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16 September 2003

The Registrar
Business Acquisitions & Authorisations
Commerce Commission
PO Box 2351
WELLINGTON

PURSUANT TO SECTION 66(1) OF THE COMMERCE ACT 1986 NOTICE IS HEREBY GIVEN SEEKING **CLEARANCE** OF A PROPOSED BUSINESS ACQUISITION.

EXECUTIVE SUMMARY

Introduction

- 1 ITW New Zealand Limited (“ITWNZ”) or a related company nominated by ITWNZ is seeking clearance for the acquisition of all the assets and liabilities of the Pryda and Reid divisions of Nylex (New Zealand) Limited (“Nylex”).
- 2 Nylex is 100% owned by Eilloc Pty Limited (ACN 004 283 729) an Australian company and is ultimately owned by Austrim Nylex Limited (“Austrim Nylex”) which is listed on the Australian Stock Exchange.
- 3 Pryda and Reid are two business units of the building products division of Austrim Nylex. Pryda and Reid supply timber connecting systems and concrete fastening systems respectively.
- 4 ITWNZ trades as Ramset New Zealand (“Ramset”). For the purposes of this application Ramset means the legal entity ITWNZ. Ramset is ultimately owned by

PUBLIC VERSION

Illinois Tool Works Inc, a company listed on the New York Stock Exchange and is part of the ITW Group.

The Industry

- 5 This application focuses on the concrete fastening and lifting systems industry. This industry is a niche within the broader nut, bolt, screw and fastener manufacturing industry. Imports are estimated to contribute approximately more than 95% of the domestic market for fastener and lifting products. The major import sources are Australia, China, Europe, Taiwan, the USA and Japan.
- 6 The level of regulation in the industry is considered light with participants generally only required to comply with resource management requirements and building codes and standards.
- 7 The New Zealand building industry has exhibited significant growth in recent years in both residential and non-residential building activity. This is expected to continue at a rate of approximately two to three percent per annum for the next four years. In particular, growth in the building industry will be strongly influenced by the increased demand for residential buildings due to the anticipated rise in migration to New Zealand and increased Government spending on civil infrastructure and non-residential buildings for the health and education sectors.

No Substantial Lessening of Competition

- 8 Customers and competitors in the concrete fastener market currently assert pressure on both Ramset and Reid in terms of price and service levels and will continue to do so if the proposed acquisition proceeds. Customers in the concrete lifting systems market and the threat of potential entry into that market asserts competitive pressure on Ramset and Reid and will continue to do so post any acquisition. Such pressure will ensure that the acquisition will not substantially lessen competition in either market.
- 9 There is considerable opportunity available for competitors, particularly in the concrete fastener market, to expand their operations quickly to include concrete lifting systems of which virtually all items are imported from overseas. There are a large

PUBLIC VERSION

number of “near entrants” currently operating in the relevant markets in Australia. It is expected that a number of such firms will enter the New Zealand market over time.

- 10 New Zealand has very low barriers to entry particularly where distribution channels are available. The ability of competitors to increase supply is limited only by demand. Customers are driven by price. The lack of material barriers to expansion in the relevant markets is evidenced by the Australian experience. The industry environment in Australia is in all material respects identical to New Zealand.

Conclusion

- 11 The proposed acquisition of the Pryda and Reid businesses by Ramset will not result in a substantial lessening of competition in the relevant market or breach of section 47 of the Commerce Act. In particular:
- 11.1 Ramset does not currently compete in general timber connectors – the acquisition of the Pryda business therefore raises no issues;
 - 11.2 Ramset does not compete in certain areas of concrete fasteners in which Reid competes - particularly concrete reinforcing and connecting systems (Reidbar and Studrails) and concrete insulation, (Nirvana insulated concrete)– the acquisition of Reid therefore raises no issues to this extent;
 - 11.3 Ramset competes with Reid in respect of cavity wall fixings which are considered a part of the general fasteners market. Reid and Ramsets’ aggregate market share in New Zealand is less than ■■■ and so no competition concerns arise in this respect; and
 - 11.4 Ramset competes against Reid in the supply of concrete lifting systems and concrete fasteners. However, post-acquisition, the merged entity will remain constrained by competitive pressures emanating from:
 - (a) import competition;
 - (b) new entry and/or existing suppliers expanding their operations; and
 - (c) the countervailing power of the merged entity’s customers.

PUBLIC VERSION**PART 1 - TRANSACTION DETAILS****The Proposed Business Acquisition**

- 1 The Business Acquisition for which clearance is sought
 - 1.1 The acquisition for which clearance is sought is the proposed acquisition by ITWZN or a related company nominated by ITWZN of all the assets and liabilities of the Pryda Reid division of Nylex (New Zealand) Limited (“Nylex”).
 - 1.2 The proposed acquisition is a small part of a larger Australasian transaction encompassing the following:
 - (a) Acquisition of shares in Pryda (Aust) Pty Ltd (a company incorporated in Victoria) from Ajax McPherson's (Australia) Pty Ltd. Note that Pryda (Aust) Pty Ltd in turn owns:
 - (i) 90% of the shares in Pryda (Indonesia) Pty Ltd (with the other 10% being held equally by two senior Indonesian employees);
 - (ii) 86% of the shares in Ezijoin Pty Ltd (with the other 14% being held by minority shareholders);
 - (iii) 100% of the shares in Pryda (Malaysia) Sdn Bhd (which in turn owns 100% of the shares in Tag Staples Sdn Bhd - Tag Staples Sdn Bhd owns land located at Kedah, Malaysia); and
 - (iv) 99.99% of the ordinary shares in Pryda (Thailand) Limited.
 - (b) Acquisition of shares in Reid Construction Systems Pty Ltd (a company incorporated in Queensland) from Spurway Cooke Holdings Ltd.
 - (c) Acquisition of land and buildings located at 29 Healy Road, Dandenong, Victoria from AFA Properties Pty Ltd.

PUBLIC VERSION

(d) Acquisition of Pryda and Reid divisions (including the land and buildings located at 75 Niven Street, Onekawa, Napier, New Zealand) from Nylex.

1.3 As at the date of this application there is no relevant agreement relating to the proposed acquisition. The ITW Group and its advisers are soon to conduct due diligence together with other interested potential purchasers. Final offers are required to be made by bidders on or before 10 October 2003.

1.4 This application seeks clearance for the proposed acquisition.

2 The person giving this notice

2.1 This notice is given by:

Ramset New Zealand (a division of ITW New Zealand Limited)
23-29 Poland Road PO Box 40031
Glenfield
Auckland 1310
Telephone: (09) 444 3510
Facsimile: (09) 444 2864
Attention: Dennis Easton
Email: dje@ramset.co.nz

2.2 All correspondence and notices in respect of this application should be directed in the first instance to:

Quigg Partners
Level 7, 28 Brandon Street
PO Box 3035
Wellington
Telephone: (04) 472 7471
Facsimile: (04) 472 7871
Attention: John Horner
Email: johnhorner@quiggpartners.com

PUBLIC VERSION**Confidentiality****3 Requested Confidentiality**

- 3.1 Ramset does not require the fact of the proposed acquisition to be kept confidential.
- 3.2 Ramset does request that specific information contained in or attached to the notice is kept confidential indefinitely or until Ramset advises the Commission that such information is no longer confidential. Ramset seeks confidentiality for the information in this application that is highlighted (“confidential information”). We have provided a copy of this application with such confidential information deleted for the assistance of the Commission.
- 3.3 A confidentiality order is sought in respect of the confidential information under section 100 of the Commerce Act 1986 (“the Act”). Ramset requests that, on expiry of any confidentiality order that the Commission may make, the confidential information continues to be withheld under section 9(2)(b)(ii) of the Official Information Act 1998. Confidentiality is sought on the grounds that:
- (a) The information is commercially sensitive and valuable and its disclosure is likely to unreasonably prejudice the commercial position of the parties; and
 - (b) There are confidentiality obligations in respect of some of the information for the purposes undertaking due diligence in relation to this acquisition. The disclosure of that information would prejudice the supply of similar information, or information from the same source; and
 - (c) There are no other considerations which render it desirable in the public interest to make the information available under the Official Information Act 1982.
- 3.4 Ramset also requests that it is notified of any request made to the Commission under the Official Information Act for the confidential information, and that

PUBLIC VERSION

the Commission seeks Ramset's views as to whether the information remains confidential and commercially sensitive at the time those requests are being considered.

