

COMMERCE ACT 1986: BUSINESS ACQUISITION

SECTION 66: NOTICE SEEKING CLEARANCE

Date: 2 February 2018

The Registrar
Competition Branch
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.

Part A: Summary of Application

1. Executive Summary

1.1 Fluidra, S.A. (**Fluidra**) proposes to merge its pool products businesses globally including in New Zealand with Piscine Luxembourg Holdings 2 S.à r.l. (**Zodiac Holdco**, and jointly with its affiliates, **Zodiac**), through the transfer to Fluidra of all assets and liabilities in Zodiac Holdco. As a result of this transaction, Rhône Capital LLC, the applicant, will own, through a subsidiary, 42.43% of the shares in the merged entity (**Proposed Transaction**).

1.2 Although they have different areas of focus, Zodiac and Fluidra (the **Parties**) provide residential swimming pool equipment in New Zealand. The relevant overlap in New Zealand is in relation to the sale of residential swimming pool pumps, filters, water treatment (including salt water chlorinators (**SWCs**), chemicals and sanitising and dosing equipment), heating equipment, cleaners, automation systems and filters.

1.3 However, the Parties combined market shares for the majority of the residential swimming pool equipment products are below **[Redacted]**. The Parties submit that the Proposed Transaction is not likely to result in a substantial lessening of competition (**SLC**) in any market for the following reasons.

Strong existing competition

1.4 The Parties compete to supply residential swimming pool equipment in highly competitive markets. The markets are generally fragmented with multiple competitive options. Any attempt by the Merged Entity to raise prices or lower quality would simply result in lost sales to global players such as Pentair and Hayward, Australian pool equipment manufacturers / distributors such as Davey and WaterCo or specialist providers such as Maytronics, Poolrite, Rheem (Raypak) and Pool Controls.

The Parties are not close competitors

1.5 Zodiac and Fluidra each focus on different ends of the pool equipment markets. While Zodiac is a premium branded pure play pool solutions company, Fluidra is a more generalist supplier. Equally, Fluidra has substantial expertise in large-scale commercial pools and engineering solutions, while Zodiac is focussed on residential pool products.

1.6 In New Zealand, the Parties operate completely different business models. Zodiac has a corporate and physical presence in New Zealand and focusses on sales to Pool Specialists, and Wholesalers/distributors. Fluidra has no physical presence in New Zealand and makes sales via its New Zealand distributor (which are filled from its overseas facilities).

Import markets with substantial international trade

1.7 Very few swimming pool equipment products are manufactured in New Zealand (with the Parties not manufacturing any pool products in New Zealand markets where there is an overlap). Accordingly, a very high proportion of pool products sold in New Zealand are manufactured overseas and shipped to New Zealand. Any attempt to increase prices in New Zealand would swiftly be defeated by the numerous strong existing competitors diverting sales to New Zealand.

Low barriers to entry and expansion

1.8 There are low barriers to entry and expansion. Pool products are manufactured using readily available technology with no tariff or trade barriers. There are well-established, independent Wholesalers and Pool Specialists operating throughout New Zealand which can serve as a channel to market.

Low brand awareness among pool owners

- 1.9 Pool product markets are generally characterised by low brand awareness among end users. Pool builders and specialist retailers play a key role in product selection and are well aware of and can readily source a broad range of products. Accordingly, they can promote and facilitate switching between brands in the event that the Merged Entity sought to raise prices or reduce quality.

Countervailing buyer power

- 1.10 Wholesaler customers exercise countervailing power. Distribution arrangements for pool products are typically not exclusive and pool builders and retailers will generally use/stock multiple brands. This means that any attempt by the Merged Entity to raise prices or reduce quality would simply result in distributors promoting alternative brands.

Part B: The Parties

2. Rhone

- 2.1 Rhône Capital LLC, together with its affiliates, (taken together, **Rhone**) is a private equity firm, with offices in New York and London.
- 2.2 Rhône's portfolio companies are active in a wide range of sub-sectors; however only Zodiac is active in the provision of swimming pool equipment and as such, only the activities of Zodiac are relevant for the purposes of this application. Rhone, along with co-investors (set out in the structure chart at **Annex 1**), through a subsidiary, owns 100% of the issued capital of Zodiac.
- 2.3 The direct owner of the Zodiac group (the top company of which is Zodiac Pool Solutions S.à r.l.) is Piscine Luxembourg Holdings 3 S.à r.l. which is a wholly owned subsidiary of Piscine Luxembourg Holdings 2 S.à r.l. ("**Zodiac HoldCo**"). Zodiac HoldCo is, at the same time, wholly owned by Piscine Luxembourg Holdings 1 S.à r.l. ("**Piscine**").

Zodiac

- 2.4 Zodiac is a manufacturer of residential swimming pool and spa products and services, such as pool cleaners, pool pumps and pool filters.
- 2.5 The company has approximately 1,300 employees worldwide and, through its customer base including distributors, sells its products in over 70 countries. Zodiac's largest market is the United States, which accounts for approximately **[Redacted]** of its global turnover.
- 2.6 While internationally, Zodiac markets its products under a number of different brands, in New Zealand it uses the Zodiac brand.¹
- 2.7 A corporate structure diagram of Rhone and its relevant related entities is attached as **Annex 1**. **[Redacted]**. Zodiac's New Zealand management accounts are attached as **Annex 2**.
- 2.8 Further information on Zodiac is available on its website at: <http://www.zodiac.com/en>.
- 2.9 Contact details for Rhone:

<i>Address</i>	630 Fifth Avenue, Suite 2710, NY-10111, New York
<i>Contact person</i>	[Redacted]
<i>Email Address</i>	[Redacted]
<i>Telephone</i>	[Redacted]
<i>Website</i>	http://www.rhonegroup.com/

- 2.10 Please direct all correspondence and notices for Rhone to:

<i>Address</i>	Bell Gully Barristers and Solicitors
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¹ For completeness, Zodiac's international brands are: **Jandy**: line of pumps, filters, heaters, chlorinators, valves, lighting and automation; **Polaris**: pool cleaning products; **iAquaLink**: software designed to enable pool control from a smart phone, tablet, or web-enabled device; **Cover-Pools**: pool covers; **Nature2**: mineral sanitisers; **SAVI**: underwater lighting; **Caretaker**: in-floor pool and spa cleaning system; **Baracuda**: pool cleaning products sold in Australia; **SET**: dehumidifiers for indoor pools (Germany).

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Zodiac in New Zealand

- 2.11 Zodiac has a New Zealand entity located in Auckland. This consists of a New Zealand incorporated company with a leased office and (limited) manufacturing facility. It also acquires warehousing and logistics services from a third party provider. Zodiac employs 9 people in New Zealand, three of whom operate a small pool covers manufacturing facility, with the remainder working in sales or warehousing.

3. **Fluidra**

- 3.1 Fluidra is a Spain-based multinational company listed on the Madrid and Barcelona stock exchanges and is engaged, through its subsidiaries, in developing, manufacturing and distributing applications for the sustainable use of water. Fluidra operates through the following main business units:

- (a) Pool and Wellness: design, manufacture and distribution of all components and accessories for all pool types (residential and commercial pools) and wellness centres.
- (b) Irrigation and Water Treatment: design and distribution of components needed to build irrigation systems for agricultural use, green spaces and residential gardens.
- (c) Fluid Handling, Industrial and Other: design, manufacture and distribution of parts for water and fluid handling in general for all kinds of applications
- (d) Engineering: consultancy, design, engineering and execution of projects in water facilities.

- 3.2 Globally, Fluidra's products are mainly marketed under the brand names of AstralPool, Cepex, CTX Professional and Gre. Fluidra's principal market is the EEA, which accounts for about **[Redacted]** of its turnover. The company sells its products in over 45 countries and owns and manages 31 production facilities (none of which are located in New Zealand).

- 3.3 A corporate structure diagram of Fluidra and its relevant related entities is attached as **Annex 3**. Fluidra's most recent annual report is available at <https://www.fluidra.com/wp-content/uploads/2017/06/ENG-CCAACC-Fluidra-2016.pdf>.

- 3.4 Further information in relation to Fluidra can be found at www.fluidra.com.

- 3.5 Contact details for Fluidra:

Address Adva. Francesc Macià. 60, planta 20, 08208
Sabadell (Barcelona)

Contact person **[Redacted]**

Email Address **[Redacted]**

Telephone **[Redacted]**

Website <https://www.fluidra.com/en/>

3.6 Please direct all correspondence and notices for Fluidra to:

Address Baker McKenzie
Tower One - International Towers Sydney
Level 46, 100 Barangaroo Avenue
Barangaroo NSW 2000 Australia

Attention Georgina Foster

Email Address georgina.foster@bakermckenzie.com

Telephone T +61 2 8922 5329

Fluidra in New Zealand

3.7 Fluidra has no physical or corporate presence in New Zealand. Fluidra's sales to customers in New Zealand are made by way its distributor, Aqua Clear. Aqua Clear has been Fluidra's distributor in New Zealand for approximately 15 years. **[Redacted]**.

3.8 Fluidra's sales team with responsibility for New Zealand is located in Victoria, Australia.

Part C: The Transaction

4. The Transaction

4.1 The Proposed Transaction is structured as a statutory cross-border merger by virtue of which:

- (a) Rhône, through a subsidiary, will contribute the whole share capital of Zodiac HoldCo to Fluidra to create the “**Merged Entity**”; and
- (b) Rhône will receive in exchange 42.43% of the Merged Entity’s share capital.

4.2 The transaction will be undertaken in two phases:

Phase 1 – transfer of Zodiac to Fluidra

4.3 Rhône will transfer all of Zodiac HoldCo’s assets and liabilities (as stated in the Investment Agreement at **Annex 5**) to Fluidra by way of a statutory cross-border merger pursuant to which Zodiac HoldCo (as absorbed company) will merge with and into Fluidra (as absorbing company). Pursuant to the merger, Zodiac HoldCo shall transfer all its assets and liabilities as a whole to Fluidra, by way of universal succession by means of its dissolution without going into liquidation.

4.4 Zodiac Holdco and Fluidra’s relative contribution to the combined value of the business resulting from the combination of the Fluidra group and the Zodiac group pursuant to the merger, will be 42.43% and 57.57%, respectively.

Phase 2 – issuance of new shares in the Merged Entity

4.5 In consideration for Piscine transferring its interest in Zodiac HoldCo to Fluidra during the statutory cross-border merger as set out in phase 1 above, and based on the respective contributions made by Zodiac Holdco and Fluidra to the Merged Entity, Fluidra will perform a capital increase in the amount of EUR 83,000,000 by issuing 83,000,000 new ordinary shares to Piscine (with a share price of EUR 1 per share) of the same class and series as those already in existence, representing in aggregate 42.43% of the Merged Entity’s share capital following implementation of the Proposed Transaction.

