], [redacted], [redacted], [redacted], [redacted], [redacted] and [redacted].

consequences for the extent of spare capacity in the market and the incentives for competitors to enter or expand).

50. We will also consider the impact of developments making it easier to import.<sup>32</sup>

### Market definition

51. Market definition is a tool that helps identify and assess the competitive constraints a merged firm is likely to face. Determining the relevant market requires us to judge whether, for example, two products are sufficiently close substitutes as a matter of fact and commercial common sense to fall within the same market.<sup>33</sup>
52. We define markets in the way that we consider best isolates the key competition issues that arise from the Proposed Acquisition. In many cases this may not require us to precisely define the boundaries of a market. A relevant market is ultimately determined as a matter of fact and commercial common sense.<sup>34</sup>
53. We have yet to form final views on the scope of the relevant markets for assessing the competitive effects of the Proposed Acquisition. However, within glass processing, the emerging evidence suggests that there may be different competitive conditions for the processing and supply of architectural glass products for each of the three key customer channels to market (ie, fabricator, merchants and glaziers, and construction).
54. As such, our preliminary view is that the set of markets that best isolates the potential competition issues that might arise from the Proposed Acquisition are:
- 54.1 a national market for the supply of processed glass to fabricators;
  - 54.2 a national market for the supply of processed glass to merchants and glaziers;
  - 54.3 a national market for the supply of processed glass to construction firms; and
  - 54.4 regional glass installation markets (ie, Northland, Auckland, Waikato, Bay of Plenty, Gisborne, Hawke's Bay, Taranaki, Manawatu-Wanganui, Wellington, Tasman, Nelson, Marlborough, West Coast Canterbury, Otago, and Southland).
55. We are further considering whether each of the three customer markets for the supply of processed glass should be further delineated by geography (eg, a separate market for each of the North Island and South Island).
56. We are also considering whether it would be appropriate to delineate these markets by glass type/application.

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<sup>32</sup> See <https://www.beehive.govt.nz/release/overseas-products-make-it-cheaper-build>.

<sup>33</sup> *Mergers and Acquisitions Guidelines* above n4 at [3.7]-[3.8].

<sup>34</sup> Commerce Act, Section 3(1A). See also *Brambles v Commerce Commission* (2003) 10 TCLR 868 at [81] and *Mergers and Acquisition Guidelines* above n4 at [3.7]-[3.10].



- 59.3 there are no regions for which a local presence gives any incumbent a material advantage over rivals who may or may not be in that region.
60. On the product dimension, Viridian acknowledges that different glass types are not substitutable for one another (ie, that there is no scope for demand side substitution), but that on the supply side, incumbents either currently produce glass to meet all downstream needs, or could easily do so if faced with an appropriate pricing signal.<sup>42</sup>
61. Viridian has made no specific submissions on the potential scope of any relevant customer dimension(s) for the processing and supply of architectural glass products.

#### *Our current views*

62. In determining the relevant market, we ask whether, for example, products are sufficiently close substitutes as a matter of fact and commercial common sense to fall within the same market.<sup>43</sup>
63. The conceptual framework we use when we define the relevant market in a merger involves a ‘hypothetical monopolist test’. We ask whether a hypothetical monopolist could profitably impose a small, but significant, non-transitory increase in price (a SSNIP) of at least one of a merged firm’s products or services. This will be the case when there are few good substitutes to the product or service in question.<sup>44</sup>
64. We consider substitution by both customers and suppliers and ask, if prices increased, whether:<sup>45</sup>
- 64.1 customers would switch sufficient purchases to alternative products, services or locations so that a SSNIP is not profitable (*customer or demand-side substitution*); and/or
- 64.2 rival firms (having observed an increase in price) would easily, profitably and quickly (generally within one year) switch production to the products, services or locations in question without significant cost so that a SSNIP is not profitable (*supplier or supply-side substitution*).

#### Customer dimension

65. Where relevant, we examine the ability of suppliers to discriminate between customers because their competitive alternatives vary.
66. Feedback from our investigation suggests that the conditions for competition appear to be sufficiently different within each of the three channels to market in New Zealand (ie, fabricators, merchants and glaziers, and construction firms) such that it

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<sup>42</sup> The Application at [128].

<sup>43</sup> *Mergers and Acquisitions Guidelines* above n4 at [3.8].

<sup>44</sup> *Mergers and Acquisitions Guidelines* above n4 at [3.17]-[3.18].

<sup>45</sup> *Mergers and Acquisitions Guidelines* above n4 at [3.16].



*For merchants and glaziers:*

- 67.4 merchants mostly purchase single-glazed glass and safety/laminated glass for double-glazed windows, with some demand for annealed glass to repair windows in older homes;<sup>53</sup>
- 67.5 merchants tend to have relationships with multiple glass processors and shop around for glass. Merchants have emphasised the importance of holding multiple supply relationships so as to:<sup>54</sup>
- 67.5.1 ensure resilience of supply;
- 67.5.2 identify the best deal for any given project; and
- 67.5.3 avoid sourcing glass from a glass processor who is competing with them for the installation of that glass on a particular project, as described in more detail later.

*For construction firms:*

68. We are still investigating the supply of glass to construction firms and how competition takes place for these customers. Market feedback to date suggests that the supply options for large construction firms could be different to that for other customers. In particular, we understand that imports are a viable supply option for this channel, including in relation to IGUs, because of the much longer lead times on these projects.<sup>55</sup> As such, we understand that imports are a more significant constraint on prices and competition more generally in this channel.
69. In light of the differences in competitive conditions across each of these channels, and the different significance of imports across each, our preliminary view is that separate markets for each of the fabricators, merchants and construction channels are warranted.
70. We invite industry participants to provide further evidence on the scope of these markets. The types of evidence we are interested in includes:
- 70.1 evidence in relation to the different supply alternatives of fabricators (including those aligned to different die-holders, and non-aligned fabricators), glass merchants and construction projects;
- 70.2 the current and potential ability of fabricators, merchants and/or construction companies to substitute towards imported processed glass products, having regard to the full range of products demanded by each

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<sup>53</sup> The Application at [109].

<sup>54</sup> Commerce Commission interviews with [ ], [ ], [ ], [ ], [ ] and [ ].

<sup>55</sup> Commerce Commission interviews with [ ], [ ] and [ ].

customer group and the relative prices of imported processed glass products and domestically processed glass products paid by each customer group; and

- 70.3 the extent of price discrimination across and within customer groups, or in respect of certain customers that may have fewer alternative supply options.