Details of the Participants**4 The participants**

4.1 The acquirer for the purposes of this application is ITWNZ (or a related company nominated by ITWNZ) details of which are set out in paragraph 2.1 above. ITWNZ was incorporated under the Companies Act 1955 on 8 August 1985. It was re-registered under the Companies Act 1993 on 20 June 1997 and is part of the ITW Group.

4.2 The owner of the business assets being acquired is Nylex.

4.3 The contact person and details for Nylex are as follows:

Mr Jonathan Berry
KPMG Corporate Finance
161 Collins Street
Melbourne VIC 3000
Australia
Telephone: (613) 9288 5078
Facsimile: (613) 9288 6255
Email: jnberry@kpmg.com.au

4.4 Nylex was incorporated under the Companies Act 1955 on 25 November 1957 as National Radiators Limited. Nylex was re-registered under the Companies Act 1993 on 25 July 1996.

5 Inter-connected to or associated parties

5.1 The ultimate holding company of the ITW Group is Illinois Tool Works Inc, 3600 West Lake Avenue, Glenview, Illinois, United States, a company which is listed on the New York Stock Exchange. The ITW Group has had annual

PUBLIC VERSION

revenues of more than US\$9 billion for the past three years and operates in 44 countries throughout the world.

5.2 Nylex is wholly owned by an Australian company Eilloc Pty Limited and is expected to continue to do so subsequent to the sale of its assets. Nylex is ultimately wholly owned by Austrim Nylex Limited Level 2, 564 St Kilda Road, Melbourne, Australia) which is listed on the Australian Stock Exchange.

5.3 The corporate structure diagram of the Pryda Reid group of companies is set out in Appendix 1.

5.4 ITW NZ intends to make a bid to acquire the business assets of Pryda and Reid which are trading divisions of Nylex.

6 Existing beneficial interests

6.1 To the best of Ramset's knowledge no participant, nor any interconnected body corporate of a participant, has an existing beneficial interest in or is beneficially entitled to, any shares or other pecuniary interest in another participant.

7 Links between participants

7.1 To the best of Ramset's knowledge there are no links, formal or informal, between any participants including interconnected bodies corporate or other persons identified at paragraph 5 and their existing competitors in the market.

8 Common Directorships

8.1 No director of Ramset is also a director of any other company involved in the relevant markets other than companies within the ITW Group.

PUBLIC VERSION**9 Business activities of the participants**

- 9.1 Both Ramset and Nylex provide products and services in New Zealand in the concrete industry. Pryda Reid NZ focuses on connecting and fastening systems in the timber and concrete segments respectively. Ramset focuses on concrete fastening systems in the concrete segment.
- 9.2 The table below details the business activities of the participants in general terms with the overlapping business areas highlighted:

Table 1. Business Activities of Reid and Ramset

RAMSET	NYLEX
Concrete Related Products	
Concrete Fastening Systems	Concrete Fastening Systems
Concrete Lifting Systems	Concrete Lifting Systems
	Concrete Reinforcing and Connecting Systems
	"Nirvana" Insulated Concrete Panel Systems
	Bracing Hire
General Construction Products	
Plaster Board and Cavity Fasteners	General Timber Connecting Systems
Power Tools and Accessories	General Fasteners (eg. nails, pneumatic nailing systems, bolts, screws, rivets and cavity wall fixings).
Diamond Drilling and Cutting Products	
Construction Chemicals	
Metal and Timber Fastening Products (self drilling screws)	

PUBLIC VERSION

9.3 An outline of the concrete pre-casting industry is attached as Schedule 1.

9.4 The Pryda Reid Businesses

- (a) There are two separate and distinct businesses within the Pryda Reid division of Nylex as follows:
 - (i) the Pryda business, which manufactures and supplies timber connecting systems to the Australian, New Zealand, Indonesian, Thai, Malaysian and Singaporean building industries (“Pryda”); and
 - (ii) the Reid business, which manufactures and supplies concrete fastening and concrete lifting systems to the Australian and New Zealand building industries (“Reid”).
- (b) In New Zealand both the Pryda business and the Reid business are operated as one division under a common management and administration structure.
- (c) Pryda supplies integrated systems for the fabrication of roof trusses, floor trusses and wall frames, primarily (but not exclusively) used in domestic house and light timber framed buildings. Its principal customers are roof truss, floor truss and wall frame fabricators (constituting about 65% of Pryda sales). Other types of customers include retail hardware merchants, timber merchants and timber millers, pallet manufacturers and users of timber other than for building purposes.
- (d) Pryda supplies the software that fabricators require to design and construct roof trusses, floor trusses and wall frames. Fabricators are licensed to use the Pryda intellectual property. The software provides fabricators with detailing and marking information for the cutting of sections, which can be downloaded to saws and assembly equipment.
- (e) Roof trusses are factory manufactured using timber precut to a computer generated specification, and joined using spiked metal nail-

PUBLIC VERSION

plates embedded in the timber using a special press. Floor trusses typically involve the use of a web of sheet metal or struts sandwiched between two timber elements to provide a strong lightweight and economical beam.

- (f) Prefabricated roof trusses incorporating Pryda products such as:
 - (i) nail-plates;
 - (ii) connectors; and
 - (iii) staples,

account for about two thirds of Pryda sales.
- (g) Concrete lifting systems represents less than ■■■ of the combined Pryda Reid business in New Zealand. Reid markets and sells construction systems, masonry fastening and handling products for the building and construction industry.
- (h) Reid specialises in concrete connecting and reinforcement, anchoring, fastening and fixing technologies, in addition to the design of precast concrete and tilt-up lifting systems, primarily (but not exclusively) used in commercial build construction (predominantly factory and warehouse construction, but also in flats and apartments). Of these products, the sale of concrete fasteners is the most significant for the business.
- (i) Reid's main products in New Zealand are as follows:
 - (i) Reinforcing systems - Reidbar threaded reinforcing system;
 - (ii) Tilt-uplifting systems - "Swiftlift" Tilt-up Construction system and components.
 - (iii) Precast lifting systems - "Swiftlift" Concrete Lifting system and components.
 - (iv) Fasteners

PUBLIC VERSION

- (A) Powder-actuated fastening systems;
 - (B) Mechanical masonry anchoring systems;
 - (C) Structural concrete anchors;
 - (D) Chemical anchoring systems; and
 - (E) Cavity wall fixings.
- (v) "Nirvana" insulated concrete panel systems.
- (j) Reid sells product directly to "precasters" and commercial building companies (such as Firth Industries, Humes Industries, the Fletcher Group).
- (k) Reid precast yard and pipe customers include:

Table 2. Reid Customers

Company	Locality of supply
[REDACTED]	[REDACTED]
[REDACTED] [REDACTED]	[REDACTED]
[REDACTED] [REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

PUBLIC VERSION

Company	Locality of supply
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

- (l) In addition Reid sells some products direct to building contractors – often those requiring the Reidbar connector system. No additional details are available about these sales.
- (m) Nylex has a factory in Napier in which it manufactures timber connection products for the Pryda division. In respect of concrete lifting systems and components the Reid division sources product either through toll manufacturing arrangements (with independent metal fabricators and engineering companies) or imports.
- (n) Reid engages Masport Foundry of Auckland to produce threaded bar fittings for its worldwide Reidbar connecting systems and imports virtually all other items.
- (o) Reid sells concrete lifting systems through its sales force based at branches in Auckland, Tauranga, Wellington and Christchurch.
- (p) It is thought that about 60% of Reid’s fastener range is sold through retail hardware outlets and industrial supply houses with the balance sold direct to customers.