4.6 The remaining ordinary shares of the Merged Entity, representing in aggregate 57.57% of its total issued share capital will be held by other shareholders.

4.7 A corporate structure diagram showing how the Proposed Transaction will change the control and structure of ownership of the Parties is attached as **Annex 4**.

5. Rationale

5.1 Zodiac and Fluidra’s activities are highly complementary, both from a product and from a geographic perspective. The combined business will have global scale and a comprehensive product portfolio.

5.2 The Merged Entity will have a broader product offering covering different product categories in residential pool equipment at various price points (Zodiac being a premium branded pure play pool solutions company and Fluidra a more generalist company) and a larger, more diversified customer base (with Fluidra bringing its expertise in large-scale commercial pools and engineering solutions). The strong geographical footprint complementarity between Zodiac and Fluidra — Zodiac being mostly active in the USA and Fluidra mostly active in Europe — will provide reduced exposure to risks for the Merged Entity.

5.3 The combination of Zodiac and Fluidra’s businesses will also provide significant potential for cost synergies deriving from scale efficiencies and optimization in manufacturing, research and development, sales and marketing, and general and administrative areas. The combined

company will have increased commercial opportunities including a broader range of products and a larger, more diversified customer base. The combined entity will also have greater financial resources to follow on the path set by Zodiac and develop new products and to fund strategic initiatives, which will allow it to better serve its customers with more innovative solutions.

- 5.4 Additionally, the strategic combination will allow the businesses to benefit from attractive growth prospects and a compelling business profile, as well as improved financial characteristics and a more efficient manufacturing base.

6. Transaction document

- 6.1 Copies of the Investment Agreement (which sets out the main terms and conditions for the implementation of the Proposed Transaction), the Shareholder Agreement and the (Amended) Common Terms of the Merger (which sets out the terms and conditions of the cross-border merger by absorption) are attached at **Annex 5**.

7. Clearance sought

- 7.1 This application seeks clearance for Rhone (or an interconnected body corporate) to acquire up to 100% of the shares in or the assets of Fluidra.

8. Global filings

- 8.1 The table below sets out the jurisdictions in which the Proposed Transaction is subject to merger notification and the dates that the relevant agencies in those jurisdictions have been or will be notified.

Figure 1: Overseas competition agencies notified

Jurisdiction	Agency	Date of notification
United States	FTC	[Redacted]
Australia	ACCC	[Redacted]
EU	European Commission	[Redacted]
South Africa	Competition Commission of South Africa	[Redacted]

Part D: Industry Background

9. Overview of swimming pool equipment industry

9.1 The Proposed Transaction concerns the market for swimming pool equipment.

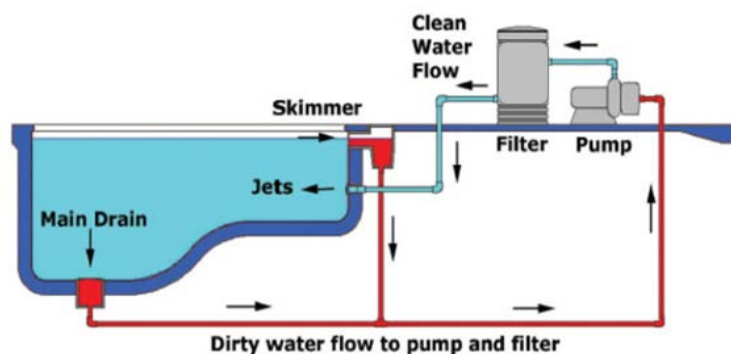
Swimming pool equipment and water treatment

9.2 A swimming pool's water circulation and filtration system serves to remove impurities from the water. If the water is not continuously circulated and filtered, it will stagnate and accumulate debris and other contaminations, such as leaves, twigs, insects, hair, soot, dust and algae.

9.3 The basic components of the pool circulation and filtration system are: (a) a pump that draws water from the pool and then pumps water back into the pool; (b) a filter that removes smaller impurities from the water that is pumped back into the pool; (c) the return inlets or jets, through which filtered water re-enters the pool; (d) outlets, such as main drains and skimmers, through which the water and the impurities it contains exit the pool; and (e) one or more strainers between the outlet(s) and the pump to avoid large debris entering the pump (the skimmers will normally incorporate a strainer).

9.4 These components are connected to each other through a system of pipes and valves.

Figure 1 Basic swimming pool circulation and filtration system



9.5 However, not all impurities will automatically flow out of the pool through the outlets, which means that the pool surface, floor and walls must be cleaned to remove remaining dirt and debris. There is a wide choice of cleaning products/methods available, ranging from manual brushing to automatic cleaners.

9.6 In addition to the basic circulation and filtration system components, additional "value added" products may be installed as part of this system such as, for example, dedicated vacuum or suction lines and ports to power an automatic vacuum cleaner, a heater to heat the water, and decorative features such as waterfalls.

9.7 Pool water chemistry is another key aspect of keeping a swimming pool safe and clean. A disinfectant is used to kill algae, bacteria and microorganisms. Chlorine is by far the most common disinfectant and a wide range of chlorine-releasing compounds and devices are available. Other chemicals can be added to complement the disinfectant and to maintain a "balanced" water (i.e. optimal pH, alkalinity and water hardness levels) in which the disinfectant is efficient and the water does not harm the pool surfaces.

9.8 There is also a wide range of swimming pool equipment available that is not integrated into the pool's circulation and filtration system or meant to clean and/or sanitise the pool. This covers items such as e.g. underwater lighting, pool alarms, ladders, rails, trampolines, pool covers, showers, and fences. (These products are not material to this application and are not covered further.)

- 9.9 It is common to divide pool equipment into a residential segment and a commercial or institutional segment. Residential pools are smaller pools built in single-family homes, hotels or apartment complexes. These pools usually have less water capacity, are used less often, for shorter periods of time and by fewer people than commercial pools. Commercial pools, on their part, are usually very large and intensively used pools, which increases the risk of contamination, hence the need for a more efficient water treatment. In this regard, such pools normally require high-capacity pumps, filters and cleaning equipment.
- 9.10 The Proposed Transaction concerns the residential equipment market segment only as Zodiac does not offer heavy-duty equipment designed to be used in commercial pools.

Manufacturing and routes to market

- 9.11 Many leading pool equipment suppliers follow a capital light business model and focus their activities on product development, design, brand / IP management, marketing and sales, but outsource most or all manufacturing to third-party subcontractors. For example, Zodiac only owns or manages six manufacturing plants world-wide and outsourced products account for about **[Redacted]** of its total sales.
- 9.12 Other suppliers use a different strategy and manufacture most or all equipment in-house. Fluidra, for example, has 31 manufacturing plants and manufactures most of its products internally.
- 9.13 There are multiple routes to market in the swimming pool equipment market. Pool equipment suppliers do not generally sell their products directly to end users, but use the following distribution channels:
- (a) **Wholesalers** (B2B): distributors at wholesale level that tend to offer a broad range of swimming pool equipment to Pool Specialists. A list of Wholesalers in New Zealand is set out in paragraph 11.4.
 - (b) **Pool Specialists** (B2C): specialised pool retailers, as well as builders and installers of pools and pool equipment.
 - (c) **Mass Market Resellers** (B2C): generalist DIY chains and supermarkets such as Bunnings and the Warehouse that carry certain pool equipment items as part of a broader product offering.
 - (d) **Internet Resellers** (B2C): dedicated Internet retailers/marketplaces such as Trade Me, and specialised pool product web-sites.

10. International trade of swimming pool equipment and water treatment products

- 10.1 Transporting pool equipment internationally is a very common and straightforward practice. For example, neither party currently manufactures any products in New Zealand (with the exception of Zodiac's minor pool covers operation, a product category in which Fluidra does not compete to any material degree in New Zealand). Both Parties import products from a wide variety of owned and outsourced manufacturing locations. China and South East Asia are common locations for manufacturing of private label and branded products.

11. The swimming pool equipment and water treatment industry in New Zealand

- 11.1 Some pool heaters are manufactured in New Zealand. Aside from these virtually all other relevant products are imported.²

² As set out above, Zodiac manufactures pool covers in New Zealand, but there is not a material overlap in this product and it is not considered further here.

- 11.2 Manufacturers have two primary distribution strategies: either via a Wholesaler (which is the approach taken by Fluidra) and / or through direct relationships with Pool Specialists and Mass Market / Internet Resellers. Regardless of the route to market chosen by a manufacturer, it is extremely rare for either the manufacturer or a Wholesaler, Pool Specialist or Reseller to be exclusive to one brand or sales channel. There are generally no contractual restrictions on the Parties' customers switching or increasing their range of alternative suppliers in response to a price increase, nor any restriction on manufacturers expanding by increasing distribution / retail partners.
- 11.3 Zodiac does not sell any products to pool consumers directly. **[Redacted]**. Pool Specialists have the option of purchasing Zodiac's products directly from Zodiac or through a Wholesaler. Typically, smaller customers purchase Zodiac products through a Wholesaler. **[Redacted]**.
- 11.4 It is unusual for global manufacturers to have a premises and permanent staff on the ground in New Zealand. Manufacturers typically service New Zealand through Wholesalers, Pool Specialists and Resellers. While Zodiac has an on the ground presence in New Zealand, this is not a prerequisite to be an effective competitor.
- 11.5 There are at least 10 (but likely many more) substantial swimming pool equipment Wholesalers and Pool Specialists who can supply the New Zealand market. These include:
- (a) **Austral**³
- Austral is a wholesale distributor of equipment and ancillary lines to pool builders, pool shops and pool service companies with an on the ground presence in New Zealand.
- Austral is a non-exclusive distributor of Zodiac, Pentair, Speck Pumps, Filtron, Poolquip, Pool Controls, Evolution Water & Lighting Solutions, Oasis Heat Pumps.
- (b) **Aqua Clear**⁴
- Aqua Clear in has been active in the pool industry for over 20 years and offers a wide range of products, including pool pumps, heating and pool hygiene, offering "great before-and-after sales support" to home owners, pool professionals, water feature and aquascape designers.
- Aqua Clear is a non-exclusive distributor of Fluidra and supplies around 20 Pool Specialists throughout New Zealand.
- (c) **Aqua Technics**⁵
- Aqua Technics claims to be "New Zealand's leading swimming pool supplier and installer" and has "all the pool chemicals and equipment you may need to keep your pool sparkling all year round, such as chlorine, salt, minerals, water balancers, pumps, filters, chlorinators and pool cleaners from our fully stocked retail shop." Aqua Technics range of products can be viewed in Henderson.
- Aqua Technics is a non-exclusive distributor of Filtermaster, Hayward, Zodiac, Ozone Swim (Brauer Industries), Maytronics, Hot Water Heat Pumps Ltd.
- (d) **Argon Distributors Ltd**⁶
- Argon Distributors is a family owned business with customer services that covers all of New Zealand, supplying pumps, SWCs, and pool cleaners.