#### Product dimension

71. We are still investigating whether it may be appropriate to define separate product markets for IGUs (including double and triple-glazing), and single-glazed glass.
72. In determining whether it is appropriate to define separate markets for insulated glass units and single-glazed glass we will consider the extent of any:
- 72.1 differences in conditions of competition for IGUs and single-glazed units;
- 72.2 demand substitution by customers;
- 72.3 supply substitution by glass processors; and
- 72.4 the potential constraint from imported processed single-glazed glass and IGUs.
73. Our investigation so far indicates that:
- 73.1 it is unlikely that there is demand-side substitution between glass types as customers are not likely to substitute between IGUs and single-glazed glass for their intended use. Viridian submits that different glass types are not substitutable and this is something that we will continue to test;<sup>56</sup>
- 73.2 there may be differences in the competitive conditions for IGUs and single-glazed units. For example, APL/AGP predominantly supplies IGUs and [ ].<sup>57</sup> FMI/Glass Relate [ ]. However, both APL/AGP and FMI/Glass Relate compete to supply their aligned networks with IGUs.<sup>58</sup> Imports also appear to account for a significant volume of single-glazed glass sold in New Zealand.<sup>59</sup> These factors indicate that there may be different competitors and competitive conditions for the different glass types;
- 73.3 there is mixed evidence on the extent of supply-side substitution between IGUs and single-glazed glass. Viridian, Metro and other glass processors produce both sets of products, and therefore are likely to have the necessary production and distribution assets required to quickly and profitably shift supply between producing different glass types, particularly in light of their

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<sup>56</sup> The Application at [127].

<sup>57</sup> [ ] Commerce Commission interview with [ ].

<sup>58</sup> Commerce Commission interview with [ ] and Commerce Commission call with [ ].

<sup>59</sup> The Application at [66] Viridian submits that up to 50% of single-glazed glass volume in New Zealand is through imports.

spare capacity at present.<sup>60</sup> However, we understand that at least one supplier has separate factories for IGUs and single-glazed glass which may make supply-side substitution more costly and difficult,<sup>61</sup>

- 73.4 in its Application, Viridian stated that more than 50% of processed single-glaze glass is imported,<sup>62</sup> that single-glazed glass is easy to import, and that Viridian’s focus is on its IGU products “given it cannot compete with imported single glass”.<sup>63</sup> Our market feedback and investigation confirms that imports are a significant part of the competitive landscape to supply single-glazed glass in New Zealand, and imported single-glazed glass drives price competition domestically.<sup>64</sup> As such, we consider it unlikely that a hypothetical monopolist would find it profitable to impose a SSNIP over single-glazed glass products – not because of supply substitution from suppliers of IGU, but because of the ready availability of imported single-glazed glass; and
- 73.5 the constraint of imports does not extend to IGUs in the same way, such that we do not expect imports to constrain a SSNIP.
74. For these reasons, it may be appropriate to define separate markets for each of the processing and supply of single-glazed glass; and the processing and supply of IGUs (including double-glazed and triple-glazed glass).
75. However, we are considering whether the product-related elements of competition are captured by defining different customer markets. Our investigation indicates that it is common for fabricators to predominately purchase IGUs while merchants predominately purchase single-glazed glass, therefore implying that defining markets by product type may not be necessary to isolate the key competitive constraints.<sup>65</sup>
76. We are still considering whether it would be appropriate to define separate product markets and/or if the product related elements of competition would be sufficiently captured by the customer dimension of the market.
77. We invite submissions on our approach to market definition and for parties to provide us with further evidence on the scope of product markets relating to the supply of processed glass. In particular, we are interested in:

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<sup>60</sup> Commerce Commission interviews with [redacted], [redacted] and [redacted]. See also Commerce Commission interviews with [redacted] and [redacted].

<sup>61</sup> Commerce Commission interview with [redacted].

<sup>62</sup> The Application at [66].

<sup>63</sup> The Application at [196]-[197].

<sup>64</sup> Commerce Commission interviews with [redacted], [redacted] and [redacted].

<sup>65</sup> For example, see Commerce Commission interviews with [redacted], [redacted], [redacted] and [redacted].



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80.4 [

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81. We invite industry participants to provide further evidence on the geographic scope of the markets. The types of evidence we are interested include:
- 81.1 the likely extent of competitive constraint from Stake Glass on the merged entity in the South Island;
  - 81.2 the ability of North Island-based glass processors to quickly extend their supply to serve the South Island, in order to compete with the merged entity; and
  - 81.3 the relative prices for equivalent processed glass products in the North Island compared to the South Island over the last five to ten years.

### **Glass installation markets**

#### *Viridian's views*

82. Viridian submits that there are regional markets for the supply of glass installation services for the following reasons:<sup>69</sup>
- 82.1 Viridian and Metro provide installation services directly to homeowners and builders; and
  - 82.2 installation is a commodity service with no scale economies and Viridian and Metro compete with a large number of glass merchants/installers operating around New Zealand. While larger installers will work anywhere nationally, smaller firms focus on their home territories.

#### *Our current views*

83. While we have yet to form final views on the scope of the relevant markets, our current view is that it is likely appropriate to define separate regional glass installation markets. We invite submissions on this view.

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<sup>67</sup> [ ]

<sup>68</sup> [ ] See [ ].

<sup>69</sup> The Application at [2.7] of the Executive Summary, [182], [185] and [199.2].

## With and without scenarios

84. As set out above, assessing whether a substantial lessening of competition is likely requires us to compare the likely state of competition if the Proposed Acquisition proceeds (the factual) with the likely state of competition if it does not (the counterfactual).

### With the Proposed Acquisition

85. With the Proposed Acquisition, Viridian would acquire up to 100% of the shares in Metro. The New Zealand operations of Viridian and Metro would be merged.
86. As noted earlier, Viridian submits that Viridian and Metro are operating at sub-scale with high fixed costs and falling demand due to window fabricators switching to networks run by large third parties who offer joinery and glass bundles, and imports also being an increasingly attractive option for builders.<sup>70</sup> Viridian further submits that the Proposed Acquisition would create manufacturing and distribution synergies that would allow the merged entity to be a better-scaled and more efficient competitor, and have resources to invest in its offering to ensure it can compete with networked rivals in glass markets in New Zealand.<sup>71</sup>

87. [

72

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88. Viridian submits that it would run the merged entity with a continuing focus on DIFOT and meeting or beating domestic and import pricing in the contest to hold share, and, where possible, claw back share lost to others over recent years.<sup>73</sup>
89. With the merger, [ ] and any head-to-head competition between Viridian and Metro would be lost.