PUBLIC VERSION**9.5 Ramset**

- (a) Established in New Zealand in 1955 Ramset has become the largest supplier of fasteners for securing steel and timber components to concrete. Through a national network of 17 Ramset branches and stock placement in over 1,000 retail hardware merchants' outlets, Ramset provides a high level of local support and service to all sectors of New Zealand and Pacific Islands' construction industries.
- (b) Ramset does not operate a timber connector business.
- (c) Ramset sells concrete products. Its operations in this field overlap with Reid in two general areas as follows:
 - (i) fasteners - those products that could be described as commodities, in respect of which Reid and Ramset compete against other suppliers; and
 - (ii) precast concrete lifting products, these can be imported from various overseas suppliers or in respect of certain items, manufactured from various local engineering and steel cutting firms. in which Reid and Ramset are the only major current suppliers in New Zealand.
- (d) For the sake of clarity, Ramset does not sell reinforcing systems (such as Reidbar threaded reinforcing and Studrails) or insulated concrete systems (such as the "Nirvana" insulated concrete building system).
- (e) Ramset's product range covers the following:
 - (i) concrete fixing tools and consumables, such as powder actuated application tools, for fastening construction materials to concrete, steel and brick;
 - (ii) concrete drilling in the form of electro-pneumatic concrete drilling machines, including drill bits and chisels, angle grinders and concrete screw drivers;

PUBLIC VERSION

- (iii) concrete anchoring for general commercial and domestic building applications (distinct from the anchoring required for the lifting systems) being:
 - (A) mechanical anchors (such as DynaBolts); and
 - (B) chemical anchoring (such as ChemSet Injection Mortar);
- (iv) general fastener products namely;
 - (A) fasteners for fixing into plasterboard and other cavity board applications (such as “Suredrive”, “Wallmate”, “Togglemate”, Heavy Duty Utility Hooks); and
 - (B) clips and rivets for fixing cables and pipes to structural steel (such as Dynaclip and Vertical Flange Clip);
- (v) concrete lifting
 - (A) anchors and clutches for yard and site precast wall panels and component products;
 - (B) cast-in threaded inserts (such as "Elephants' Feet" and Ferrules); and
 - (C) installation aids.
- (f) Extracts from Ramset's current product catalogue are attached at Schedule 2, providing photographs and diagrams of these products.
- (g) Ramset has no manufacturing capacity in New Zealand. They currently engage Donovan Group New Zealand Limited (“Donovans”) of Whangarei to produce face and edge lift anchors. Donovans are one of many engineering firms capable of cutting steel in New Zealand with plasma cutting equipment and either galvanising or powder coating the finished product.

PUBLIC VERSION

- (h) Ramset imports virtually all other concrete lifting products from various sources but mainly from Australia and Europe.
- (i) Ramset distributes its fastener products through three distribution channels:
 - (i) retail hardware stores (eg Bunnings/Benchmark, ITM, Mitre 10 Hammer Hardware and Building Depot);
 - (ii) direct sales through its 17 branches to builders and subcontractors involved principally in commercial and industrial construction (eg, Mainzeal, Fletcher Construction etc); and
 - (iii) industrial distributors such as Blackwoods, plumbing trade wholesalers (such as MasterTrade) electrical wholesalers such as Corys and independent fastener distributors.
- (j) Ramset has several thousand direct customers who include the majority of medium to large size construction companies, electricians, plumbers, roofing contractors etc.
- (k) Ramset customers in the relevant markets include many specialists and construction companies who undertake their own tilt up fabrication. Major customers include:

Table 3. Ramset Customers

Company	Location
██████████	██████████
██████████	██████████
██████████	██████████
██████████	██████
██████████	██████

PUBLIC VERSION

Company	Location
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

10 Reasons for proposal and intentions in respect of the acquired business.

10.1 The Pryda Reid group is being offered for sale as a package to the one purchaser. The ITW Group sees advantages for it in obtaining both of these businesses in Australasia and parts of Asia.

[REDACTED] The ITW Group does not currently compete in the timber connectors market in any region, including New Zealand. [REDACTED]

PUBLIC VERSION

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

PUBLIC VERSION**PART 2: IDENTIFICATION OF MARKETS AFFECTED****Horizontal Aggregation****11 Markets where there would be an aggregation of business activities.**

- 11.1 The proposed acquisition of the Pryda and Reid business assets by Ramset will, if successful, result in aggregation in certain markets in which both businesses operate.
- 11.2 For the purposes of this application, we have defined the relevant markets (where there is market aggregation) as the New Zealand markets for supply of precast concrete lifting systems and concrete fastener systems (“relevant markets”).
- 11.3 This represents a conservative view of what the relevant markets are. The Australian Competition and Consumer Commission (“ACCC”) has in the past adopted broader market definitions namely concrete products¹ and building products². Ramset considers that the proposed acquisition raises no competitive concerns in the market as defined in this application because of low barriers to expansion and entry and countervailing market power held by customers. Therefore if a broader market definition was adopted no competitive concerns would arise.
- 11.4 The other market where there is overlap is the general fasteners market although the overlap in this market is limited to cavity wall fixings of which the aggregate market share for Reid and Ramset is less than [REDACTED]. This market aggregation is considered too small to require clearance from the Commission on the basis of the very narrow market definition of cavity wall fasteners. We would consider the general fasteners market as the relevant market if aggregation was such that there may be a substantial lessening of competition, which it is not.

¹ *Construction Materials (Australia) Pty Limited*, C5058, 2 May 1975

² *Shell Company of Australia Limited*, C23157, 10 May 1976.

PUBLIC VERSION

- 11.5 The key items of precast concrete lifting systems are the lifting anchor systems and clutches. There are various types of both anchors and clutches, depending on the application. Much depends on the sector of the industry involved, as most suppliers offer specifically designed products for each sector (see Schedule 1 for industry details).
- 11.6 Concrete lifting systems and components also include:
- (a) void-formers to assist placement of anchor;
 - (b) concrete inserts (such as threaded "ferrules") to attach reinforcing or metal fabrications such as beams after placement of the panel;
 - (c) cover plates and end caps (to fill or cover holes);
 - (d) bondbreaker concrete-to-concrete release agents;
 - (e) panel shims for leveling panels; and
 - (f) various concrete working tools.
- 11.7 These are all the products supplied to companies in the three sectors of the market. They are often supplied as a package, because the products are complementary. For instance, a site caster will need anchors and clutches, in addition to void-formers and bondbreaker in order to complete the job.
- 11.8 There are efficiencies for the one supplier to offer all or at least a number of these products. At one level it is attractive to builders and precasters to deal with as few suppliers of these products as possible. This is demonstrated by the fact that most suppliers supply a number of accessories, in addition to anchors and clutches. As we have noted, there is an opportunity for new and near entrants to enter the market offering, for instance, only anchors, but they generally expand their product offering to include various accessories. This is illustrated by Australian cases of small suppliers expanding their product offering over time.
- 11.9 We further submit that the market includes all three sectors – yard precast, site cast and component precast. The customer base in these three sectors are

PUBLIC VERSION

different. We nevertheless submit that the market includes all three sectors because:

- (a) The leading Australasian suppliers being the ITW Group, Reid and Modfix (the last a recent entrant in Australia) supply concrete lifting systems and components in each sector and virtually all suppliers (including all the recent entrants) trade in at least two of the three sectors (they include ABS, Actech, Tilt Lift and Plastic Solutions);
- (b) suppliers refer to concrete lifting – incorporating all three sectors – as a single entity (as demonstrated in the ITW Group’s product catalogue); and
- (c) there are some components that are common from one sector to another, giving suppliers the opportunity to supply more than one sector (the ITW Group, Tilt Lift Equipment and Reid used the commonality of their respective clutches to expand into other sectors of the market).

11.10 Clutches are the principal common component to lifting systems. In Ramset’s case, it uses the same clutch for anchoring systems designed for yard precasters and site casters. The anchors are essentially plate anchors. Plate anchors cannot, however, be used in component precasting (as they are over-designed for the particularly simple methods of loading (stressing) experienced. Most suppliers offer the same type of anchor and clutch system to the site casting and yard precasting sectors.

11.11 All precast concrete components use pin head anchors and the corresponding "claw" clutches. There is nevertheless a commonality between these products and some anchors (and clutches) available for use in site casting. Reid (and Tilt Lift in Australia) offer pin head anchors and clutches in both the site casting and component precasting sectors.

11.12 Some of the accessories are common from sector to sector, particularly between the site cast and yard cast sectors. Those products include concrete inserts, panel shims and plates and caps. To a lesser extent there is a similar commonality with the accessories offered to the component precasting sector.

PUBLIC VERSION

- 11.13 Ramset and Reid import and assemble items which make up the concrete lifting systems and usually supply those products directly to users (particularly precasters). Some accessories such as bar chairs may be supplied through retailers of building supplies or industrial distributors.
- 11.14 Concrete fastener systems are used for fixing timber and steel to concrete. Generally fasteners are mechanical or chemical anchors. They are part of a general fasteners market, which includes fasteners for timber and other materials.
- 11.15 There is some basis for maintaining that the relevant market is broader than presented in this submission. That broader market would include both concrete fasteners and concrete lifting systems. We do not pursue this broader market other than for the purposes of this submission alone.
- 11.16 The basis for a broader market is supply side substitutability. It could be said that all these products are strongly supply substitutable on the basis that virtually all products are imported and the customer base in general is similar, if not the same (being the building and construction industry), allowing the importer to switch from concrete lifting systems to concrete fasteners and vice versa with little additional investment. For example it may be that concrete lifting systems, concrete fasteners, other concrete related accessories and products are part of a suite of products provided by retailers, distributors and importers to the building and construction industries even though customers may choose to purchase selectively. We recognize that, in terms of demand side substitutability, concrete lifting systems and concrete fastening systems are not substitutable. The concrete casting methods used by the building industry in New Zealand are well established and there are few alternatives. For the purpose of this application Ramset adopts the product markets of concrete lifting systems and concrete fasteners however it does so without prejudice to relying on broader product market descriptions.
- 11.17 Manufacturing in New Zealand is currently limited to anchor plates in the context of lifting systems. There has been local manufacturing of pinhead/swiflift anchors although these are currently sourced from China and France. Ramset has all edge lift anchors cut from sheet steel and powder

PUBLIC VERSION

coated in New Zealand by Donovans. It is understood Reid also has some minor local manufacturing capability in respect of plate steel anchors and local casting of Reidbar connectors. Other accessories are manufactured overseas from plastic (bar chairs, shims etc.), oil or lanolin (bondbreakers).