³ For more information see <http://www.austral.co.nz/index.php>

⁴ For more information see <http://www.aquaclear.co.nz/>

⁵ For more information see <http://www.aquatechnics.co.nz/>

⁶ For more information see <http://www.argondistributors.co.nz/>

Argon Distributions is a non-exclusive distributor of Pentair products.

(e) **Bluewater Pools**⁷

Bluewater Pools is a leading builder and maintainer of pools in Auckland, having been in business over twenty years. In addition to building, maintaining and upgrading clients' pools throughout Auckland and Northland, Bluewater operates an online shop, supplying a wide range of swimming pool equipment to customers in New Zealand, including SWCs, pool cleaners, pool pumps and pool filters.

Bluewater has a large presence on Trade Me, with over 180 current listings.⁸ [Redacted].

Bluewater pools is a non-exclusive customer / distributor of WaterCo, Zodiac, Filtermaster, Dolphin and Pentair.

(f) **Ian Coombes Ltd**⁹

Ian Coombes Ltd is a leading manufacturer and supplier/distributor of systems and products to the Australasian swimming pool and water treatment industry. Its head office is in Christchurch with branches in Wellington, Auckland and Melbourne and has served the aquatic industry since 1979. Ian Coombes designs and manufactures a lot of its aquatic facility equipment but also sources and distributes some of the leading brands from around the world. Ian Coombes manufactures small water features in its Christchurch workshop.

Ian Coombes is active in the pool pump, filters, SWCs, pool heating, pool cleaning and water features verticals.

Ian Coombes Ltd is a non-exclusive distributor of WaterCo, Hayward, Hot Water Heat Pumps Ltd and Chemigem.

(g) **Paramount Pools**¹⁰

Paramount Pools is a New Zealand retailer and distributor of pools and pool equipment. Paramount Pools has serviced the New Zealand pool industry since 1967. Its head office is in Onehunga, with branches in Albany and Christchurch.

Paramount Pools distributes to 18 specialist retailers throughout New Zealand and is active in the pool filters, pumps, chemicals, sanitising and dosing equipment, SWCs and cleaners.

The brands Paramount Pool is a nonexclusive distributor/retailer of include Pentair, Hayward, Emaux, Filtermaster and EAQuip.

(h) **PoolWorld**¹¹

PoolWorld is a Taupo based specialist retailer that offers pool and spa equipment, as well as maintenance services.

PoolWorld is a non-exclusive retailer of Waterco, Davey, Hayward, Filtermaster, BioGuard, ecosprings and Pool Master.

⁷ For more information see <http://bluewaterpools.co.nz/content/pool-shop>

⁸ As at 5 December 2017. See <https://www.trademe.co.nz/members/listings.aspx?member=1972781&page=4&rptpath>.

⁹ For more information see <http://www.iancoombes.co.nz/>

¹⁰ For more information see <https://www.paramountpools.co.nz/contact-us/>

¹¹ For more information see <http://www.poolworld.co.nz/>

(i) **Pool Stuff**¹²

Pool Stuff is a New Zealand based distributor that delivers “top quality products to the New Zealand market at great prices”. It focuses on “exceptional service” to enable customers to stop worrying about pool equipment and get on with the task of growing their business. Pool Stuff has over 18 years of experience in the business of pool operation and 9 years of manufacturing and importing pool products.

Pool Stuff supplies Maytronic’s electric cleaners.

(j) **Pool Land**¹³

Pool Land is a specialist pool retailer, offering a range of services to consumers including pool equipment quotations and pool installation.

Pool Land supplies electric cleaners, suction cleaners, SWC, heat pumps and pool pumps.

Pool Land is a non-exclusive Pool Specialist (focusing on retail sales) and supplies Davey, Waterco, Zodiac, Hayward and BioGuard products.

(k) **Poolwerx**¹⁴

Poolwerx, founded in 1992, is Australasia’s largest pool and spa maintenance network. Made up of retail stores and mobile vans, Poolwerx clients have some of the best people and latest technology available anywhere they live or work to take care of their backyard or commercial pool.

In 2013, having previously had Zodiac as its preferred supplier, Poolwerx switched to Hayward as its preferred supplier. This is a non-exclusive relationship and Poolwerx franchisees in New Zealand also sell Fluidra products (although the majority of its products continue to be supplied by Hayward).

Poolwerx has had a presence in New Zealand since 2006 and opened its first retail outlet in 2015. In April 2017, Poolwerx identified New Zealand as a strong growth opportunity as set out in more detail below.

“Following an extensive market review and mapping of pool ownership in both the North and South Islands, Poolwerx has identified 25 territories, with the market able to sustain 18 new Franchise Partners, 25 new retail stores and 75 vans.... Existing independent pool stores also have the potential to convert to Poolwerx and reap the benefits of joining a well-established brand with proven systems that have made the company a global leader in the industry. The company is also on the lookout for a Master Franchise Partner to fast-track growth of the business in New Zealand by focusing on recruiting new Franchise Partners.”¹⁵

(l) **Swimart**¹⁶

“New Zealand’s number one pool care company, Swimart is the trusted name in swimming pool accessories, pool maintenance, pool supplies and high quality pool products”. Swimart has a network of over 70 stores and mobile specialists across New Zealand and Australia.

¹² For more information see <http://www.poolstuff.co.nz/products/index.php/about-us>.

¹³ For more information see <https://pooland.co.nz/>

¹⁴ For more information see <http://www.poolwerx.co.nz/about-us>. Although Fluidra Australia has a distribution agreement with Poolwerx Australia which includes Poolwerx New Zealand, in practice Poolwerx New Zealand is supplied via Aqua Clear.

¹⁵ <http://www.franchise.co.nz/article/view/2449-poolwerx-br-watertight-business-opportunity>

¹⁶ For more information see <https://swimart.co.nz/>

Swimart supplies SWCs, sand and cartridge filters, electric cleaners, suction cleaners, pool pumps, gas heaters and heat pumps.

Swimart is owned by the manufacturer Waterco and distributes its products, but is a non-exclusive supplier/retailer of Zodiac products as well.

(m) **Dolphin Pacific**¹⁷

Dolphin Pacific is a nationwide New Zealand owned and operated pool chemicals and equipment supplier to Pool Specialists. Dolphin Pacific is a wholesale supplier of Dolphin pool cleaners (Maytronics) and OzoneSwim SWCs to over 30 New Zealand dealers.

(n) **EcoSprings**¹⁸

EcoSprings is a 100% New Zealand owned and operated company that supplies products to Pool Specialists and other dealers throughout New Zealand.

EcoSprings product range includes pool pumps, filters, SWC, heat pumps and suction cleaners.

EcoSprings is the exclusive supplier of Poolright and EcoSprings brands, and a distributor of Acuaqal, Fairland and Swimline.

(o) **Pool Masta NZ Ltd**¹⁹

Pool Masta has a retail store, repair centre and offers a full mobile service for the greater Auckland area.

Pool Masta is an authorised BioGuard and Hayward distributor.

(p) **Maurice's Pool & Spas**²⁰

Maurice's primarily services the Waikato region with stores in both Hamilton and Cambridge. Its business comprises of two main teams, a sales team and a servicing team.

Maurice's product range includes pool pumps, media filters, suction cleaners, electric cleaners, SWCs and heat pumps.

Maurice supplies/sells Speck Pumps, Austral, Zodiac, Hayward and PoolCleaner products.

(q) **Poolside Taranaki**²¹

Poolside Taranaki is a dedicated swimming pool and spa specialist retail store in the Taranaki.

Poolside Taranaki supplies BioGuard, Austral, Dolphin, Magnum Filters, Zodiac and Hayward brands.

¹⁷ For more information see <http://www.dolphinpacific.co.nz/>

¹⁸ For more information see <http://www.ecospringspools.co.nz/>

¹⁹ For more information see <http://www.poolmasta.co.nz/>

²⁰ For more information see <https://www.maurices.co.nz/>

²¹ For more information see <http://www.poolsidetaranaki.co.nz/>

12. The price of swimming pool products

- 12.1 The price of swimming pool products in New Zealand is largely determined by global supply and demand. Distributors and other customers have a range of local and international manufacturers to choose from and can readily compare prices, while also taking quality into account.

Part E: Relevant Markets

13. Overview

- 13.1 The Parties submit that the markets where the Parties have material overlapping sales in New Zealand are:
- (a) New Zealand residential swimming pool pumps market;
 - (b) New Zealand residential swimming pool water treatment market (in particular the sanitising and dosing and SWC segments in addition to chemicals);
 - (c) New Zealand residential swimming pool filters market;
 - (d) New Zealand residential swimming pool cleaners market;
 - (e) New Zealand residential swimming pool heating equipment market;
 - (f) New Zealand residential swimming pool automation systems market; and
 - (g) New Zealand residential swimming pool water features market.
- 13.2 While the markets are likely to be wider than New Zealand (e.g. Pacific Region or Global), we proceed on the basis of New Zealand markets in accordance with the definition of markets in the Act.

14. Previous Commission consideration

- 14.1 Based on the public record, the Commission has not previously considered any of these markets.

15. Product markets

Residential pool pumps market

Introduction

- 15.1 The pump is the “heart” of the swimming pool’s circulation system. It draws water from the pool through the main drain and outlet ports and then pumps it back into the pool, after passing the filter, through the return inlets in the pool’s walls. As a general rule, a pump should be able to pump all the water in the pool through the filter at least once per day. Pumps can be single-speed or variable-speed.
- 15.2 In addition to the main pool pump, some pool owners add one or more additional pumps (“speciality pumps” or “booster pumps”) for specific applications such as to add pressure to the jets in a spa unit or to a waterfall, or to create a counter-flow stream in the swimming pool. With the exception of counter-flow streams, such features can usually be powered by the main pool pump, however an additional pump will help boost performance.

Relevant product market

- 15.3 The Parties consider that all residential pool pumps form part of the same market.
- 15.4 Pool pump suppliers will source the most technologically complex component, i.e. the motor (which includes the shaft) from a third-party electric motor manufacturer.²² The remaining key components of the pump (impeller, diffuser, casing, pump basket and lid, etc.) are straightforward

²² Leading pump motor manufacturers are Nidec, AO Smith and Regal Beloit (Fasco and Century).

thermoplastic polymer products manufactured by injection-moulding, held together by bolts and sealed to avoid water leaks. Accordingly, any manufacturer of pumps can manufacture pumps of all different capacities.

- 15.5 There is an equally high supply-side substitutability between single and variable-speed pool pumps. The variable-speed motor (including its drive and controls) is sourced from a third-party supplier, and the rest of the pump components and the assembly process are the same as for single-speed pumps.²³
- 15.6 All leading pump manufacturers will generally offer a broad range of main pool pumps in different power ranges, and single as well as variable-speed options.