### Without the Proposed Acquisition

#### *Viridian's views*

90. [ ]<sup>74</sup>

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<sup>70</sup> The Application at [2.4(b)] of the Executive Summary, [14.4], [142.4(b)] and [158].

<sup>71</sup> The Application at [15] and [172].

<sup>72</sup> [ ]

<sup>73</sup> The Application at [17].

<sup>74</sup> The Application at [22].

90.1 [ ]; or

90.2 [

].<sup>75</sup>

91. [ ].<sup>76</sup>

92. [ ].<sup>77</sup>

*Our current views*

93. Our preliminary view is that it is appropriate to assess the Proposed Acquisition against a counterfactual in which Viridian and Metro continue to compete, because this the most competitive likely counterfactual.

94. For Viridian, we consider that the only likely counterfactual is the status quo, based on the evidence before us. However, for Metro, we are currently considering two possible variations on the counterfactual:

94.1 the status quo, where Metro continues to operate separately of Viridian, and works to improve the performance of its business. Viridian submits that [ ]; or

94.2 a modified status quo, in which Metro successfully secures a capital raise and new loan facilities (for example, through its recently announced capital raise with Amari as its new cornerstone shareholder, which is yet to be voted on by shareholders). This counterfactual would see Metro continuing to operate separately of Viridian with reduced debt and improved cash flow.<sup>78</sup>

95. Although Viridian submits that [ ].

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<sup>75</sup> See [ ].

<sup>76</sup> The Application at [32].

<sup>77</sup> The Application at [31].

<sup>78</sup> Metro's capital raise and new loan facility announcement: <https://www.nzx.com/announcements/454279>.

96. We are still considering and welcome any submissions on the appropriate counterfactual, in particular on which of these counterfactual scenarios is likely (ie, has a real chance of occurring), including in light of the evolving commercial negotiations and upcoming vote on the capital raise by Metro shareholders.

### **Unilateral effects – overview**

97. Unilateral effects arise when a firm merges with a competitor that would otherwise provide a significant competitive constraint (particularly relative to remaining competitors) such that the merged firm can reduce quality or profitably increase price above the level that would prevail without the merger without the profitability of that increase being thwarted by rival firms' competitive responses.<sup>79</sup>
98. In the following sections we assess whether unilateral effects are likely to arise from the Proposed Acquisition by considering:
- 98.1 the closeness of competition between Viridian and Metro; and
- 98.2 the likely constraint that the merged entity would face following the Proposed Acquisition in each of the relevant markets (ie, the relevant glass processing and installation markets). This includes discussion on:
- 98.2.1 the degree of constraint that existing competitors would be likely to impose on the merged entity;
- 98.2.2 the degree of constraint that imports would be likely to impose on the merged entity;
- 98.2.3 how easily rivals could enter and/or expand in the relevant markets;
- 98.2.4 the countervailing power of customers in the relevant markets; and
- 98.2.5 other potential constraints from customers in the relevant markets.

### **Summary of Viridian's views**

99. Viridian submits that the Proposed Acquisition would not be likely to substantially lessen competition in either relevant market due to unilateral effects because:<sup>80</sup>
- 99.1 in the processing and supply of architectural glass:
- 99.1.1 the Proposed Acquisition would not reduce competitive tension; and
- 99.1.2 the merged entity would be constrained by well-resourced and disruptive rivals (with excess capacity), potential entrants (facing low entry barriers), and imports (increasing); and
- 99.2 in the supply of glass installation services:

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<sup>79</sup> *Mergers and Acquisitions Guidelines* above n4 at [3.62].

<sup>80</sup> The Application at [2] of the Executive Summary, [142], [181.1] and [199].

99.2.1 the Proposed Acquisition would not reduce competitive tension; and

99.2.2 if the merged entity raised price and/or lowered installation service levels, it would lose share to any number of other existing merchants and installers operating in regions across New Zealand.

### Summary of our current views

100. At this stage, the evidence we have gathered shows that Viridian and Metro are each other's closest competitors, in particular for fabricators not currently aligned to either APL/AGP or FMI/Glass Relate, and the competition between them, if lost, could be significant. We also consider that the remaining existing competitive constraints in the markets and the possibility of entry and expansion of rivals may be insufficient to constrain the merged entity.
101. We are still assessing the extent to which imports and countervailing power may constrain the merged entity.
102. In terms of imports, we recognise that the ability for some customers to import processed glass may potentially provide a degree of constraint on the merged entity, particularly, where the project timelines can accommodate longer lead-times for imported IGU and single-glazed glass and/or the measurements tend to be more standardised (eg, multi-unit apartment buildings or construction projects).<sup>81</sup>

### Closeness of competition in glass processing markets

103. The evidence we have gathered to date shows that Viridian and Metro currently appear to compete closely for fabricator and merchant/glazier customers, and they likely impose a significant degree of constraint on one another.
104. The Proposed Acquisition would remove the existing vigorous competition (on price, service, quality, and national footprint) between them to supply these customers.
105. Viridian and Metro are the only two large independent (ie, not vertically integrated) glass processors with a national footprint. Viridian and Metro share similarities with respect to their business models, including that:
- 105.1 they both have processing plants in Auckland and Christchurch, and serve customers across New Zealand from these plants;
- 105.2 they are both large scale processors with similar delivery networks allowing them to offer frequent deliveries nationwide;
- 105.3 they both have the ability to produce the full suite of architectural glass products demanded in New Zealand (including single-glazed products and IGUs);

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<sup>81</sup> Commerce Commission interviews with [ ], [ ], [ ], [ ], [ ], [ ] and [ ].



[  
 ].<sup>88</sup>

110. We are continuing to explore the extent to which the closeness of competition between Viridian and Metro may vary across channels to market and/or geographic regions. We invite submissions on this point. In particular, we welcome submissions on:
- 110.1 how closely Viridian and Metro compete and the extent of competition that would be lost with the Proposed Acquisition;
  - 110.2 how Viridian and Metro have competitively reacted to each other in the past following price increases and/or quality decreases; and
  - 110.3 the ability and incentives for other glass processors to compete more closely with the merged entity, should the Proposed Acquisition proceed, and the likely timeframe for doing so.