11.18 For the purposes of this application the applicant considers both markets to be national. This is based on the following considerations.

- (a) the majority of products are imported, generally into one port and then distributed from that point around the country – in Ramset’s case, it imports products initially to Auckland and distributes to local customers through its 17 branches;
- (b) of the products that are manufactured or assembled in New Zealand, it is toll manufactured or assembled in one factory and is distributed throughout New Zealand via Reid’s or Ramset’s Auckland warehouse from that point;
- (c) the products are easily and relatively efficiently transported; and
- (d) The products are traded internationally.

11.19 Time dimension is not relevant to the analysis of the national market for manufacturing, assembling, importing and sale of precast concrete lifting systems and components as transactions are frequent and there are few long-term contracts between suppliers and buyers.

Differentiated Product Markets**12 Standardised or Differentiated?**

12.1 There is little significant differentiation in the product lines of precast concrete lifting systems and components other than distribution networks, availability of product, and technical service and support.

12.2 Both Ramset and Reid provide customers with free engineering advice on the design of concrete panels and placement of lifting points to ensure correct specification of products to ensure safe lifting.

PUBLIC VERSION**13 Characteristics of differentiation.**

13.1 The main characteristics differentiating participants in the supply of precast concrete lifting systems and concrete fastening systems is service level and technical support. Some competitors in the relevant market will have superior distribution networks than others. There is some further minor differentiation between suppliers of precast concrete lifting systems and concrete fastening systems through brand image and the location and geographic proximity of supply outlets (ie delivery time).

Vertical Integration**14 Vertical integration between firms at different functional levels.**

14.1 The proposal will not result in vertical integration between firms involved at different functional levels. Reid and Ramset do not operate at different functional levels.

Previous involvement in Acquisitions**15 Previous involvement by Ramset or Reid (or interconnected body corporates)**

15.1 There have been no proposed acquisitions of assets of a business or shares involving either participant (or interconnected body corporate thereof) notified to the Commission in the last three years.

15.2 There have been no other proposed acquisitions of assets of a business or shares involving either participant (or interconnected body corporate thereof) in the last three years.

PUBLIC VERSION**PART 3: CONSTRAINTS ON MARKET POWER BY EXISTING COMPETITION****16 Existing Competitors**

16.1 Reid and Ramset's principal competitors in the relevant markets are limited to other suppliers of concrete fasteners. These include:

- (a) Hilti Corporation through local company Hilti (New Zealand) Limited. Hilti is a major global operator in the construction and building maintenance industry. Hilti Corporation delisted from the Swiss Exchange earlier this year and is privately owned by a family trust;
- (b) Powers Fasteners Australasia, a privately owned United States group specialising in a wide range of fastening solutions for concrete and masonry applications in both Australia and New Zealand;
- (c) Manufacturing Suppliers Limited, a New Zealand owned and operated supplier in the broader nut, bolt, screw and fastener market; and
- (d) Macsim Fasteners Limited, another New Zealand owned and operated supplier in the broader nut, bolt, screw and fastener market.

16.2 Whilst these competitors are not currently in the concrete lifting systems market there is no obvious reason why they are not (it is thought for historical reasons) and entry into that market could occur very quickly.

16.3 The relevant markets in Australia and New Zealand are a small part of the equivalent international markets. More than 97% of all items sold as parts of the relevant markets are imported from Australia, Europe, United States, China and Taiwan. This has persisted for at least the last three years. If the merged entity were to increase prices or provide worse service post-acquisition, existing suppliers of products to the building and construction industries including those listed in 16.1 above could quickly increase their range of

PUBLIC VERSION

imports from overseas suppliers that do not currently trade with New Zealand (but which have sought to do so) will have the opportunity to do so.

- 16.4 Increased prices by the merged entity would also make the market and trading margins more attractive for new entrants to import or toll manufacture locally.
- 16.5 All fasteners within the relevant market are believed to be imported. Although some construction chemicals are packed locally from imported material, virtually all of such products are imported from Australia, Europe, Taiwan, China and United States.
- 16.6 In Australia suppliers have supply agreements with leading overseas suppliers of concrete lifting systems and components, importing either parts that would be assembled with Australian made parts (for instance, to produce void-formers/anchors and cradles) or whole products that represent significant aspects of their range. For example:
- (a) Advanced Building Systems has an exclusive supply agreement with Meadow Burke, the second largest supplier of concrete lifting systems and components in the United States;
 - (b) Tilt Lift Equipment has an exclusive supply agreement with Dayton Richmond, the largest supplier of concrete lifting systems and components in the United States;
 - (c) Actech imports from a range of suppliers in Europe and the USA (particularly Cresset), as well as from Asian manufacturers;
 - (d) Danly imports from Halfen-Deha, one of the world's largest suppliers based in the United Kingdom;
 - (e) Ancon CCL imports (albeit, small quantities) from the world's largest suppliers, Halfen/Deha (based in Germany);
 - (f) The ITW Group has an exclusive supply agreement with Vogens Tovvaerk AS Certex (under the StarCon brand);

PUBLIC VERSION

- (g) Reid has a supply agreement with Madison, a Chinese Supplier of concrete lifting systems; and
- (h) Universal Tilt is a recent entrant, having used imports to establish a presence in the Australian market. It has a supply agreement with the leading United States supplier, Richmond.

16.7 In addition to those overseas suppliers currently trading with Australia, there are others that do not trade with Australia but have made attempts to do so. The ITW Group is aware of two such suppliers:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

PUBLIC VERSION

16.11 It is submitted that the developments in the relevant market in Australia are relevant to the position in New Zealand when considering near and new entrants on the basis that if it can happen in Australia there is no apparent reason why it cannot happen in New Zealand should prices increase or standards decrease subsequent to the proposed acquisition.

16.12 Estimated market shares for the year ended June 2003 in respect of sales by each market participant identified are set out in the tables below.

Table 4: Concrete Fastening Systems Market

Supplier	Turnover (\$M)	Market Share %
Ramset	█	█
Reid	█	█
Hilti	█	█
Powers	█	█
MSL	█	█
Maccsim NZ	█	█
TOTAL	█	█
Current 3-Firm Concentration Ratio		█
Post-Merger 3-Firm Concentration Ratio		█
Reid/Ramset		█

Table 5: Concrete Lifting Systems Market

Supplier	Turnover (\$M)	Market Share %
Ramset	█	█
Reid	█	█
TOTAL	█	█
Current 3-Firm Concentration Ratio		100
Post-Merger 3-Firm Concentration Ratio		100
Reid/Ramset		100

PUBLIC VERSION

16.13 Importers of parts forming the Ramset concrete lifting systems are as follows:

Table 6: Importers to Ramset of parts forming Concrete Lifting Systems

Importer	Country of origin	Product
██████████	Australia	Face lift & edge lift anchors
██████	Australia	Clutches
██████████	Germany	Clutches
██████	France	Pin head anchors
██████	Australia	Bar chairs, shims etc
██████████	China	Ferrules
██████████████████	Australia	Bondbreaker

16.14 Importers of parts forming the Reid concrete lifting systems are as follows:

Table 7: Importers to Reid of parts forming Concrete Lifting Systems

Importer	Country of origin	Product
██████████████████	United States	Bondbreaker
██████	China	Pin head, bar connectors Ferrules, edge lift anchors
██████████	Germany	Clutches
██████	Australia	Ancorloc bracing system
██████████████████ ██████	Australia	Bar chairs, shims etc.

16.15 The relationships between Ramset and the importers it uses are on arms length commercial terms. It is understood that the relationships that Reid has with its importers are on the same basis.

16.16 The data in the tables above is sourced from various sources as outlined below. There is no independent market survey data for the markets affected by the proposed acquisition.