Residential swimming pool water treatment

- 15.7 Pool water treatment helps to keep the water in the pool safe and clean. While the pool filter removes many solid impurities, chemicals are also added to eliminate bacteria and correct water balance.
- 15.8 There are a wide range of pool chemicals available in Australasia, in both liquid and granular form. The most common chemical used is chlorine. The Parties have a very minor overlap in chemicals and provide market share estimates in chemicals for completeness.
- 15.9 While many pool owners in Australasia still dispense chemicals manually (i.e. mixing liquid chlorine with water in a small bucket and then pouring the chlorinated water in the pool), there are various devices available to make this task even easier. This equipment includes:
- (a) manual devices such as floating chlorine dispensers and chlorine or bromide feeders attached to the pipe leading to the filter that automatically mix the chemical with the pool water;
 - (b) dosing pumps that add an exact amount of the chemical to the water;
 - (c) automatic regulators that measure the water properties and automatically add the required amount of chemicals;
 - (d) testers used to measure the quality of the water, such as test strips and other kinds of test kits to measure pH, alkalinity or water hardness; and
 - (e) SWCs, which add chlorine to the water by electrolysis. Salt is added to the pool water and the electrolytic reaction in the SWC's cell, which is connected to the pipe leading to the pool filter, breaks down the salt molecules to release chlorine. The SWC cell is regulated by a control unit. Some SWC models contain a sensor and automatically regulate the chlorine level in the pool water.

²³ In fact, it is possible to replace an existing single speed motor with a variable speed motor without changing pool pump. See: <https://www.centuryelectricmotor.com/MotorCategory.aspx?LangType=1033&id=6442450977>.

Figure 2 Water treatment products

15.10 The Parties submit that all water treatment forms part of a single market.²⁴ All products meet the same demand and face competition from each other. There is a continuum made up of a multitude of products from manual chemicals and simple dispensers at one end to automatic regulators and SWCs at the other.

15.11 Supply side substitutability also supports a broad market definition. Liquid and granular chemicals, simple dispensers, feeders and testers are often sourced from third-party manufacturers and branded by the supplier. Key components for more advanced equipment (e.g. motors, sensors) are also sourced externally. Assembly lines are flexible and can switch between manufacturing different equipment. Alternatively, manufacturing can be outsourced to a third party. **[Redacted]**. There are also multiple suppliers including Hayward, Pentair, Waterco and Davey who supply a full range of water treatment products including SWCs.

15.12 Although chemicals, sanitising and dosing equipment and SWCs can be considered part of the water treatment market, the Parties consider sanitising and dosing equipment, SWCs and chemicals separately for the purposes of this submission.

Residential swimming pool filters

Introduction

15.13 The filter is an essential component of the swimming pool. Filtration is the mechanical separation of solid particles from the pool water. A filter is essentially a vessel, made of plastic or metal, filled with a filtration medium. The filtration medium used acts as a physical barrier and catches unwanted particles suspended in the water passing through it.

15.14 There are three main types of filters available for use in swimming pools:

- (a) *sand filters* - contain a deposit which is filled with sand. This material acts as a natural filtration substance. Dirt and impurities adhere to the surface of the sand grains as they would in nature;
- (b) *cartridge filters* - the filtration medium is a cartridge made of polyester or similar synthetic polymers. Cartridge filter units are considered more eco-friendly than sand filters, because they can be cleaned by extracting the cartridge and rinsing it, which requires less water than cleaning a sand filter; and

²⁴ This may also include other automated non-chemical water treatment solutions such as UV and ozone automated systems, however, the Parties understand that these products do not form a substantial part of the New Zealand market and they are not considered further in this application.

- (c) *diatomaceous earth filters (DE)* - contain an arrangement of hollow elements or grids covered with nylon-type fabric inside the filter case. These grids are covered with diatomaceous earth²⁵, which traps the impurities in the water.

15.15 Sand filters and DE filters are sold together with a so-called multiport valve. This is a valve that enables the pool owner to reverse the flow of water in order to clean the filtration medium (“backwashing”), to bypass the filter during certain cleaning operations or to drain the pool.

Relevant product market

15.16 The Parties submit that all filters comprise a single relevant market.

15.17 All filters perform the same function and are substitutable from a demand-side perspective. Equally, on the supply-side, the same assembly line may produce sand filters, cartridge filters or DE filters. Each of these products is basically a simple plastic vessel (often reinforced by glass fibre), which can be produced by any injection or blow-moulding machine. The filtration medium itself (i.e. sand, filter cartridges or DE) is readily available in the marketplace and most filter suppliers will source the medium from a third party.

15.18 In any event, it is submitted that the precise scope of the relevant market can be left open since there is minimal overlap on any basis.

Residential pool cleaners

Introduction

15.19 Water circulation and filtration, and the use of disinfecting agents is not sufficient to keep a swimming pool clean. Certain impurities will not flow out through the outlets but remain in the pool water or attach to the pool surfaces (e.g. debris floating in the water or that has sunk to the bottom of the pool, stains or algae growth at the pool floor and walls).

15.20 It is therefore necessary to use additional pool cleaning equipment to remove floating debris, scrub and remove debris and contamination from the pool surfaces.

15.21 A wide variety of cleaning equipment is available to end users for this purpose, ranging from basic manual cleaning equipment to cleaners powered by the circulation and filtration system, electric-powered cleaners as well as in-floor cleaning systems that are integrated into the circulation and filtration system.

15.22 Except for in-floor cleaning systems, cleaning products are either completely manual or so-called “plug and play” items that are easy to purchase and operate for end users without the involvement of a pool professional.

Relevant product market

15.23 The Parties submit that all pool cleaners form part of one market and cover all equipment that mechanically removes debris and stains from the pool floor and walls (i.e. basic and manual cleaning equipment, automatic vacuum or suction cleaners and electric cleaners).

15.24 The Parties consider that there is a continuum of products that all are functionally interchangeable and linked by a chain of substitutability; prices for one category will overlap with one or more of the other categories. For example, basic manual equipment will overlap with manual vacuum cleaners, manual vacuum cleaners will overlap with suction cleaners, which in turn will overlap with electric cleaners. Most manufacturers will supply products from all or several categories.

²⁵ Diatomite comprises fossilised remains of microscopic single-celled plants (diatoms) consisting mainly of silica and small quantities of different metal oxides.

15.25 A brief description of the different pool cleaners within this market where the Parties overlap is set out below:

15.26 *Manual pool cleaners*

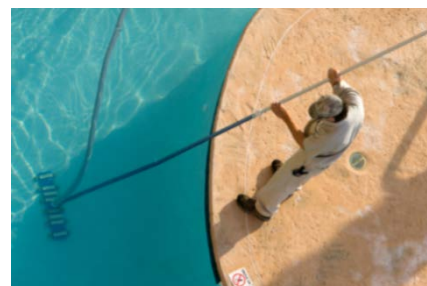
15.27 The most basic cleaner consists of a vacuum head (which often incorporates a brush) connected to a plastic hose and operated using a (telescopic) pole. The hose is connected to a vacuum port in the pool wall or directly to the skimmer's pump port (plastic adapters to connect the hose to different sizes of ports are cheap and widely available). The telescopic pole is attached to the vacuum head, which is then lowered to the pool floor and moved manually.

15.28 Manual vacuum cleaners, like basic pool equipment are simple (no aftersales services needed), cheap and often sold non-branded. (E.g. see a range of products available on [Trade Me](#))

Figure 3 Manual vacuum cleaners



Fluidra "Astralpool triangular" Fluidra "Astralpool Flexo Shark" Shark"



Suction cleaners:

15.29 These models are also called automatic vacuum cleaners. It is essentially a vacuum head integrating a device, driven by the suction force created by the pool pump, generating pulses of water propelling the cleaner without the need to manoeuvre it manually. Suction cleaners are connected to a plastic housing plugged into the pools vacuum / suction / skimmer pump port. Suction cleaners will normally cover the pool floor and walls.

15.30 Suction cleaners are slightly more expensive than a manual vacuum cleaner. However, they are functionally interchangeable and the time and hassle avoided by switching to an automatic cleaner is limited.

Figure 4 Suction cleaners



Fluidra "Astralpool Mamba" Hayward "Pool Vac Pro"



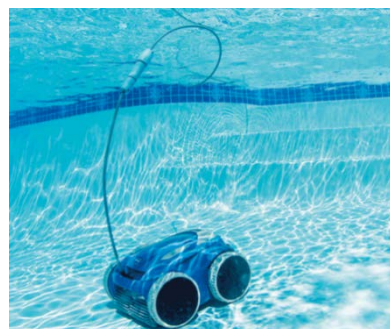
Electric cleaners

15.31 Also referred to as "robotic cleaners", electric cleaners operate independently from the swimming pool's circulation and filtration system and are powered by battery, or more commonly through a cord connected to a standard electric socket near the pool area.

15.32 The cleaner is propelled by a small electric motor with another electric motor operating a pump that draws water and debris in a self-contained bag filter and returns filtered water back into the pool.

15.33 There is a wide variety of electric cleaners available in the market. Electric pool cleaners tend to more expensive than suction cleaners.

Figure 5 Electric cleaners



MAYTRONICS "Dolphin Evolution" ZODIAC "VX55 4WD"

Pool heating equipment

Introduction

15.34 Pool heating can be carried out by a wide array of methods, such as electric heaters, heat exchangers, heat pumps, solar covers or blankets, and solar collectors. Although each of these methods works in a different way, all have the same ultimate function and are widely substitutable from a consumer perspective.

Relevant product market

15.35 The Parties submit that all forms of pool heating form part of one market.

15.36 There is a single market for pool heaters as end users have access to a wide choice of alternative heating methods and can weigh the pros and cons (up-front cost, energy consumption, environmental impact, maintenance requirements, etc.) of the different options against each other, often advised by a Pool Specialist. Nevertheless, the Parties below at paragraph 26.1 and **Annex 6** also provide market shares and analysis for each heating product segment where there is a material overlap. No competition issues arise on any view of the relevant market.

Electric heaters

15.37 Electric pool heaters work by applying an electrical current to a metal resistor, which acts as a heating element to heat the swimming pool water. Electric heaters are simple, compact and easy-to-install, but have high on-going running costs. Accordingly, they are not common in New Zealand and not considered further in this application (neither party supplies electric heaters in New Zealand).

Heat pumps

15.38 Heat pumps are the most common pool heating method in New Zealand. A heat pump extracts heat from the surrounding air and transfers it to the water through a highly energy efficient thermodynamic process. Because it uses electricity to transfer existing heat from the air to the water, rather than to create heat, it can produce more energy than it consumes and is therefore more efficient than an electric heater.