### **Constraint from existing rivals**

#### *Viridian's views*

111. Viridian submits that the merged entity would face material constraint from well-resourced and disruptive incumbents including APL/AGP, FMI/Glass Relate, Stake Glass, Glasslines, and Glass Team.<sup>89</sup>

#### *Our current views*

112. We are currently not satisfied that constraint from existing glass processors would be sufficient to constrain the merged entity in all relevant markets. Whilst there may be greater constraint (and even sufficient constraint) for some customers or geographies, our preliminary view is that this is not the case across all channels to market and/or geographic regions.
113. Other than Viridian and Metro, existing glass processors in New Zealand include:
- 113.1 two other large glass processors with a national footprint – APL/AGP and FMI/Glass Relate;
  - 113.2 three large regional glass processors – Glasslines and Glass Team (which are both predominantly North Island-focused), and Stake Glass (which only supplies the South Island); and
  - 113.3 other small regional players that may be more limited in terms of scale, product and geographic scope.

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<sup>88</sup> [ [ ] and ]

<sup>89</sup> The Application at [144].



- 119.2 For fabricators aligned to the FMI/Glass Relate network that require a large national processor, the merged entity may be constrained by FMI/Glass Relate.
- 119.3 For fabricators not aligned to APL/AGP or FMI/Glass Relate (ie, non-aligned fabricators or those aligned to either Altus or Omega) that require a large national processor, the merged entity is not likely to be constrained by the other national processors.
120. For fabricators that do not require a national footprint the merged entity may be more constrained by regional processors. However, we are continuing to explore the extent to which this varies by geography.
121. We welcome submissions on the following questions:
- 121.1 the number of fabricators who are not aligned to APL/AGP and/or FMI/Glass Relate, and estimates of the size of this group (by revenue) as a proportion of all fabricators in New Zealand;
- 121.2 to what extent are regional processors (without a national footprint) able to meet the needs of fabricators and does this vary by geography;
- 121.3 the likelihood that APL/AGP and/or FMI/Glass Relate would start to supply glass to fabricators outside of their own networks, if the merged entity were to increase price or reduce quality, and the likely timeframe for doing so; and
- 121.4 the likely consequences in the fabricator market if the merged entity were to increase prices or reduce quality to fabricators not aligned with APL/AGP or FMI/Glass Relate.

#### Merchant/glazier channel to market

122. With respect to the merchant/glazier channel to market, there are no other national glass processors that service this channel. We are continuing to consider the extent to which regional processors would be an effective competitive constraint on the merged entity.
123. Evidence to date indicates that merchant/glazier customers predominantly purchase single-glazed glass, and to a lesser extent some DGUs for repairs or retrofit work.<sup>94</sup>
124. Based on market feedback, it appears that merchant customers often split their glass requirements across multiple suppliers (both national and regional) and tend to shop around regularly between suppliers.<sup>95</sup>

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<sup>94</sup> Commerce Commission interviews with [redacted], [redacted], [redacted] and [redacted]. However, [redacted]. See Commerce Commission interview with [redacted].

<sup>95</sup> Commerce Commission interviews with [redacted], [redacted], [redacted], [redacted] and [redacted].

125. Viridian and Metro are the only two national processors offering material volumes of single-glazed glass, and materially supplying merchant/glazier customers.

125.1 APL/AGP and FMI/Glass Relate only currently supply glass to a small number of merchant/glazier customers.

125.2 APL/AGP supplies some double-glazed units to retrofit specialists and [ ].<sup>96</sup>

125.3 FMI/Glass Relate similarly supplies some double-glazed units to retrofit specialists. It has also to date supplied some single-glazed glass. However, it has indicated that [ ].<sup>97</sup>

126. The large regional processors (ie, Glasslines, Glass Team, Stake Glass) all compete to supply glass to merchant/glazier customers. However, they do not operate nationally or on the same scale as Viridian and Metro.<sup>98</sup>

127. We are continuing to explore the extent to which the merged entity may be constrained by regional processors and the extent to which this constraint varies by geography. We welcome any submissions on this point.

128. We also understand that merchant/glazier customers who purchase glass from Viridian and Metro may also compete with Viridian and Metro to supply installation services to the end-customer. We described earlier that merchants generally maintain multiple supply relationships to avoid sourcing glass from a glass processor who is competing with them for the installation of that glass on a particular project (amongst other reasons). The Proposed Acquisition would result in one fewer available glass processor for these merchants. We are continuing to assess whether this reduction in choice may substantially lessen competition in the merchant channel to market. We are continuing to explore the potential competitive implications of this dynamic and how it may change with the Proposed Acquisition. In particular, we are considering and welcome submissions on:

128.1 the extent to which Viridian and Metro may currently increase prices for merchant/glazier customers on projects where they are also competing for installation work (and the extent to which they can identify these projects when quoting merchants/glaziers);

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<sup>96</sup> [ ] Commerce Commission  
interview with [ ].  
<sup>97</sup> Commerce Commission call with [ ].  
<sup>98</sup> Commerce Commission interviews with [ ], [ ], [ ], [ ], [ ], and [ ].

128.2 the extent to which merchant/glazier customers are able to switch to other glass processors in response to any price increases by Viridian and/or Metro; and

128.3 the extent to which the Proposed Acquisition may lead to a substantial reduction in choice for these customers.

### Construction channel to market

129. Metro and Viridian both compete to supply glass to large construction firms that work on low-rise commercial projects, large-scale commercial projects and large residential projects.<sup>99</sup>

130. We are continuing to explore the extent to which Viridian, Metro and other glass processors (national and regional) compete for these customers and whether this varies by customer or project type. We welcome submissions on these points.

### **Constraint from imports in glass processing markets**

#### *Viridian's views*

131. Viridian submits that the merged entity would become increasingly constrained by imported processed glass products as they become more attractive options for builders due to a shift to higher density, multi-dwelling housing complexes and because they are cheaper than local glass processing.<sup>100</sup>

#### *Our current views*

132. While we are continuing to investigate the extent to which imports may constrain the merged entity, our preliminary view is that the constraint from imports is likely to vary by channel to market and/or project type.