PUBLIC VERSION**Table 8: Information sources for market share data**

Company	Source of Data	Expected Degree of Accuracy
Ramset	Sales data	High
Reid	Information Memorandum	High
Hilti	Published accounts	High
Powers	Hearsay	Medium
MSL	Hearsay	Medium to high
Macsim NZ	Hearsay	Low

16.17 MSL and Macsim have entered the market in the last four years, prior to which the ratio of the three main participants' market shares would be about the same. [REDACTED]

Other considerations

16.18 There are various other firms that are not currently active participants in the relevant markets but could enter, most likely from Australia, quickly using existing or additional capacity in response to an attempt by suppliers to raise prices or reduce output or quality and therefore can be considered as near entrants. These include:

PUBLIC VERSION

Table 9: Near Entrant Details

Company	Country	Comment
Dayton Richmond	United States	Largest supplier in the United States of all items associated with concrete lifting systems. Some supply arrangements in Australia
Meadow Bourke	United States	Second largest United States based supplier with some supply arrangements in Australia
Halfen-Deha	Germany	██████████ and the world's largest supplier. Has recently established a new factory in Malaysia to supply the Asia Pacific region and interested in re establishing a market in New Zealand
Olivetti	Australia	Actively involved in selling plate anchor systems in Australia.
Advanced Building Systems	Australia	
Actech	Australia	
Ancon CCL	Australia	██████████
Tiltlift	Australia	
Shisam	Australia	
Neuro PLC	United Kingdom	
South Auckland Forgings	New Zealand	██████████ ██████████ ██████████ ██████████
Starcon	Denmark	Supplier to Ramset Australia and New Zealand

PUBLIC VERSION

Company	Country	Comment
Caltex	Australia	(Bondbreaker) One of several oil companies able to supply bondbreaker
Boral	Australia & New Zealand	(Bar chairs, shims etc.) Large supplier to users other than Reid and Ramset in New Zealand
Leesa Systems	Australia & New Zealand	(Bar chairs, shims etc.) Supply mainly the accessories rather than anchors at present
Stalion Products	New Zealand	(Bar chairs, shims etc.) Major New Zealand manufacturer of plastic products and building accessories.
Canzac	New Zealand	(Various accessories) Supply mainly the accessories rather than anchors at present
BHP/Steel and Tube	Australia & New Zealand	
Fletcher Building/Construction	Australia & New Zealand	Major user through its construction company (Fletcher Construction), housing companies, Firth, Humes, Stresscrete as well as fabricators and distributors of steel products to the construction industry
Hydraulink	New Zealand	(Ferrules and inserts) Capable of local manufacture and a past supplier to Ramset

16.19 Concrete lifting is a technique used throughout the world. In addition to North America further suppliers may be found in Europe in such countries as Italy, United Kingdom, Austria, as well as Asian suppliers in China, Taiwan etc.

16.20 Until the introduction of its new Ramset Australia sourced face-lift and edge lift anchors about six years ago, [REDACTED]

[REDACTED] Halfen subsequently merged with Deha – [REDACTED]

PUBLIC VERSION

[REDACTED] and became the largest international concrete lifting supplier outside the United States. [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED] Halfen-Deha representatives based in Singapore are frequent visitors to Australia and New Zealand, and have a detailed knowledge of the respective markets. The company is capable of supplying the full range of products required in the New Zealand market from its European, Malaysian and Asian manufacturing facilities.

- 16.21 It is believed by Ramset that there are other small importers in New Zealand supplying concrete lifting systems and concrete fasteners other than those mentioned above and that larger customers may be sourcing certain products direct from overseas suppliers although there is no reliable evidence that can be found to support this. Ramset is currently researching this belief and will provide further information (if any) to the Commission when it becomes available.
- 16.22 The productive capacity of the near entrants is difficult to estimate but, in the view of the applicant, is considerable given that there are few constraints on imports and numerous possible sources from established overseas manufacturers.
- 16.23 Ramset does not consider Reid to be an unusually vigorous and effective competitor for the following reasons:
- (a) Reid concentrates on the precast and pipe yard manufacturers;
 - (b) Reid has placed much of its development resource toward developing products for its Reidbar reinforcing connector systems rather than plate anchor systems; and
 - (c) Ramset has concentrated on the site casting market where the casting operators are specialists requiring a wide range of services provided by

PUBLIC VERSION

Ramset and other fastening companies, or are traditional Ramset construction sector customers.

17 Conditions of Expansion on existing firms

17.1 There are no frontier entry conditions which apply to the New Zealand market for the supply of precast concrete lifting systems and concrete fastening systems. International freight costs are a standard cost for all participants in the market due to the extremely high level of importation.

17.2 There are no substantial regulatory requirements to expansion or new entry into the relevant markets. The concrete lifting systems and fasteners supplied must comply with international quality, safety and performance standards, and relevant building codes and industry codes of practice. Where a new or near entrant or an existing competitor considers expansion requiring additional building capacity regional plans and zoning requirements would need to be considered. Other standard business regulations would also need to be considered such as health and safety regulations. Compliance would be relatively straight forward and would not amount to a barrier to entry.

17.3 Access to items used in the relevant markets is not considered difficult considering the high level of importation used by the existing market participants and the numerous possible sources of such products overseas. Requisite technical knowledge is considered unlikely to be difficult to source although it is thought important in the industry to have credible engineering support and high service levels.

17.4 There are no other barriers to entry in the opinion of the applicant. The barriers to entry in respect of the relevant market are considered by the applicant to be very low. This can be illustrated by the recent entry of Universal Tilt, Tilt Products, Modfix and Olivetti in Australia, who entered the market by importing product. These details are set out in Schedule 3.

18 Existing businesses which could expand

18.1 It is believed that all participants in the relevant markets could increase supply by either increasing utilisation of existing capacity or through the expansion of

PUBLIC VERSION

existing capacity. On the basis that virtually all products for both concrete lifting systems and concrete fasteners are imported the only constraints are thought to be as follows:

- (a) available and appropriate warehousing,
- (b) pallet racking and material handling equipment,
- (c) working capital to fund debtors, purchases and inventory;
- (d) supply arrangements with overseas suppliers of systems and components;
- (e) accessing or establishing an effective physical distribution system,
- (f) toll manufacturing arrangements with metal fabricators; and
- (g) other administrative costs such as office furniture and vehicles.

19 Conditions influencing expansion

19.1 There are no market conditions that are considered likely to impede the business decision of any participant to increase supply or expand product range to include concrete lifting systems. The New Zealand building industry has in fact exhibited significant growth in recent years in both residential and non-residential building activity. This growth is expected to continue at an average rate of approximately two to three percent per annum for the next four years.

19.2 Warehousing, offices, vehicles and furniture can be leased at reasonable rates. An effective competitor only needs stock to the value of \$50,000 to \$100,000 in respect of which finance companies are now willing to enter into financing arrangements. We have already discussed the opportunities for a potential entrant to secure supply arrangements from overseas suppliers of concrete lifting systems and concrete fasteners that do not currently trade with New Zealand. Indeed, there are numerous overseas suppliers that could supply a number of New Zealand distributors. In this regard, we note that Actech in

PUBLIC VERSION

Australia obtains supplies from a range of suppliers in Europe and the United States and Ramset believes that only its relationship with Cresset is exclusive.

- 19.3 The cost and difficulty of entry is minimized by the use of toll manufacturing arrangements. Two points need to be emphasized in regard to potential toll manufacturing. First, every supplier in both the Australian and New Zealand market makes extensive use of toll manufacturing arrangements, including Ramset and Reid. Ramset has such a contract with the Donovan Group of Whangarei and Fletcher Reinforcing and it is understood that Reid has agreements with Masport Foundry and Fletcher Steel. There are a number of engineering companies in New Zealand and Australia capable of hot forging, plasma cutting or punching plate steel. South Auckland Forgings Limited has produced pinhead anchors for Reid in the past. Ramset evaluated a number of suppliers in New Zealand as well as continuing with Ramset Australia before entering into an exclusive arrangement with Donovan Group.
- 19.4 The second point is that there are numerous potential toll manufacturers. The applicant submits that many manufacturers (of the type noted earlier) regularly tout for work, in order to exploit excess capacity. In our submission, a new entrant would have little difficulty arranging for products to be manufactured, relieving them of the sunk costs of expensive manufacturing equipment.
- 19.5 The final consideration relevant to effective entry is the ability of the new entrant to get its product to market. In the concrete lifting systems and components market, most products are sold directly to end-users. In this regard, Ramset submits that the relationships existing suppliers have with their customers – concrete fabricators and major building companies - are open to competitive challenge. This creates the opportunity for new entrants to establish a presence in the market relatively quickly. Neither fabricators nor building companies generally tender out their requirements for concrete lifting systems and concrete fasteners. To our knowledge, Stresscrete (a division of Fletcher Building) is the only company operating on an annual tender basis although it is known that the Fletcher Building's Australian operations of Humes operates on long term contracts with Reid, and may also have long term contracts in New Zealand.