Solar heaters

- 15.39 Solar heaters work by using large, conductive panels known as “solar collectors” to collect solar radiation from the sun. The swimming pool pump is then used to circulate the pool water through these panels, which warms the water. Solar heating is attractive in that it is most effective during the pool season. Solar heaters are popular with both environmentally conscious consumers and those looking for a pool heating option that is highly cost effective over the long term and not vulnerable to energy price fluctuations.
- 15.40 Accordingly, solar heaters offer a strong alternative to heat pumps for many consumers, and one that is likely to grow in popularity in future with the increase in consumer awareness of environmental issues and the increased demand for sustainable, low carbon energy sources. Neither party sells solar heaters in New Zealand.

Gas heaters

- 15.41 Gas heaters work by burning either natural gas or LPG to heat copper coils inside the combustion chamber. Swimming pool water is circulated through these coils and heated by the radiant heat from the fuel combustion.
- 15.42 Gas heaters offer a relatively low purchase cost, fast heating and quiet operation. In addition, unlike heat pumps, their cost of operation does not depend upon the time of day that they are used. However, they are costly to use and are not common for outdoor pools in New Zealand.

Pool automation systems*Introduction*

- 15.43 Pool automation systems are coordination devices, usually Internet-enabled for the control of pool systems and equipment. They are regarded as part of the Internet of Things (“IoT”), which is the network of physical devices, vehicles, home appliances, and other items embedded with electronics, software, sensors, actuators, and network connectivity which enables these objects to connect and exchange data.
- 15.44 Pool automation systems can be distinguished from simple automatic measurement and dosing regulation devices, which only control the dispensing of pool sanitation chemicals and do not allow control over other pool equipment such as the pool pump. Activating the pool pump (or regulating a variable pump) is the core functionality of a pool automation device. In addition, pool automation systems potentially allow the harmonised control of all compatible electronic pool systems, including chemical dispensing, filtration, heating, lighting, water features and counter-current swim systems. These products are often sold alongside other products of the same manufacturer, to ensure compatibility. However, general “home control” automation technology can also be used to operate pool systems remotely and there are home automation specialists actively promoting pool automation alongside other home automation systems in New Zealand.²⁶
- 15.45 Because these systems are usually Internet-enabled, pool owners and other third parties (for example dealers and maintenance staff) can control all these systems remotely on a smartphone app, tablet or computer. This allows more active monitoring of pool systems, more efficient usage, greater customisation and the implementation of fully automated programmes of operation. Although currently a very small market in New Zealand, pool automation systems are likely to rapidly grow in popularity in the future, with technological development driving increased affordability and uptake.

²⁶ For example <https://www.eboss.co.nz/ebossnow/schneider-electric-home-control-system-outdoor-lighting>

Relevant product market

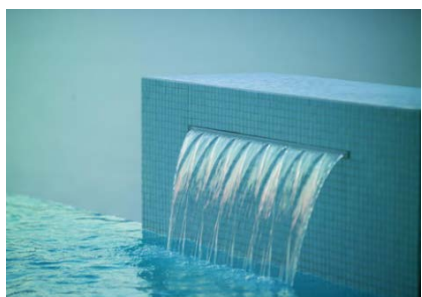
- 15.46 Pool automation devices are still a nascent technology and are used in a very small percentage of pools in New Zealand. This means that a realistic alternative to automating the pool is to operate it manually or through devices that automate a single functionality such as the main pool pump or a sanitisation device.
- 15.47 In any event, the Merging Parties consider that the market definition can be left open in this case since no competition concerns will arise under any market definition.

Water features

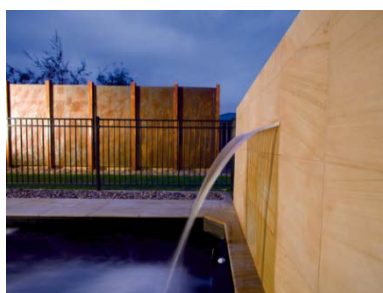
Introduction

- 15.48 Water features are decorative and playful pool elements involving flowing water such as waterfalls, water curtains, fountains and jets. These are non-essential items that have gained in popularity in recent years, although the market is still very small, with approximately [Redacted] units sold per year (compared with over [Redacted] pools in New Zealand).
- 15.49 Water features will draw water from the pool's circulation system to the spout of the product where it is ejected and returned to the pool. Sometimes an additional booster pump will be used to push the water to the spout. Water features may be made of metal, which is common for visible features or plastic, which is common for features that are built-in to the pool structure or otherwise hidden from view.
- 15.50 The only relevant overlaps are in sheet waterfalls, where Zodiac offers its "Powerfall" range and Fluidra offers its "SilkFlow" range. This is essentially a plastic weir, available in different widths and meant to be built-in to the wall next to the pool, that projects an arc or sheet of water falling into the pool (see Figure 4).

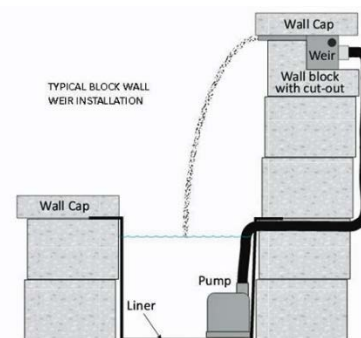
Figure 6 Sheet waterfalls (weirs)



ZODIAC's "Powerfall"



FLUIDRA's "SilkFlow"



Installation of weir in pond wall

Product Market

- 15.51 The Parties are not aware of precedent discussing the market definition for water features. It is submitted however that all water features form part of a single relevant market.
- 15.52 As a non-essential and decorative pool product, customers will, on average, not have a strong preference for a particular water feature but compare the design and cost of installing different items prior to taking the purchase decision. In addition, most customers will not add such features to their pool, which means another common feature for all water features is that customers would react to price increases by cutting back on (discretionary) spending on such items and refrain from installing a water feature in their pool.

15.53 Furthermore, most water features are simple metal or plastic structures with an internal piping system to bring the water to the spout. Accordingly, supply-side substitutability is also very high. In particular, any manufacturer of injection-moulded plastic components could easily offer a sheet waterfall product.

16. **Geographic dimension**

16.1 The geographic market for all relevant products is at least national in scope. Both Parties sell to Wholesalers, Pool Specialists and other intermediate customers on a national basis with no differentiation according to a customer's location in New Zealand. As set out above, pricing is affected by market conditions on a regional (e.g. Pacific) or even global level.

17. **Key competitors**

17.1 The competitive landscape consists of a large number of manufacturers/suppliers across the relevant product range.

17.2 A brief description of the key competitors in New Zealand is set out below. With a few exceptions, the competitors are based overseas and supply New Zealand through imports via sales to New Zealand-based Wholesalers or Pool Specialists.

(a) **Pentair**

Pentair is one of the four largest suppliers of pool products and equipment globally, supplying a full range of pool products including automatic pool cleaners, filters, pumps, automation systems, lighting, water treatment products and water features. Pentair has approximately 19,000 employees worldwide in 40 countries.

Pentair does not have a local New Zealand office. Accordingly it relies on New Zealand distributors.

For more information see <https://www.pentair.com/en/industries/residential-commercial/residential>.

(b) **Hayward Industries Inc. (Hayward)**

Hayward Pool Products (the residential division of Hayward Industries Inc.) is the largest manufacturer of residential swimming pool equipment in the world. Headquartered in New Jersey, Hayward designs, manufactures and markets a complete line of residential pool equipment including pumps, filters, heating, cleaners, sanitisation, automation, lighting, water features, safety and energy solutions.

Hayward does not have a local New Zealand office. Accordingly it relies on New Zealand distributors.

For more information see <http://www.hayward-pool.com/shop/en/pools/hayward-about-us>.

(c) **Maytronics (Dolphin)**

Founded in 1983, Maytronics was the pioneer in automated electronic pool cleaning technology for domestic and commercial pools, developing the world-renowned Dolphin electronic pool cleaners. Maytronics became acknowledged as the electronic cleaner market leader, setting worldwide standards for technological innovation. Maytronics' electronic pool cleaners are manufactured in Israel.

Maytronics operate wholly-owned subsidiaries in the USA, France and Australia.

For more information see <http://www.maytronics.com/about-maytronics-group>.

(d) **WaterCo**

WaterCo is an ASX listed company that manufactures and distributes a diverse range of products for the international swimming pool, spa and water treatment markets. Waterco exports its products to over 40 countries via its offices in Australia, New Zealand, China, Malaysia, Singapore, Indonesia, United Kingdom, France, Canada and the United States of America.

Waterco manufactures pool pumps, suction cleaners, electric cleaners, SWCs, cartridge filters, media filters (i.e. sand or diatomaceous earth), heat pumps, chemicals and swimming pool and spa accessories.

WaterCo owns the Swimart store brand which has over 70 outlets across Australia and New Zealand. The vast majority of Swimart stores are owned and operated by independent franchisees.

In 2014, WaterCo had close to NZD\$5 million revenue in New Zealand.

For more information see <https://www.waterco.ca/en/corporate-section/about-us>.

(e) **BioGuard**

BioGuard is Australasia's largest retail network in pool and spa chemicals. Founded in the USA in 1955, BioGuard entered the Australia market in 1983 and into New Zealand in 1993.

BioGuard offers SWCs, pool chemicals accessories and spa products. BioGuard products are sold in over 500 stores across Australia and New Zealand. BioGuard is also a distributor for a number of Hayward products.

For more information see <https://bioguard.com.au/about-us/>.

(f) **Davey Water Products Limited (Davey)**

Davey has been manufacturing products that service the domestic water pumping, water treatment and swimming pool and spa markets for over 80 years. It has in recent years expanded its focus and portfolio to include commercial pumping, irrigation and commercial pool markets.

Davey was founded in Victoria, Australia in 1934. Davey's head office is in Melbourne, with branch offices in Sydney, Brisbane, Adelaide, Perth and Auckland. Davey also distributes to over 50 regions of the world.

Davey's product portfolio includes Pool Pumps, SWCs, Heat Pumps, Gas Heaters, Media Filters, Cartridge Filters, PH dosers.

For more information see <http://www.daveynz.co.nz/about-davey/>.

Davey is part of GUD Holdings Pty. Ltd, a large Australian company. GUD is listed on the ASX, with market capitalisation of over AU\$1 billion. Its New Zealand operations alone (covering a number of different brands) turned over NZ\$28.5 million in the most recent financial year.

For more information see <http://www.gud.com.au>.

(g) **EAquip**

EAquip is Australian owned and operated and has been “*supplying salt water pool systems to sanitize your pool water for over 25 years*”.EAquip manufactures swimming pool SWCs.

For more information see <http://www.eaquippoolproducts.com.au/>

(h) **Emaux**

Emaux is a recognized global manufacturer that meets and surpasses the expectations of customers with best-in-class products and services. Emaux offering includes specialised products for swimming pools and spas, Headquartered in Hong Kong, Emaux enjoys a truly global network with offices in Australia, Europe and China.

Emaux’s swimming pool products include filters, pumps, water filters, heating, SWCs and Cleaning and Dosing Equipment.

For more information see <http://www.emauxgroup.com/About-Us/about-emaux.html>.