133. The evidence we have gathered so far suggests that imports are likely to be viable for projects with large volumes, requiring standardised units and long lead times.<sup>101</sup>

134. In the fabricator channel, imports do not appear to be a strong constraint. Evidence gathered to date suggests that fabricators generally do not view imports as a viable option for IGU glass supply given that they typically require customised glass products and frequent deliveries with short lead times (ie, often requiring four day delivery timeframes).<sup>102</sup> However, we have also been told that imports may be more

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<sup>99</sup> [ ] and [ ].

<sup>100</sup> The Application at [2.4] of the Executive Summary, [50], [142.4], [156] and [158].

<sup>101</sup> Commerce Commission interviews with [ ], [ ], [ ], [ ], [ ], [ ], [ ], [ ], [ ], [ ], [ ] and [ ].

<sup>102</sup> Commerce Commission interviews with [ ], [ ], [ ], [ ] and submission from Anonymous B (19 June 2025).

of an option for fabricators working on new build apartments or townhouses where there may be more standardisation.<sup>103</sup>

135. Regarding the merchant/glazier and construction channels, we are continuing to investigate the extent to which imports may be a constraint for these customers and whether this varies at all by glass type/application, project or geographic region.

### **Barriers to entry/expansion in glass processing markets**

136. We assess whether entry by new competitors or expansion by existing competitors is likely to be sufficient in extent and in a timely fashion to constrain the merged firm and prevent a substantial lessening of competition. This is referred to as the 'LET test.'<sup>104</sup>

#### **Barriers to entry**

##### *Viridian's views*

137. Viridian submits that there are low barriers to entry into the processed glass market due to the straightforwardness and scalability of products, and ready availability of the required equipment. Viridian submits that a new glass processing facility could be established in around 12 months, with a capital investment of around \$1m to \$3m.<sup>105</sup>

##### *Our current views*

138. We are currently not satisfied that entry by new glass processors would be sufficient to prevent an exercise of market power by the merged entity in the supply of processed glass, particularly for customers who prefer to purchase from the large-scale processors with the national footprint to deliver across New Zealand (or within an island) daily.
139. The evidence we have gathered to date indicates that while small-scale entry may be viable, such entry is unlikely to be sufficient in scale to materially constrain the merged entity.
- 139.1 A few market participants consider that while the capital investment for a simple, small-scale or single-glazed glass plant is low, it is invariably more costly to set up a larger scale operation with multiple processing lines or for more specialised types of glass (ie, LowE glass).<sup>106</sup> The cost of the latter appears to significantly exceed the estimated cost submitted by Viridian. For instance, we have been told that the cost of procuring and setting up the plant and equipment alone could cost upwards of \$45m, with a total initial

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<sup>103</sup> Examples provided of standard-sized glass include shower doors and balustrades. See Commerce Commission interviews with [ ], [ ], [ ], [ ], [ ] and [ ],

<sup>104</sup> *Mergers and Acquisitions Guidelines* above n4 at [3.95].

<sup>105</sup> The Application at [52]-[55].

<sup>106</sup> Commerce Commission interviews with [ ], [ ], and [ ].

investment cost upwards of \$150m.<sup>107</sup> In terms of timing, one [ ] glass processor who entered the market within the last [ ] told us that it took [ ] to establish its operations.<sup>108</sup> We have also heard that the nature of glass processing operations are highly complex, complicated and technical and that it can be time intensive to train staff.<sup>109</sup>

139.2 The current slump in demand in the glass processing market and prospect of already diminished returns limits the appetite of potential entrants to enter the market<sup>110</sup> with one party noting that there would need to be substantial cost advantages for it to enter the glass processing market.<sup>111</sup> While investment may not itself pose a high barrier to entry, the low profitability margins reduce the incentive for potential competitors to enter the market. This is also likely to impact on the extent to which new entry or expansion would occur in a timely manner.

140. We do not consider these barriers to be insurmountable for small-scale glass processors that wish to enter and service customers in a limited geographical area.
141. However, we are not currently satisfied that such entry would be sufficient to act as a material constraint on the merged entity for some customers. Based on the evidence currently before us, it is unclear whether entry by a new glass supplier at sufficient scale in a timely manner would be likely. We are not aware of any likely new entrants.
142. We welcome submissions on the barriers to entry for a supplier of processed glass. In particular, we welcome submissions and evidence on:
- 142.1 the costs required to enter, and the likely length of time it would take for a new entrant to begin supplying processed glass at the required scale to offer a viable competitive alternative to the merged entity;
- 142.2 any new entry into glass processing in recent years; and
- 142.3 the ease with which a new entrant would be able to find technically trained and skilled staff to run operations.

## Barriers to expansion

### *Viridian's views*

143. Viridian submits that there are low barriers to expansion of existing glass processing plants noting that expansion of production can be done quickly, easily and affordably

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<sup>107</sup> Commerce Commission interviews with [ ], [ ] and [ ]. [ ] considers that initial capital investment exceeds that submitted by Viridian, with a figure of more than \$3m-\$5m. See Commerce Commission interview with [ ].

<sup>108</sup> Commerce Commission interview with [ ].

<sup>109</sup> Commerce Commission interviews with [ ], [ ] and submission from Anonymous B (19 June 2025).

<sup>110</sup> Commerce Commission interviews with [ ] and [ ].

<sup>111</sup> Commerce Commission interview with [ ].

through importation of more float glass and scaling up of manufacturing output with machinery, warehousing space and distribution services increasing in efficiency.<sup>112</sup>

144. Viridian submits that there is excess capacity in the glass processing market to allow expansion at short notice, including recent Government changes to housing insulation, allowing smaller processors and those without suitable equipment to expand into the market.<sup>113</sup>

*Our current views*

145. We are currently not satisfied that expansion of existing glass processors would be sufficient to prevent an exercise of market power by the merged entity in the supply of processed glass.
146. The evidence we have gathered to date indicates that there is excess capacity across the market consistent with Viridian's submission and that some processors are only operating at around 50% capacity.<sup>114</sup> Existing glass processors have indicated that they would be able to increase processing production in the short term by adding extra shifts or equipment (eg, installing new processing lines)<sup>115</sup> albeit acknowledging that the latter requires significant capital investment.<sup>116</sup>
147. However, while all competitors may have the ability and/or capacity to expand by increasing production volumes in a relatively short timeframe, such expansion may not be sufficient to materially constrain the merged entity in all relevant markets because:
- 147.1 glass processors compete to supply a differentiated service, where they compete on price, quality of glass, quality of service (including timely delivery), strength of enduring relationships with customers, and investment in plant and production technology;
- 147.2 we have identified several customers who view Viridian and Metro as their only viable options due to the various non-price factors listed above. For these customers, Viridian and Metro likely compete without a close third alternative; and
- 147.3 for such customers, in order for other glass processors to become viable alternatives to the merged entity, these processors would need to take some additional steps alongside an expansion in scale, which may include – depending on the customer and the glass processor – expanding their distribution network to serve new locations at more regular frequencies, improvements to service quality, and/or deepening customer relationships.