PUBLIC VERSION

- 19.6 Ramset's relationships with its customers are generally simple commercial contracts. However, the customer in obtaining competitive quotes regularly tests those relationships. Using those, the customer will often negotiate lower prices. At times, customers are lost to the company that has quoted. Some of Ramset's customers do this on a job-by-job basis, for example The Auckland Britomart contract, a job involving a College in Kamo and a Port facility in Tauranga were recently lost to a lower priced bid from Reid and Hilti.
- 19.7 There are certain long-term contracts to which Reid is a party. However, the applicant believes these relate to the Reidbar system. The Fletcher subsidiary Pacific Steel produces special patented threaded reinforcing bar which complements the Reidbar patented connector and which is distributed through Fletcher Steel Limited and Steel and Tube Group. Fletcher also owns Fletcher Reinforcing which supplies preformed reinforcing to the construction industry.
- 19.8 With the exception of a two year supply contract with Calder Stewart, all Ramset contracts are for an indefinite period and many are set on a specific job site basis. There is competition for such arrangements but quite often the supply of lifting systems and concrete fasteners may be part of a much larger product request involving general fasteners, drilling equipment, roofing screws, sealants etc. This places the buyer in a strong position to keep prices at a competitive level by threatening to "cherry pick" for best prices from a variety of suppliers.

20 Expected timeframe for supply to increase

- 20.1 Existing competitors could increase supply to the relevant markets quickly simply by sourcing additional products from existing or alternative suppliers able and willing to import to New Zealand. Such expansion could occur in a matter of weeks depending on the source of supply and order lead times for products. Even where there is no such existing capacity, additional capacity could be easily achieved by expanding existing premises, relocating or opening and operating an additional site.

PUBLIC VERSION**21 Extent to which the possible competitive response of existing suppliers would constrain Ramset**

21.1 Where existing suppliers of concrete fasteners respond to the proposed acquisition and decided to source and import from overseas concrete lifting systems such action would impose a competitive constraint on the merged entity.

22 Extent overall to which the conduct of existing suppliers would constrain Ramset

22.1 Existing suppliers would constrain a merged entity in the same manner as current competition does in respect of concrete fasteners and those competitors could expand product lines to include concrete lifting systems.

Co-ordinated market power**23 Market characteristics that would facilitate or impede co-ordination effects.**

23.1 The proposed acquisition would not result in a change in the relevant market that will facilitate possible coordination between competitors. Rather, there are various characteristics that would impede coordination as follows:

- (a) a low level of exclusive supply arrangements;
- (b) the ease and speed with which new and near entrants can enter the relevant market would impede coordination;
- (c) the presence of small and fringe competitors, including specialist product line suppliers, and the ability of those competitors to expand their product lines and open new supply outlets;
- (d) the absence of any history of price fixing or other collusive behaviour between participants in the relevant market, at least to the knowledge of the applicant; and
- (e) the high number of near entrants particularly those in Australia who could enter the relevant markets with ease.

PUBLIC VERSION**24 Market characteristics facilitating or impeding monitoring and enforcement of co-ordinated behaviour**

24.1 There are market characteristics that would, post acquisition, facilitate the monitoring and enforcement of coordinated behaviour by market participants as follows:

- (a) individual sales are small and frequent, providing a greater risk of detection;
- (b) there is little, if any, vertical integration which would prevent price cuts being concealed in upstream markets;
- (c) very low barriers to entry for new and near entrants; and
- (d) there are few market players.

25 Details of price co-ordination, price matching or price following by market participants

25.1 The applicant is not aware of any price co-ordination, price matching or price following by market participants. In general, the relevant market is a competitive market which results in some reaction to competitors' price movements. The applicant is not aware of any tacit collusion in the relevant market.

26 Why the acquisition of Reid will not increase the risk of co-ordinated behaviour in the market place

26.1 The proposed acquisition will not increase the risk of co-ordinated behaviour primarily because of the very low barriers to entry and expansion.

PUBLIC VERSION**PART IV: CONSTRAINTS ON MARKET POWER BY POTENTIAL
COMPETITION****27 Conditions of Entry**

27.1 As with conditions for expansion there are few barriers to new entry. Provided distribution channels are able to be arranged (and there are thought to be a number of possibilities eg, Steel and Tube, or Fletcher Steel on behalf of the Fletcher Building Group of concrete oriented subsidiaries) there is no requirement for significant investment involving sunk costs.

28 Near entrants

28.1 Possible new entrants include those international market participants identified in Table 6 at paragraph 16.7 above. These entities could enter into the New Zealand market through a local distributor or by setting up their own branches. In particular, given the close geographical proximity of Australia and the similarity of building industries in both countries current Australian market participants are expected to enter the New Zealand market in the near future.

29 Key conditions of entry

29.1 See paragraph 19. The same conditions apply for making a decision with respect to new entry.

Likelihood, Sufficiency and Timeliness of Entry

30 A new entrant could set up operations in New Zealand within three to four months. This represents the time it would take to source sufficient inventory.

31 Because of the ease of entry and the nature of the business relying on imports, and the accessibility to such imported products, it is thought that new entrants would consider entry to be profitable at current prices in the market. The reasons that competitors in the concrete fasteners market do not compete in the concrete lifting systems market are thought to be historical and there seems no apparent reason why this would continue. Further to this, pre-casting as a construction measure has become considerably more popular over the last five years in New Zealand and that popularity

PUBLIC VERSION

is expected to increase in the near future as a result of more buildings using precast concrete. This would make entry into the market a more attractive proposition for near entrants.

- 32 Because of the low barriers to expansion and entry and the countervailing market power of customers existing market participants are unlikely to be able to change behaviour in response to any perceived threat of entry.
- 33 *De novo* entry would rely on the ability to establish or arrange a physical distribution system. Such systems already (see paragraph 27 above) exist with capacity to include the relevant product market and would be relatively easy to set up.
- 34 *De novo* entry could occur within three to four months.
- 35 Ramset considers a *de novo* entrant a real and likely constraint in the short to medium term for existing market participants whether the acquisition proceeds or not due to the growth of the building industry in New Zealand, the high number of near entrants in Australia, the low barriers to entry and similarities between the Australian and New Zealand markets.

PUBLIC VERSION

PART V: OTHER POTENTIAL CONSTRAINTS

Constraints on Market Power by the Conduct of Suppliers

36 No suppliers exercise any material constraint on Ramset.

37 Not applicable.

38 Not applicable.

Constraints on Market Power by the Conduct of Customers

39 The merged entity will remain constrained from increasing price or providing a poorer service post-acquisition because of the pressure imposed by customers, particularly in the yard precasting and component precasting sectors.

40 Major precast and tilt up customers and their owners are as follows:

Customer	Ultimate owner
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	
[REDACTED]	
[REDACTED]	
[REDACTED]	[REDACTED]
[REDACTED]	
[REDACTED]	[REDACTED]
[REDACTED]	
[REDACTED]	
[REDACTED]	[REDACTED]
[REDACTED]	
[REDACTED]	[REDACTED]
[REDACTED]	

PUBLIC VERSION

Customer	Ultimate owner
[REDACTED]	[REDACTED]
[REDACTED]	
[REDACTED]	
[REDACTED]	
[REDACTED]	
[REDACTED]	[REDACTED]
[REDACTED]	
[REDACTED]	
[REDACTED]	
[REDACTED]	
[REDACTED]	

The customer base in each of the yard precast and component sectors is relatively small compared with the site casting sector, where there are numerous small operators. These customers regularly seek competing quotes from suppliers. Many of these customers keep abreast of market changes, including what is available overseas. There have been cases of Australian owned customers threatening Ramset with importing fastener product directly as a way of forcing Ramset to decrease its prices. Ramset has had to respond to this threat by maintaining competitive prices in order to keep the customer.

PUBLIC VERSION

THIS NOTICE is given by DENNIS EASTON, General Manager, Ramset New Zealand
I hereby confirm that:

- all information specified by the Commission has been supplied;
- all information known to ITW New Zealand Limited which is relevant to the consideration of this notice has been supplied; and
- all information supplied is correct as at the date of this notice.