(i) **Ian Coombes Ltd**

As set out at 11.4(f), Ian Coombes Ltd is a New Zealand based manufacturer and distributor of swimming pool equipment to the swimming pool and water treatment industry. Ian Coombes manufactures a range of swimming pool equipment for both residential and commercial use. Ian Coombes manufactures heat pumps for residential pools.

For more information see <http://www.iancoombes.co.nz/>

(j) **Poolrite**

Poolrite was established in Sydney in 1978. Poolrite manufactures its products in Brisbane and has over 50 distributors and retailers throughout Australia and New Zealand.

Poolrite has its own ISO9001 accredited Australian manufacturing facility where it manages all product design. Poolrite’s product range includes Pool Pumps, Media Filters, Cartridge Filters and SWCs.

For more information see <https://www.poolrite.com/pages/about>.

(k) **Fairland (specialty)**

Fairland is a heat pump specialist active in over 60 countries and areas. Fairland provides specialty heat pumps for pools.

In New Zealand, Fairland products are supplied by EcoSprings.

For more information see <http://www.fairland.com.cn/>.

(l) **Pool Controls**

Pool Controls manufactures its products in Western Australia and distributes them throughout Australia and New Zealand.

Pool Controls’ range includes Salt Water Chlorinators and Cleaning Sanitising / Dosing Equipment.

For more information see <http://www.poolcontrols.com.au/about.html>

(m) **Brauer Industries (Ozone Swim) (specialist)**

Brauer Industries is an Australia-based distributor and manufacturer of water sanitation and air purification for commercial and residential applications. Brauer Industries owns Ozone 1, which manufactures the ozoneswim range of SWC.

For more information see <http://ozoneswim.com.au/content-page/>.

(n) **Filtermaster**

Filtermaster is a New Zealand owned and operated company that manufactures and distributes the *FILTERMASTER* range of pool and spa equipment throughout New Zealand, Australia and the Pacific.

Filtermaster's range includes sand filters, cartridge filters, pool pumps, heat pumps and SWCs.

(o) **Speck Pumps (just pumps)**

Speck Pumps pool pumps and pool products have been manufactured in Germany (Neunkirchen am Sand) and Jacksonville Florida for over 35 years, servicing residential and commercial swimming pools. Speck Pump's pool product range includes pool pumps, sand filters and cartridge filters.

For more information see <https://www.speck-pumps.com/en/badu>.

(p) **Hot Water Heat Pumps Ltd (Heat Pumps)**

Heat Pumps is a New Zealand owned company with a 13,500 foot factory in Henderson. It produces the largest range of swimming pool heat pumps available in New Zealand and exports to Chile, Australia, South Africa, USA, Singapore and the Pacific Islands.

For more information see <https://www.waterheating.co.nz/About-Us/>

17.3 Contact details for the above named competitors are attached as **Annex 8**.

18. **Key customers**

18.1 Fluidra does not directly supply any Pool Specialists in New Zealand. All of its sales are to its Wholesale customer Aqua Clear to which it sells products with a wholesale value of AU \$[Redacted]. Zodiac does not supply any products to Aqua Clear. Accordingly, no customers are served by both of the Parties directly in New Zealand.

18.2 Zodiac's 5 largest customers are:

Customer	Revenue in the last financial year
[Redacted]	[Redacted]
[Redacted]	[Redacted]
[Redacted]	[Redacted]
[Redacted]	[Redacted]
[Redacted]	[Redacted]

18.3 Contact details for the above named market participants are attached as **Annex 9**.

Part F: Competitive Assessment

Overview of competitive effects

19. Introduction

19.1 Information specific to each relevant market is set out below. However, there are several competitive factors that are common to all or most of the relevant markets. These factors demonstrate the competitive, global nature of the markets and underpin the Parties' view that the Proposed Transaction will not substantially lessen competition in any market. We set these out in the following sections before going into more detail in relation to each product.

20. Strong existing competition

20.1 The Parties face strong competition from a broad range of existing global and regional competitors. As set out in the market by market assessment below, markets are generally fragmented with multiple competitive options.

21. Zodiac and Fluidra are not close competitors

21.1 Zodiac and Fluidra each focus on different ends of the pool equipment markets. While Zodiac is a premium branded pure play pool solutions company, Fluidra is a more generalist supplier. Equally, Fluidra has substantial expertise in large-scale commercial pools and engineering solutions, while Zodiac is focussed on domestic pool products.

21.2 Furthermore, these are markets that generally exhibit low brand awareness amongst consumers. Decisions on pool equipment are frequently made by pool builders and specialist retailers with countervailing power.

21.3 Specifically in relation to New Zealand, the Parties operate completely different business models. Zodiac has a corporate and physical presence in New Zealand and focusses on sales to Pool Specialists and Wholesalers. On the other hand, Fluidra has no physical presence in New Zealand and makes sales via its New Zealand distributor, Aqua Clear, (which are filled from its overseas facilities).

21.4 Given these differences, the Parties are not close competitors.

22. Import markets with substantial international trade

22.1 Pool products markets are characterised by substantial levels of international trade, with manufacturing spread across a wide range of locations. Very few pool products are manufactured in New Zealand (and neither of the Parties manufacture in New Zealand aside from Zodiac's pool covers range, although there is no material overlap in relation to this product).

22.2 Importantly, New Zealand represents a very small proportion of global demand for pool products. Even compared to Australia, which has a greater number of swimming pools per capita, New Zealand is a comparatively small market (the Parties estimate that the Australian market is approximately [Redacted] times the size of the New Zealand market). As a result, it is very easy for overseas manufacturers (particularly those with facilities in Asia and Australia) to increase supply to New Zealand in response to a price increase. Indeed, it is likely in most instances to be as simple as Wholesalers/Pool Specialists increasing orders to manufacturers, which can either be met out of existing stock or fulfilled through an incremental increase in production.

23. Low barriers to entry and expansion in New Zealand

23.1 There are very low barriers to existing competitors expanding sales in New Zealand or other pool products manufacturers entering the New Zealand markets. In particular:

- (a) the products are designed and manufactured using readily available technology. There are few active patents in respect of most products and a long track record of production by a range of different suppliers worldwide;
- (b) there are no tariff or trade barriers preventing imports into New Zealand;
- (c) given that the Parties produce the products overseas and import them into New Zealand, no overseas manufacturer (whether an existing or potential competitor) would face any material disadvantage from freight costs compared to the Merged Entity;
- (d) as there is generally low brand awareness amongst customers, products of one competitor can easily and readily be replaced by those of another with no need to undertake substantial brand marketing or advertising;
- (e) certification of product is straightforward. Because the products use electricity or gas, they must be certified according to the relevant New Zealand standards. However, where the products are in use overseas, particularly Australia, this is straightforward. More information on the electrical certification process in New Zealand is set out at **Annex 9**;
- (f) there are well-established, independent Wholesalers and Pool Specialists operating throughout New Zealand which can serve as a channel to market. It is in the interests of these customers to have a broad set of competitors for each relevant product to ensure that they can offer consumer choice and remain competitive in their respective markets. These customers are rarely exclusive to one manufacturer and will frequently look to expand their range by adding manufacturers' products to their catalogues or websites. Any attempt by the Merged Entity to increase prices would be met by:
 - (i) an increase in orders for competitor brands; and/or
 - (ii) the addition of new competitor brands and products to the catalogue or website; and/or
 - (iii) removal of the Parties' products from the catalogue or website.

23.2 The low barriers to entry and expansion would render impossible any price increase as a result of the Proposed Transaction.

24. **Strong countervailing power of customers**

24.1 Any attempt by the Merged Entity to increase price or reduce quality/service would adversely affect its customers, which are primarily Wholesalers and Pool Specialists. These customers would risk becoming uncompetitive against their competitors and would prompt them to seek alternatives.

24.2 The most obvious alternative is to promote a competing brand, either by recommending alternative brands to customers or simply ceasing to list the Parties' products. As set out above, obtaining additional supply from these sources is straightforward.

24.3 In addition to the above, the established customers can readily seek an overseas manufacturer to produce a private label product, which it can sell in competition with manufacturers' branded products. Obtaining third party manufacturing of these products is commonplace and indeed, Zodiac itself outsources much of its production. **[Redacted]**. Customers would not require any design or IP, they would simply need to specify the desired product and place an order with one of many manufacturers.

24.4 Accordingly, even if the Merged Entity were to attempt a price increase post-Transaction, it would face strong resistance from its customers, all of which have a range of competitive options.

25. The counterfactual

25.1 The relevant counterfactual is a status quo in which the Parties continue to compete at arms' length, without the numerous efficiency benefits of the Proposed Transaction.

Product by product competitive analysis

26. Affected markets

26.1 Market share tables for products where the Parties are both active in New Zealand are set out in **Annex 6** and summarised below:

Market share summary table

Summary			
Product*	Zodiac	Fluidra	Combined
Pumps	[Redacted]	[Redacted]	[Redacted]
Filters	[Redacted]	[Redacted]	[Redacted]
Water treatment*	[Redacted]	[Redacted]	[Redacted]
Heating	[Redacted]	[Redacted]	[Redacted]
Pool cleaners**	[Redacted]	[Redacted]	[Redacted]
Automation	[Redacted]	[Redacted]	[Redacted]
Water features	[Redacted]	[Redacted]	[Redacted]
Chemicals	[Redacted]	[Redacted]	[Redacted]

[Redacted]

26.2 A detailed product by product competitive analysis for markets where the Merged Entity has a greater than [Redacted] combined market share is set out below. In relation to the other markets the Parties submit that no detailed analysis is required due to the minimal market shares and overlaps. In particular:

- (a) in filters, even if the market was split by filter type the Parties expect their combined share of those segments would remain under [Redacted];
- (b) in heating, even if the market segments are split by energy source, there is only a material overlap in gas heaters. The combined shares of that segment would be [Redacted], but with a market share increment of only [Redacted] (with Zodiac only selling [Redacted] units last year, it is the [Redacted] supplier behind [Redacted]);
- (c) if the pool cleaner market share figure above was split between suction and electric, there would be little change. Fluidra sells [Redacted] suction cleaners in New Zealand and has a [Redacted] market share in electric (with that market led by Maytronics with its Dolphin brand); and
- (d) in manual pool cleaners each Party sells a very small number. While it has no ability to estimate the total market size Zodiac expects shares of that segment would be in single figures with very many competitors.

26.3 Analysis of each of the water treatment (including the SWC and Cleaning/Sanitising/Dosing Equipment segmentations) and pool automation markets is set out below.

27. Water Treatment

- 27.1 The New Zealand water treatment market is serviced entirely through imports. The Merged Entity's share of sales in New Zealand ([Redacted]) in a fragmented market is not indicative of market power. Any attempt to increase prices would quickly lead to customers switching to alternative suppliers.