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<sup>112</sup> The Application at [2.3] of the Executive Summary and [145].

<sup>113</sup> The Application at [2.2] of the Executive Summary, [75.5], [142.2] and [145].

<sup>114</sup> Commerce Commission interviews with [ ], [ ], [ ], [ ] and [ ].

<sup>115</sup> Commerce Commission interviews with [ ], [ ], [ ] and [ ].

<sup>116</sup> Commerce Commission interview with [ ].

We are considering whether this expansion would be likely, sufficient in extent, and timely enough to constrain the merged entity.

148. Further, our evidence to date indicates that the two other national suppliers of processed glass may not be incentivised to expand to supplying fabricators outside of their own networks to constrain the merged entity. For example, while APL/AGP [ ], it does not propose to [ ].<sup>117</sup> We also heard that APL/AGP would be unlikely to expand to supplying fabricators outside of its network as they would risk potential backlash from their aligned fabricators, who would be losing exclusive access to what some have described as a higher-quality product.<sup>118</sup> We are currently of the view that a price increase (or a reduction in service quality) by the merged entity significantly greater than what would substantially lessen competition would be needed to incentivise APL/AGP or FMI/Glass Relate to expand to supplying fabricators outside of their own networks. Although we are continuing to investigate this issue.
149. We are also continuing to explore the extent to which regional glass processors may have the ability and/or incentive to expand their operations and the extent to which this may constrain the merged entity nationally.
150. We welcome submissions on the extent to which national and regional processors may have the ability and/or incentive to expand beyond their current operations.

## Countervailing power in glass processing markets

### *Viridian's views*

151. Viridian does not submit on countervailing power in relation to glass processing markets in the Application.

### *Our current views*

152. We do not consider it likely that customers would self-supply or sponsor the entry of new glass processors. However, we welcome any submissions on the countervailing power of customers in the glass processing markets.<sup>119</sup>

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<sup>117</sup> Commerce Commission interview with [ ].

<sup>118</sup> Commerce Commission interview with [ ]. [ ]

[ ]. See Commerce Commission interview with [ ].

<sup>119</sup> Some customers may self-supply, in conjunction with sourcing from third parties, to a limited extent. For example,

[ ] Commerce Commission interview with [ ].

## Other potential constraints from customers in glass processing markets

### *Viridian's views*

153. Viridian does not submit on other potential constraints from customers in relation to glass processing markets in the Application.

### *Our current views*

154. We are considering whether the intensity of competition between fabricators could act as a constraint on the merged entity.
155. This would be the case if, for example, the fabricators that source their glass from the merged entity would lose business to fabricators aligned with either APL/AGP or FMI/Glass Relate if the merged entity raised its prices. This would result in lost volumes for the merged entity, potentially reducing profits. Over time, increased prices or reduced quality associated with the merged entity could have the potential to drive their existing fabricator customers and potential customers towards aligning with APL/AGP or FMI/Glass Relate. This would shrink the size of the merged entity's potential customer base, further reducing profits.
156. We are continuing to explore the extent to which the merged entity would be constrained by the intensity of competition between fabricators and we invite submissions on this point.

## Closeness of competition in glass installation markets

157. The evidence we have gathered to date indicates that Viridian and Metro currently appear to compete closely to supply bundled processed glass and installation services for some customers, and they are likely to impose a significant degree of constraint on one another.
158. As noted below, some customers tend to value the convenience of a bundled supply and installation service that Viridian and Metro provide. However, we acknowledge that while this might be the case in particular for complex projects that require installation of heavy or specialised processed glass onsite, this may not be the case for customers that consider in-house glazing or independent glaziers to be viable alternative options for glass installation.
159. Viridian and Metro both offer installation services in conjunction with the supply of processed glass to customers.<sup>120</sup> We understand that Viridian offers its glass installation services [ ]. It further submits that it [ ].<sup>121</sup> Aside from Viridian and Metro, we have identified two other glass processors that also provide installation services to customers, however, such supply and install is generally limited to a particular geographic area and/or specific projects.<sup>122</sup> For example, [ ] only provides supply and installation services in [ ], while [ ] does not [ ] and so

<sup>120</sup> Commerce Commission interviews with [ ] and [ ].

<sup>121</sup> The Application at [196] and Commerce Commission interviews with [ ] and [ ].

<sup>122</sup> See Commerce Commission interviews with [ ] and [ ].

is generally limited to supply and install for repair and maintenance jobs.<sup>123</sup>

160. We have heard that Viridian and Metro are well equipped for glass installation, with one fabricator noting that there are no alternative independent glass installers outside of Viridian and Metro that would be able to meet its expectations in terms of health and safety.<sup>124</sup> We have also been told that customers with commercial projects tend to seek both supply and installation services and/or the “full package”.<sup>125</sup>
161. Based on the evidence currently before us, Viridian and Metro appear to be the only two national suppliers of processed glass who also provide bundled supply and installation services. While there are other glass processors in the market offering these bundled services, they appear to be limited by type of processed glass and/or geographical reach. There are also a number of other competitors providing a standalone glass installation service which are discussed further below.
162. We welcome submissions on the closeness of competition between Viridian and Metro in the market for the supply of processed glass. In particular, we welcome submissions on:
- 162.1 how closely the glass installation services of Viridian and Metro compete and the extent of competition that would be lost with the Proposed Acquisition;
- 162.2 how Viridian and Metro have competitively reacted to each other; and
- 162.3 the extent to which alternative glass installation providers vary for different types of customers and/or geographical areas.

## **Likely constraint on the merged entity in glass installation markets**

### **Constraint from existing rivals**

#### *Viridian’s views*

163. Viridian submits that the merged entity would face material constraint from well-resourced and disruptive rivals, including Thermosash, WoodsGlass, Glass Projects, and JW Projects as well as dozens of independent glazier/merchants (both local and regional) who provide glass installation services.<sup>126</sup>

#### *Our current views*

164. The evidence gathered to date indicates that constraint from other providers of glass installation services as a bundled service are likely to provide some degree of constraint on the merged entity. We also consider that glass merchants/glaziers would also continue to provide additional competitive constraint on the merged

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<sup>123</sup> Commerce Commission interviews with [ ] and [ ].