I undertake to advise the Commission immediately of any material change in circumstances relating to the application/notice.

Dated 16th day of September 2003.

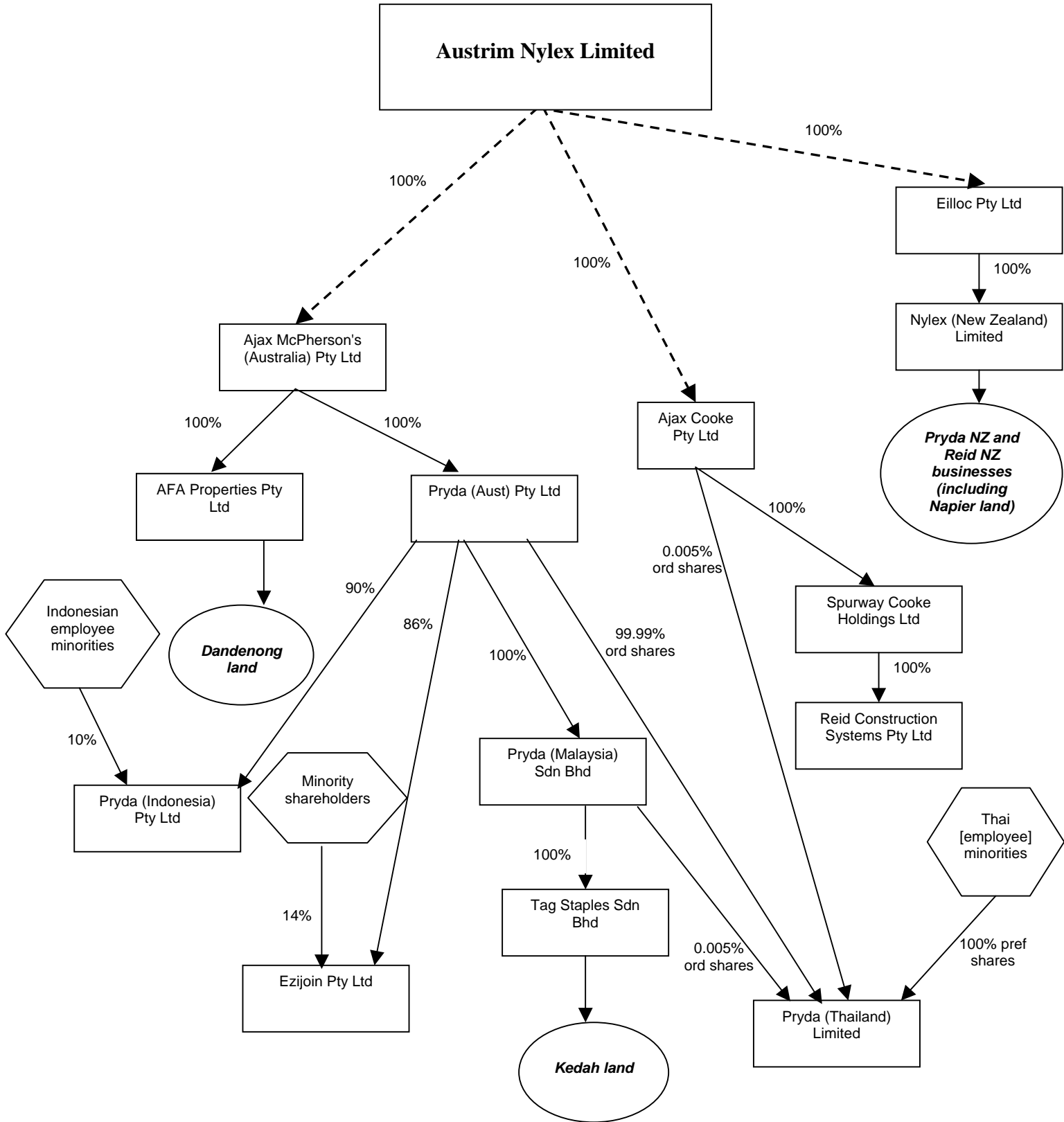
Signed by ITW New Zealand Limited

Dennis Easton
General Manager

I am an officer of the company and am duly authorised to make this notice.

APPENDIX 1

Pryda Reid Group



PUBLIC VERSION

Schedule 1

Concrete casting industry

Introduction to the industry

There are three sectors within the concrete casting industry:

- (a) yard precasting;
- (b) site casting; and
- (c) component precasting.

All three sectors employ void-formers/anchors and clutches to lift concrete; however, the void-formers/anchors (and, to a much lesser extent, the clutches) are differentiated, according to the lifting task involved.

In addition, there are different accessories used in each sector. In both site and yard casting, practitioners use reinforcing support systems, concrete inserts (such as threaded inserts called "ferrules"), and various concrete working tools and "shims". Site casters also use a chemical bondbreaker.

The concrete lifting systems and component market (defined below) comprise all these products. The following sectors describe how these products are used.

Yard Precasting

Yard precasting primarily involves the manufacture of concrete wall panels in a factory-like casting yard.

A casting yard will include a series of steel moulds, within which are placed reinforcing wire ("reo"), in addition to a number of features required for the lifting and performance of the wall panel. To facilitate the lift of the panel, anchors and void-formers are placed at the edge of the panel (edgelif anchors). The ITW Group product is called a "plate anchor". After the panel dries, the void-former is torn away, leaving the anchor exposed, but not protruding beyond the surface of the panel.

The panel is lifted in the factory using a crane. The anchor is connected to the crane using a "clutch". The panel can then be loaded onto the specially-designed truck (generally a heavy-

PUBLIC VERSION

duty flat-bed truck). The wall panels are then delivered to the construction site. A portable crane (often owned by the precasting yard operator) unloads the panel from the truck and puts it in place. "Shims" are placed in the trench to level the surface. The building company places the wall panels in the trench and fixes them in place with braces. The building is designed in such a way that the walls create the appropriate stresses and loads to hold the wall panels in place (although there is additional fastening of the panels in place).

Threaded inserts or "ferrules" is another concrete product used in the manufacture of yard cast wall panels. They are placed within the mould prior to the concrete pour. They sit on a cradle, holding it in place. .

Yard precast wall panels achieve a high degree of precision in sizing and a particularly high finish. They are demanded in the construction of shopping centers, high-rise apartments, hospitals and schools. However, the demands of transport and the casting yard limit the size of yard cast wall panels. They generally cannot be larger than 3.5 meters by 8 meters.

Yard casters tend to be large, well capitalised organisations (given the investment in plant required).

Site Casting

Site casting involves pouring wall panels on site. Indeed, it takes place directly on the concrete slab, on which the building is to be constructed. One panel is poured on top of the other, separated with a chemical separating agent (generally known in the industry as "bondbreaker"). The panels are then separated. Each panel is cast with anchoring systems in place. The panels are lifted by crane and are each stood on end and fixed in place to form the building.

Site cast wall panels can be significantly larger than yard cast wall panels. Indeed, there is an incentive to produce panels of the maximum possible size to get the job done, as that maximises the efficient use of the crane the builder needs to rent to lift the wall panels in place. Because of the way these panels are cast and the circumstances in which they are cast, the quality of the finished product is not nearly as high as panels manufactured in a casting yard. They are typically used in the construction of factories, warehouses and industrial parks.

The larger-sized panels necessitate a different method of lifting and manipulation. Generally, larger panels are lifted using "facelift" anchors (as compared with the edgelifit anchors used in yard precast panels). The ITW Group product is a piece of pressed metal, sitting on a plastic

PUBLIC VERSION

cradle - which sits in the concrete mould. There could be a series of these anchors placed in the face (as opposed to the edge) of the panel. The panel is connected to the crane using the same clutch used for yard cast wall panels.

Site casters tend to be small operations. A typical example will be a small concreter that specialises in the manufacture of wall panels. It may extend to the manufacture of floor slabs. A builder will subcontract the panel construction to such a specialist. Some builders have that expertise in-house.