Water Treatment (2016)		
Manufacturer	Estimated volume (units sold)	Estimated % of market share by volume
Zodiac	[Redacted]	[Redacted]
Fluidra	[Redacted]	[Redacted]
Combined	[Redacted]	[Redacted]
Hayward	[Redacted]	[Redacted]
AIS (supply Filtermaster)	[Redacted]	[Redacted]
Evolution Water & Lighting	[Redacted]	[Redacted]
Waterco	[Redacted]	[Redacted]
Allchlor Chlorinators (supply BioGuard)	[Redacted]	[Redacted]
Poolrite	[Redacted]	[Redacted]
Davey	[Redacted]	[Redacted]
Pool Controls	[Redacted]	[Redacted]
Other	[Redacted]	[Redacted]
Total	[Redacted]	100%

- 27.2 Set out below is a detailed competition assessment for the two sub-segments of this market; salt water chlorinators and sanitising and dosing equipment.

Sub-segment: residential salt water chlorinators

- 27.3 In New Zealand the Parties have a combined market share for salt water chlorinators of [Redacted]. They are the [Redacted] and [Redacted] largest suppliers of SWCs, with a number of strong international competitors as set out in the market share estimate table below. Hayward, the [Redacted] largest supplier in New Zealand, is the largest supplier of SWCs globally.

Salt Water Chlorinators (2016)		
Manufacturer	Estimated volume (units sold)	Estimated % of market share by volume
Zodiac	[Redacted]	[Redacted]
Fluidra	[Redacted]	[Redacted]
Combined	[Redacted]	[Redacted]
Hayward	[Redacted]	[Redacted]
AIS (supply Filtermaster)	[Redacted]	[Redacted]

Pool Controls	[Redacted]	[Redacted]
Evolution Water & Lighting	[Redacted]	[Redacted]
Waterco	[Redacted]	[Redacted]
Allchlor Chlorinators (supply BioGuard)	[Redacted]	[Redacted]
Poolrite	[Redacted]	[Redacted]
Davey	[Redacted]	[Redacted]
Other	[Redacted]	[Redacted]
Total	[Redacted]	100%

Strong levels of existing competition

- 27.4 All SWCs are largely substitutable. There is no material difference between the functionality of different competitor's SWCs, for example, [Redacted]. This is evidenced by a number of Wholesalers and Pool Specialists not stocking either Zodiac or Fluidra SWCs, instead only supplying competitor's SWCs (e.g. Argon Distributors, Dolphin Pacific). All SWCs face very low barriers to expansion in New Zealand.
- 27.5 Furthermore, the range of other water treatment methods described above act as a constraint on the price of SWCs as described in the water treatment market definition above.

Countervailing power

- 27.6 Zodiac and Fluidra do not have exclusivity arrangements with any of their direct customers in New Zealand. Accordingly, to a very large degree, customers have the ability to exercise countervailing power to constrain the Parties' ability to profitably raise prices by either switching to a different supplier or including an additional supplier in their catalogue.
- 27.7 As evidenced by distributors and retailers such as EcoSprings and Ian Coombes Ltd not stocking Zodiac or Fluidra SWCs, Wholesalers and Pool Specialists do not consider the Parties' SWCs as 'must-haves' in their offerings. Accordingly, if the Parties attempted to raise prices post-Transaction, customers could approach alternative SWC providers, obtain a quote, and threaten to switch or add the supplier to their catalogue.

Low barriers to entry / expansion

- 27.8 As set out above, all SWCs are imported into New Zealand and there are minimal barriers to existing suppliers increasing their sales in New Zealand. Increased orders from New Zealand could readily be met either from existing stock or by increasing production by a minimal amount.
- 27.9 In relation to new entrants into New Zealand, a competitor seeking to expand in the New Zealand market will essentially face no barriers in doing so as:
- (a) there are no patents for any SWC technology and in the Parties views it is very easy to duplicate and manufacture (as evidenced by the many smaller local suppliers and Chinese products on the market). Many competitors such as Pentair do not manufacture their own SWCs but source them from China and Australia and put on their own branding;
 - (b) electrical certification is the only regulatory barrier for a new SWC in to New Zealand. This is not an onerous requirement and is typically required by other jurisdictions (i.e. Australia); and

- (c) given the small size of the New Zealand SWC market, and the fact that it is an import market, there are limited economies of scale. A Wholesaler can order (and be supplied with) as many or as few units as it requested. In particular, Australian manufacturers can easily supply the market with very small or large quantities.

- 27.10 The Parties consider Pentair to be a likely entrant into the SWC in New Zealand in response to a price increase. Pentair has the ability and incentive to start selling SWCs into New Zealand. It already has a significant presence in other swimming pool equipment in New Zealand, is a well-recognised brand name and can easily utilise its existing relationships with distributors/retailers to introduce its strong SWC product range into New Zealand. If Pentair does not already have the required electrical certification, obtaining it would not be an onerous process given that it supplies SWCs in Australia. Pentair's SWC range in Australia can be found [here](#).
- 27.11 In the Parties' view, Hayward can readily expand its SWC offering in New Zealand in response to any price increase. Globally, Hayward is the largest SWC supplier and has established relationships and routes to market in New Zealand. Increasing supply to New Zealand in response to a price increase would be straightforward.
- 27.12 In the Parties' experience, the smaller more specialised SWC competitors such as Davey and Poolrite are very aggressive in growing their market share. They are focused on the SWC vertical given that it likely constitutes a significant portion of their revenue and their staff on the ground (both firms have a substantial New Zealand presence across various products) can help support a quick expansion.
- 27.13 Accordingly, the Proposed Transaction will not result in a substantial lessening of competition in the SWC segment.

Sub-segment: residential sanitising and dosing equipment

- 27.14 While Zodiac has a relatively significant share of the sanitising and dosing segment, it only offers one automatic dosing system in New Zealand, the "pH Perfect". While the Parties have a combined market share of **[Redacted]** (based on the conservative estimates of market size), the competitive constraints outlined in the SWC sub-segment above are by and large reflective of the competitive constraints in the sanitising and dosing equipment.

Cleaning Sanitising / Dosing Equipment (2016)		
Manufacturer	Estimated volume (units sold)	Estimated % of market share by volume
Zodiac	[Redacted]	[Redacted]
Fluidra	[Redacted]	[Redacted]
Combined	[Redacted]	[Redacted]
Pool Controls	[Redacted]	[Redacted]
Other	[Redacted]	[Redacted]
Total	[Redacted]	100%

- 27.15 The Parties' sanitising / dosing segment market share is not reflective of its market power following the Proposed Transaction as the Parties will continue to be constrained by:

- (a) Pool Controls' "Chemigem Liquid" chlorine and acid feeder, and chemical dosing system range. The Parties consider Pool Controls' sanitising and dosing equipment range to be highly competitive, well regarded by industry participants, and capable of expansion in New Zealand. Pool Controls is currently available through Austral and Bluewater pools;

- (b) the relative price/attractiveness of self-dosing;
- (c) the ready availability of imports; in particular, the ability of Australian competitors to quickly expand into New Zealand;
- (d) there are no barriers to entry or expansion in this market with low brand awareness amongst customers meaning that competitors' products will be readily substitutable; and
- (e) for the same reasons as set out above in relation to SWCs, Wholesalers and Pool Specialists exercise strong countervailing power through their ability to add other manufacturers to their catalogues.

27.16 Accordingly, the Proposed Transaction will not result in a substantial lessening of competition in the residential sanitising and dosing equipment segment.

28. Pool Automation

28.1 While the residential pool automation systems market is extremely small in New Zealand, significant growth is expected. Pool automation is a nascent market, and the current small estimated size of pool automation sales in New Zealand is largely a reflection of the technology being relatively new and it not being considered an essential piece of pool equipment. Pool automation systems and equipment were installed in just [Redacted] of the approximately [Redacted] new pools and [Redacted] existing pools in New Zealand in 2016. The Parties have a combined market share of [Redacted], although this is likely to overstate the competitive influence of the Parties.

Pool Automation Systems & Equipment (2016)		
Manufacturer	Estimated volume (units sold)	Estimated % of market share by volume
Zodiac	[Redacted]	[Redacted]
Fluidra	[Redacted]	[Redacted]
Combined	[Redacted]	[Redacted]
Hayward	[Redacted]	[Redacted]
Other	[Redacted]	[Redacted]
Total	[Redacted]	100%

28.2 Pentair, Hayward and the Parties all have very good automation products, in addition to the equally effective general home automation products available. Zodiac and Fluidra's market shares in New Zealand are reflective of both Parties having trained installers in New Zealand. The Parties understand that Pentair and Hayward have not, to date, focused on training installers in New Zealand to the extent that the Parties (or Aqua Clear as Fluidra's distributor) have, and this is reflected in their market shares. However, there are no barriers to other suppliers doing so and, indeed, it is a matter of time before the other suppliers "catch up" in New Zealand.

28.3 Pool automation systems are often purchased as an add-on to another piece of equipment (e.g. pool pump or filter). Accordingly, as this market grows, the Parties expect that pool filter / pool pump market shares (of which the Parties have a very low combined share) are likely to represent an upper limit to pool automation system market shares, while general home automation products will also continue to represent a competitive threat as the technology is effectively identical.

28.4 Following the Proposed Transaction, the Parties' ability to raise prices will continue to be constrained by:

- (a) the use of general “home automation” systems to control pools;
- (b) the threat of Pentair and Hayward increasing their supply into New Zealand by training more installers in response to any price increase;
- (c) the continued need to provide attractive prices to end-use consumers who are installing pools so that they consider including a pool automation systems, despite it not being an essential pool product; and
- (d) the need to remain competitive in the adjacent product markets for which pool automation systems are purchased as a bundled “add on”.

28.5 Accordingly, the Proposed Transaction will not result in a substantial lessening of competition in the automation segment.

29. Vertical effects

29.1 There are no relevant vertical effects issues arising from the Proposed Transaction.

30. Co-ordinated effects

30.1 The Proposed Transaction will not enhance the ability of the Merged Entity to coordinate its activity with its competitors.

- (a) There is very limited price transparency and no volume transparency.
- (b) Wholesalers and Pool Specialists are large customers with strong countervailing power. The supply of residential swimming pool equipment is largely through these customers which undertake individual negotiations with their customers on sales price, as well as negotiate with pool equipment suppliers in relation to the supply price.
- (c) The Proposed Transaction will not result in the removal of a particularly aggressive or destabilising competitor. Fluidra and Zodiac are not disruptive or close competitors in New Zealand.
- (d) Competitors have different distribution models for supplying the relevant markets.
- (e) Low barriers to entry, in particular for potential entrants in Australia, mean that any attempt to coordinate behaviour among competitors would be swiftly and easily disrupted.

30.2 Coordination of behaviour is simply not possible in these conditions.

31. Market share calculation / methodology

31.1 There is no independent external body that assesses or reports on the residential swimming pool equipment markets in New Zealand. Accordingly, the market shares and market size estimates are based on the Parties’ actual sales data **[Redacted]** and, for competitors’ sales, Zodiac’s best estimates and local on the ground knowledge.