<sup>124</sup> Commerce Commission interview with [ ].

<sup>125</sup> Commerce Commission interviews with [ ], [ ] and [ ].

<sup>126</sup> The Application at [2.1] of the Executive Summary, [183], [193] and Table 18.

entity in the supply of glass installation services as well as in-house glazing teams for fabricator customers (to a lesser degree).

165. As discussed above, Viridian and Metro compete closely in the bundled supply of processed glass and installation services to customers.
166. In terms of other glass processors:
- 166.1 [ ] and [ ] supply processed glass on a national basis but do not offer installation services.<sup>127</sup>
- 166.2 [ ] and [ ] are large regional processors in the North Island and do not offer installation services.<sup>128</sup>
- 166.3 However, [ ], another large glass processor in the South Island, offers installation services through [ ] in-house glaziers and a network of contract glaziers, albeit its glazier services are limited to the [ ] area.<sup>129</sup>
- 166.4 [ ] also offers installation services regionally.<sup>130</sup>
167. We have heard that Viridian and Metro compete with merchant/glazier customers including those who may also be sourcing processed glass from Viridian and Metro:.
- 167.1 [ ] considers that it competes with Metro and Viridian for installation of showers and balustrades, noting that Viridian in particular prices aggressively.<sup>131</sup>
- 167.2 [ ] considers that it competes with Viridian and Metro for balustrading work in [ ] noting it also does some contract glazing work for Metro.<sup>132</sup>
- 167.3 [ ] considers that it competes with Viridian and Metro among others for glazing work noting Viridian as a “straight competitor”. It also told us that when deciding which processors to approach for a project, it will consider whether a potential processor is likely already competing to provide glazing services to that project.<sup>133</sup>
- 167.4 [ ] sources glass from Viridian and Metro for retrofit projects in [ ].<sup>134</sup>

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<sup>127</sup> [ ] indicated that it uses the services of independent glaziers. See Commerce Commission interview with [ ].

<sup>128</sup> Commerce Commission interviews with [ ] and [ ].

<sup>129</sup> Commerce Commission interview with [ ].

<sup>130</sup> Commerce Commission interview with [ ].

<sup>131</sup> Commerce Commission interview with [ ].

<sup>132</sup> Commerce Commission interview with [ ].

<sup>133</sup> Commerce Commission interview with [ ].

<sup>134</sup> Commerce Commission interview with [ ].

167.5 [ ] considers itself the [ ] glazing contractor in New Zealand for commercial glazing, operating out of [ ] but noting that it does do work outside of [ ] as needed as it competes against Viridian and Metro for commercial and architectural glazing work.<sup>135</sup>

167.6 [ ] operates in [ ], [ ] and [ ] noting that it competes with Viridian and Metro as well as others that operate within those regions.<sup>136</sup>

168. Some fabricator customers might have their own in-house glazing teams to complete installation or otherwise contract independent glaziers to do this. However, even where customers are completing installation themselves, this is often limited to certain types of projects or installation of certain types of processed glass and so they may still use Viridian and Metro for more complex projects. For example, [ ] currently only provides installation services for renovations and repair projects, while it utilises the combination supply and installation services of Metro for all new build projects.<sup>137</sup>
169. We are continuing to investigate the extent to which Viridian and Metro compete with existing providers of glass installation services in the market and welcome submissions on the extent to which other providers of glass installation services are likely to provide competitive constraint on the merged entity. In particular, we welcome submissions on the extent to which customers are willing to switch providers of glass installation services, including examples of where switching has occurred.

### **Barriers to entry and expansion**

#### *Viridian's views*

170. Viridian submits that barriers to entry and expansion are low since installers and merchants have ready access to competitive pricing which would remain the case with the Proposed Acquisition. It also submits that there is no shortage of trained glass installers, noting a new entrant would need access to processed glass, installers, and vans to transport the glass.<sup>138</sup>

#### *Our current views*

171. We are continuing to investigate the extent to which potential entry and expansion may constrain the merged entity and we welcome any submissions on this point.

### **Countervailing power**

#### *Viridian's views*

172. Viridian does not submit on countervailing power in relation to glass installation markets in the Application.

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<sup>135</sup> Commerce Commission interview with [ ].

<sup>136</sup> Commerce Commission interview with [ ].

<sup>137</sup> Commerce Commission interview with [ ].

<sup>138</sup> The Application at [2.6] of the Executive Summary, [114], [186] and [199.1].

### *Our current views*

173. We are continuing to investigate the extent to which the merged entity may be constrained by the ability for customers to self-supply (ie, do their own installation/ glazing) and/or sponsor the entry of new glaziers. We welcome any submissions on this point.

### **Next steps in our investigation**

174. We are currently scheduled to decide whether or not to give clearance to the Proposed Acquisition by **20 October 2025**. However, this date may be extended with the agreement of Viridian if the material before the Commission at that time does not allow it to be satisfied that the Proposed Acquisition will not have, or would not be likely to have, the effect of substantially lessening competition in a market in New Zealand.<sup>139</sup>
175. As part of our investigation, we will be identifying and contacting parties that we consider will be able to help us assess the issues identified above.

### **Making a submission**

176. We are continuing to undertake inquiries and seek information from industry participants about the impact of the Proposed Acquisition. We welcome any further evidence and other relevant information and documents that Viridian, Metro or any other interested parties are able to provide regarding the issues identified in this Sol.
177. In Attachment A, we summarise the matters that we are interested in receiving submissions on.
178. If you wish to make a submission, please send it to us at [registrar@comcom.govt.nz](mailto:registrar@comcom.govt.nz) with the reference 'Viridian/Metro' in the subject line of your email, or by mail to The Registrar, PO Box 2351, Wellington 6140. Please do so by close of business on **4 September 2025**. If you would like to make a submission but face difficulties in doing so within the timeframe, please ensure that you register your interest with us at [registrar@comcom.govt.nz](mailto:registrar@comcom.govt.nz) so that we can work with you to accommodate your needs where possible.
179. Please clearly identify any confidential information contained in your submission and provide both a confidential and a public version. We will be publishing the public versions of all submissions on our website.
180. All information we receive is subject to the Official Information Act 1982 (OIA), under which there is a principle of availability. We recognise, however, that there may be good reason to withhold certain information contained in a submission under the OIA, for example in circumstances where disclosure would unreasonably prejudice the supplier or subject of the information.