Component Precasting

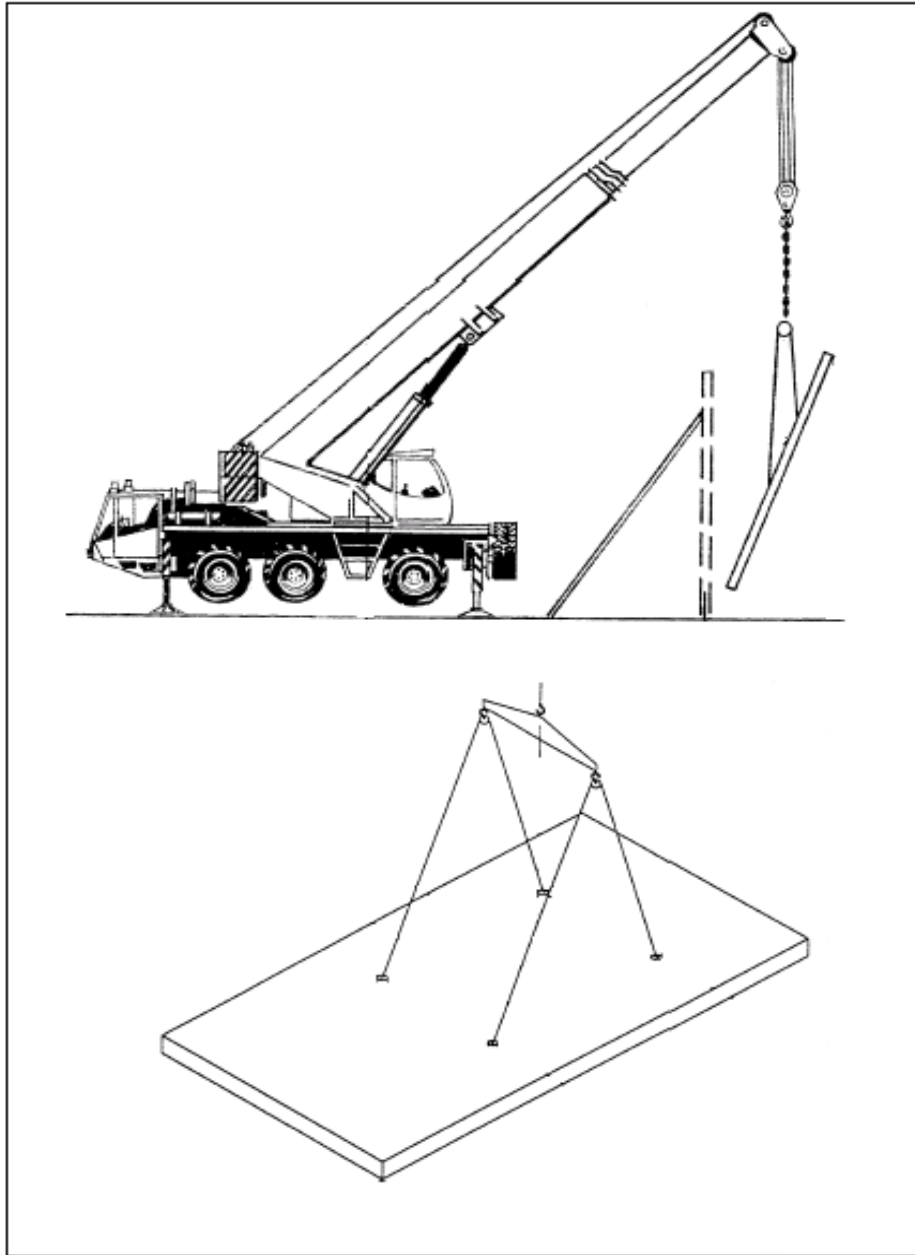
Component precasting involves manufacturing various large concrete components, such as pipes, bridge lengths, columns and site barriers. They generally require considerably more engineering input than wall panel manufacture.

They are produced in factories by pouring concrete into appropriate moulds. As in the case of wall panels, anchors are inserted in the concrete component in the manufacturing process, allowing them to be moved and delivered to construction sites. Generally, "pin head" type anchors (and a claw type clutch) are used. This is because of the different requirements for lifting and moving precast concrete components. In the case of wall panels, they need to be rotated from a horizontal to perpendicular position. That creates considerable stresses on the anchoring equipment, requiring particularly designed anchors. Most concrete components are lifted as a deadweight. A number of "pin head" anchors placed at strategic points of the concrete component is the most efficient method of achieving this.

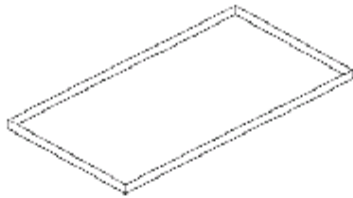
Component precasters are generally major companies, given the requirements of construction in terms of engineering capacity and capital equipment.

Attached are some diagrams illustrating the tilt slab process.

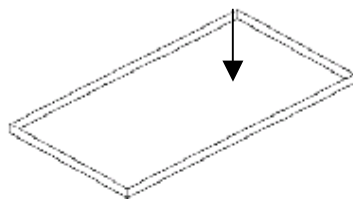
40.1.a.i.A.1.1.1.1 STANDARD TILT UP PANEL CONSTRUCTION PROCEDURE



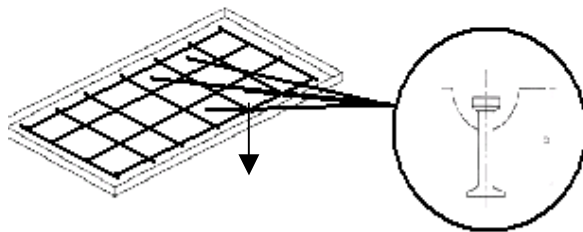
TYPICAL PANEL SEQUENCE



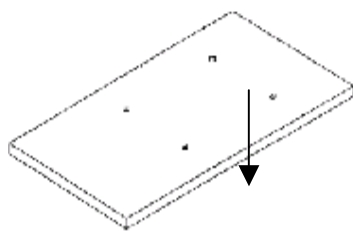
Form work (boxing) erected on a steel bed (pre cast yard) or concrete bed (on site tilt-up).



Surface Texture if applicable and Release Agent (bondbreaker) applied.



Reinforcing steel, Bar Chairs and Lifting anchors placed in position.



Concrete poured and floated off. Void formers protect lifting anchors from excess concrete

PUBLIC VERSION

Schedule 2

Ramset's Product Catalogue

Schedule 3

Examples of recent entry in Australia

The low barriers to entry are illustrated by the recent entry of Tilt Products, Universal Tilt, Modfix and Olivetti in Australia. As noted earlier, they entered the market by importing product.

(a) Tilt Products

Tilt Products commenced operations about five years ago with its own concrete lifting system. The rights to this concrete lifting system were purchased from an earlier failed venture in Victoria. Tilt Products arranged for its products to be toll manufactured according to these designs.

Tilt Products' operations are based in Western Australia, Australia. Its impact in that State has been dramatic, achieving about 35% to 40% of site cast sales in that State. Until Tilt Product's entry, Reid was the only supplier to site casters in that State.

(b) Universal Tilt

Universal Tilt was started by Tilt Lift's Queensland Manager in 1999/2000. He bought a failing business (Austilt - itself a company that commenced in 1997, started by a concreter/panel specialist). Austilt had a relationship with Richmond, a major United States supplier. Universal Tilt has continued the relationship with Richmond, although Richmond merged with the other major United States supplier, Dayton.

(c) Modfix

Modfix initially operated as an injection moulder that toll manufactured for many of the suppliers in the concrete lifting systems and components market, particularly the ITW Group, Reid and small quantities of product for Tilt Lift Equipment.

Within the last five years, Modfix has entered each sector of the market, supplying fabricators and builders directly. In doing this, it has developed its own range of steel reinforcing supports, shims and ferrule supports. It has established a sales and marketing department, and published brochures and advertising. More importantly, it

PUBLIC VERSION

has expanded its range of concrete lifting systems and components to include extrusions and grout tubes that it has had toll manufactured for it.

Modfix has been particularly success in the yard precasting and component precasting sectors, winning 6% of the sales in each of those sectors. In addition to supplying fabricators and building companies, Modfix continues to toll manufacture plastic components for other suppliers in the concrete lifting systems and components market.

(d) Olivetti

Olivetti entered the market in about 1990. Its experience nevertheless demonstrates the lack of barriers to entry.

Olivetti had previously toll manufactured anchors for the ITW Group. When the ITW Group purchased its own plasma cutter (the equipment used to produce plate anchors from steel plates), Olivetti used its excess capacity to produce its own anchors, which it sold to the market place directly.

It more recently expanded its product offering to include void-formers and clutches. The ITW Group believes that Olivetti has at least the latter toll manufactured for it. It initially offered only a 5 tonne system. It now offers a 2½ tonne and 9 tonne system.

In the ITW Group's experience, Olivetti is (and has for some time been) the price leader in supplies to yard precasters. It had been particularly successful by 1998, capturing 40% of yard precasting sales. In the subsequent five years, it lost a significant proportion of that share in the face of further new entry.