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<sup>139</sup> The Commission maintains a clearance register on our website at <http://www.comcom.govt.nz/clearances-register/> where we update any changes to our deadlines and provide relevant documents.

## Attachment A: Matters on which we are interested in receiving submissions

Market/issue		Matters/questions
<b>Market definition</b>	<i>General</i>	<ul style="list-style-type: none"> <li>• Our current approach to market definition and for parties to provide us with further evidence on the scope of the relevant markets.</li> </ul>
<b>Glass processing markets</b>	<i>Customer dimension</i>	<ul style="list-style-type: none"> <li>• Evidence in relation to the different supply alternatives of fabricators (including those aligned to different die-holders, and non-aligned fabricators), glass merchants and construction projects.</li> <li>• The current and potential ability of fabricators, merchants and/or construction companies to substitute towards imported processed glass products, having regard to the full range of products demanded by each customer group and the relative prices of imported processed glass products and domestically processed glass products paid by each customer group.</li> <li>• The extent of price discrimination across and within customer groups, or in respect of certain customers that may have fewer alternative supply options.</li> </ul>
	<i>Product dimension</i>	<ul style="list-style-type: none"> <li>• Evidence on the extent to which (existing) glass processing firms are currently switching their supply between glass product types, and a description of any associated costs of switching one's product mix over different time horizons.</li> <li>• The ability of glass processors to deploy their existing spare capacity towards any processed glass type, and over which time horizon.</li> <li>• The extent of constraint imposed by imports on each glass type, including the potential for imported processed IGUs to constrain the price of domestically processed IGUs in the future.</li> <li>• Whether our proposed approach of focusing on the customer segments would result in any material gaps in our assessment of the potential outcomes of the Proposed Acquisition for competition.</li> </ul>
	<i>Geographic dimension</i>	<ul style="list-style-type: none"> <li>• The likely extent of competitive constraint from Stake Glass on the merged entity in the South Island.</li> <li>• The ability of North Island-based glass processors to quickly extend their supply to serve the South Island, in order to compete with the merged entity; and</li> <li>• The relative prices for equivalent processed glass products in the North Island compared to the South Island over the last five to ten years.</li> </ul>
<b>Glass installation markets</b>		<ul style="list-style-type: none"> <li>• Our current approach to market definition for glass installation markets.</li> </ul>

Market/issue		Matters/questions
<b>Unilateral effects in glass processing markets</b>	<i>Closeness of competition</i>	<ul style="list-style-type: none"> <li>• How closely Viridian and Metro compete and the extent of competition that would be lost with the Proposed Acquisition.</li> <li>• How Viridian and Metro have competitively reacted to each other in the past following price increases and/or quality decreases.</li> <li>• The ability and incentives for other glass processors to compete more closely with the merged entity, should the Proposed Acquisition proceed, and the likely timeframe for doing so.</li> </ul>
	<i>Constraint from existing rivals (fabricator channel to market)</i>	<ul style="list-style-type: none"> <li>• To what extent are regional processors (without a national footprint) able to meet the needs of fabricators and does this vary by geography.</li> <li>• The likelihood that APL/AGP and/or FMI/Glass Relate would start to supply glass to fabricators outside of their own networks, if the merged entity were to increase price or reduce quality, and the likely timeframe for doing so.</li> <li>• The likely consequences in the fabricator market if the merged entity were to increase prices or reduce quality to fabricators not aligned with APL/AGP or FMI/Glass Relate.</li> </ul>
	<i>Constraint from existing rivals (merchant/glazier channel to market)</i>	<ul style="list-style-type: none"> <li>• The extent to which Viridian and Metro may currently increase prices for merchant/glazier customers on projects where they are also competing for installation work (and the extent to which they can identify these projects when quoting merchants/glaziers).</li> <li>• The extent to which merchant/glazier customers are able to switch to other glass processors in response to any price increases by Viridian and/or Metro.</li> <li>• The extent to which the Proposed Acquisition may lead to a substantial reduction in choice for these customers.</li> </ul>
	<i>Constraint from existing rivals (construction channel to market)</i>	<ul style="list-style-type: none"> <li>• The extent to which Viridian, Metro and other glass processors (national and regional) compete for these customers and whether this varies by customer or project type.</li> </ul>
	<i>Barriers to entry</i>	<ul style="list-style-type: none"> <li>• The costs required to enter, and the likely length of time it would take for a new entrant to begin supplying processed glass at the required scale to offer a viable competitive alternative to the merged entity.</li> <li>• Any new entry into glass processing in recent years.</li> </ul>

Market/issue		Matters/questions
		<ul style="list-style-type: none"> <li>The ease with which a new entrant would be able to find technically trained and skilled staff to run operations.</li> </ul>
	<i>Barriers to expansion</i>	<ul style="list-style-type: none"> <li>The extent to which national and regional processors may have the ability and/or incentive to expand beyond their current operations.</li> </ul>
	<i>Countervailing power</i>	<ul style="list-style-type: none"> <li>The countervailing power of customers in the glass processing markets.</li> </ul>
	<i>Other potential constraints from customers</i>	<ul style="list-style-type: none"> <li>The extent to which the merged entity would be constrained by the intensity of competition between fabricators.</li> </ul>
<b>Unilateral effects in glass installation markets</b>	<i>Closeness of competition</i>	<ul style="list-style-type: none"> <li>How closely the glass installation services of Viridian and Metro compete and the extent of competition that would be lost with the Proposed Acquisition.</li> <li>How Viridian and Metro have competitively reacted to each other.</li> <li>The extent to which alternative glass installation providers vary for different types of customers and/or geographical areas.</li> </ul>
	<i>Constraint from existing rivals</i>	<ul style="list-style-type: none"> <li>The extent to which customers are willing to switch providers of glass installation services, including examples of where switching has occurred.</li> </ul>
	<i>Barriers to entry/expansion</i>	<ul style="list-style-type: none"> <li>The extent to which potential entry and expansion may constrain the merged entity.</li> </ul>
	<i>Countervailing power</i>	<ul style="list-style-type: none"> <li>The extent to which the merged entity may be constrained by the ability for customers to self-supply (ie, do their own installation/glazing) and/or sponsor the entry of new glaziers.</li> </ul>