31.2 Zodiac’s 2016 and 2017 calendar year New Zealand sales are attached as **Annex 10**.²⁷

²⁷ **[Redacted]**

Part G: Confidentiality

32. Reasons for seeking confidentiality

- 32.1 Confidentiality is sought in respect of the information in this application that is highlighted, in bold and contained within square brackets (the **Confidential Information**). Confidentiality is sought for the Confidential Information for the purposes of section 9(2)(b) of the Official Information Act 1982 on the following grounds.
- (a) The Confidential Information is commercially sensitive and valuable information which is confidential to either, or both, the Parties.
 - (b) Disclosure of the Confidential Information would be likely to unreasonably prejudice the commercial position of the Parties.
- 32.2 The Parties request that they are notified if the Commission receives any request under the Official Information Act 1982 for the release of any part of the Confidential Information. They also request that the Commission seek and consider their views as to whether the Confidential Information remains confidential and commercially sensitive before it responds to such requests.

Part H: Declaration

I, _____, have prepared, or supervised the preparation, of this notice seeking clearance.

To the best of my knowledge, I confirm that:

- all information specified by the Commission has been supplied;
- if information has not been supplied, reasons have been included as to why the information has not been supplied;
- all information known to me that 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 the circumstances relating to the notice.

I understand that it is an offence under the Commerce Act to attempt to deceive or knowingly mislead the Commission in respect of any matter before the Commission, including in these documents.

I am a director/officer of the company and am duly authorised to submit this notice.

Name and title of person authorised to sign:

Sign: _____

Date: _____

Part I: Annexures

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Annex 1: Structure diagram of Rhone

[Redacted]

Annex 2: Zodiac's New Zealand management accounts

[Redacted]

Annex 3: Structure diagram of Fluidra

[Redacted]

Annex 4: Post completion structure diagram

[Redacted]

Annex 5: Transaction documents

Attached

Annex 6: Market Shares

Filtration Pumps (Single/Std & Variable Speed) (2016)		
Manufacturer	Estimated volume (units sold)	Estimated % of market share by volume
Zodiac	[Redacted]	[Redacted]
Fluidra	[Redacted]	[Redacted]
Combined	[Redacted]	[Redacted]
Pentair	[Redacted]	[Redacted]
Hayward	[Redacted]	[Redacted]
Filtermaster	[Redacted]	[Redacted]
Waterco	[Redacted]	[Redacted]
Speck Pumps	[Redacted]	[Redacted]
Paramount	[Redacted]	[Redacted]
Davey	[Redacted]	[Redacted]
Hychlor	[Redacted]	[Redacted]
Other	[Redacted]	[Redacted]
Total	[Redacted]	100%

Pool heating equipment 2016		
Manufacturer	Estimated volume (units sold)	Estimated % of market share by volume
Zodiac	[Redacted]	[Redacted]
Fluidra	[Redacted]	[Redacted]
Combined	[Redacted]	[Redacted]
Hot Water Heat Pumps Ltd	[Redacted]	[Redacted]
Oasis	[Redacted]	[Redacted]
Rheem	[Redacted]	[Redacted]
Hayward	[Redacted]	[Redacted]
Filtermaster	[Redacted]	[Redacted]
Pentair	[Redacted]	[Redacted]
Waterco	[Redacted]	[Redacted]
Davey	[Redacted]	[Redacted]

Other ²⁸	[Redacted]	[Redacted]
Total	[Redacted]	100%

Heat Pumps (2016)		
Manufacturer	Estimated volume (units sold)	Estimated % of market share by volume
Zodiac	[Redacted]	[Redacted]
Fluidra	[Redacted]	[Redacted]
Combined	[Redacted]	[Redacted]
Hot Water Heat Pumps Ltd	[Redacted]	[Redacted]
Oasis	[Redacted]	[Redacted]
Hayward	[Redacted]	[Redacted]
Rheem (also supplies Davey)	[Redacted]	[Redacted]
Filtermaster	[Redacted]	[Redacted]
Waterco	[Redacted]	[Redacted]
Other	[Redacted]	[Redacted]
Total	[Redacted]	100%

Gas Heaters (2016)		
Manufacturer	Estimated volume (units sold)	Estimated % of market share by volume
Zodiac	[Redacted]	[Redacted]
Fluidra	[Redacted]	[Redacted]
Combined	[Redacted]	[Redacted]
Rheem / Raypak	[Redacted]	[Redacted]
Davey	[Redacted]	[Redacted]
Pentair	[Redacted]	[Redacted]
Total	[Redacted]	100%

²⁸ All of other constitutes solar, electric and thermal heating products. The Parties do not have any overlap with respect of any of these products.

Pool cleaners (2016)		
Manufacturer	Estimated volume (units sold)	Estimated % of market share by volume
Zodiac	[Redacted]	[Redacted]
Fluidra	[Redacted]	[Redacted]
Combined	[Redacted]	[Redacted]
Maytronics	[Redacted]	[Redacted]
Hayward	[Redacted]	[Redacted]
Avenger	[Redacted]	[Redacted]
Pentair	[Redacted]	[Redacted]
Hychlor (sold via Bunnings)	[Redacted]	[Redacted]
Waterco	[Redacted]	[Redacted]
ICH Roboter	[Redacted]	[Redacted]
Davey	[Redacted]	[Redacted]
Other	[Redacted]	[Redacted]
Total	[Redacted]	100%

Electric cleaners (2016)		
Manufacturer	Estimated volume (units sold)	Estimated % of market share by volume
Zodiac	[Redacted]	[Redacted]
Fluidra	[Redacted]	[Redacted]
Combined	[Redacted]	[Redacted]
Hayward	[Redacted]	[Redacted]
Dolphin / Maytronics	[Redacted]	[Redacted]
Waterco	[Redacted]	[Redacted]
ICH Roboter	[Redacted]	[Redacted]
Other	[Redacted]	[Redacted]
Total	[Redacted]	100%

Suction cleaners (2016)		
Manufacturer	Estimated volume (units sold)	Estimated % of market share by volume
Zodiac	[Redacted]	[Redacted]
Fluidra	[Redacted]	[Redacted]

Combined	[Redacted]	[Redacted]
Hayward	[Redacted]	[Redacted]
Avenger	[Redacted]	[Redacted]
Pentair	[Redacted]	[Redacted]
Hychlor (sold via Bunnings)	[Redacted]	[Redacted]
Davey	[Redacted]	[Redacted]
Other	[Redacted]	[Redacted]
Total	[Redacted]	100%

Water Treatment (2016)		
Manufacturer	Estimated volume (units sold)	Estimated % of market share by volume
Zodiac	[Redacted]	[Redacted]
Fluidra	[Redacted]	[Redacted]
Combined	[Redacted]	[Redacted]
Hayward	[Redacted]	[Redacted]
AIS (supply Filtermaster)	[Redacted]	[Redacted]
Evolution Water & Lighting	[Redacted]	[Redacted]
Waterco	[Redacted]	[Redacted]
Allchlor Chlorinators (supply BioGuard)	[Redacted]	[Redacted]
Poolrite	[Redacted]	[Redacted]
Davey	[Redacted]	[Redacted]
Pool Controls	[Redacted]	[Redacted]
Other	[Redacted]	[Redacted]
Total	[Redacted]	100%

Salt Water Chlorinators (2016)		
Manufacturer	Estimated volume (units sold)	Estimated % of market share by volume
Zodiac	[Redacted]	[Redacted]
Fluidra	[Redacted]	[Redacted]
Combined	[Redacted]	[Redacted]
Hayward	[Redacted]	[Redacted]
AIS (supply Filtermaster)	[Redacted]	[Redacted]

Pool Controls	[Redacted]	[Redacted]
Evolution Water & Lighting	[Redacted]	[Redacted]
Waterco	[Redacted]	[Redacted]
Allchlor Chlorinators (supply BioGuard)	[Redacted]	[Redacted]
Poolrite	[Redacted]	[Redacted]
Davey	[Redacted]	[Redacted]
Other	[Redacted]	[Redacted]
Total	[Redacted]	100%

Cleaning Sanitising / Dosing Equipment (2016)		
Manufacturer	Estimated volume (units sold)	Estimated % of market share by volume
Zodiac	[Redacted]	[Redacted]
Fluidra	[Redacted]	[Redacted]
Combined	[Redacted]	[Redacted]
Pool Controls	[Redacted]	[Redacted]
Other	[Redacted]	[Redacted]
Total	[Redacted]	100%

Chemicals (i.e. Chlorine)(2016)		
Manufacturer	Estimated value (AUD)	Estimated % of market share by value
Zodiac	[Redacted]	[Redacted]
Fluidra	[Redacted]	[Redacted]
Combined	[Redacted]	[Redacted]
Other	[Redacted]	[Redacted]
Total	[Redacted]	100%

Pool Automation Systems & Equipment (2016)		
Manufacturer	Estimated volume (units sold)	Estimated % of market share by volume
Zodiac	[Redacted]	[Redacted]
Fluidra	[Redacted]	[Redacted]
Combined	[Redacted]	[Redacted]

Hayward	20	10%
Other	[Redacted]	[Redacted]
Total	[Redacted]	100%

Water Features (2016)		
Manufacturer	Estimated volume (units sold)	Estimated % of market share by volume
Zodiac	[Redacted]	[Redacted]
Fluidra	[Redacted]	[Redacted]
Combined	[Redacted]	[Redacted]
AquaClear	[Redacted]	[Redacted]
Clearpond	[Redacted]	[Redacted]
Pentair	[Redacted]	[Redacted]
Ian Coombes	[Redacted]	[Redacted]
Other	[Redacted]	[Redacted]
Total	[Redacted]	100%

Pool Filters (2016)		
Manufacturer	Estimated volume (units sold)	Estimated % of market share by volume
Zodiac	[Redacted]	[Redacted]
Fluidra	[Redacted]	[Redacted]
Combined	[Redacted]	[Redacted]
Pentair	[Redacted]	[Redacted]
Hayward	[Redacted]	[Redacted]
Filtermaster	[Redacted]	[Redacted]
Emaux	[Redacted]	[Redacted]
Paramount	[Redacted]	[Redacted]
Waterco	[Redacted]	[Redacted]
Other	[Redacted]	[Redacted]
Total	[Redacted]	100%

Annex 7: Competitor Contact Details

The following contact details have been sourced from publically available information.

Party	Contact details
Pentair	Contact: Australia Main Office, Milperra, Australia Phone: +61 1800 805 372
Hayward	Contact: Hayward Pool Products (Australia), Melbourne, Australia Phone: +61 1300 766 571
Maytronics	Contact: Adrian Hill (Managing Director), Auckland, New Zealand Email Address: sales@dolphinpacific.co.nz Phone: (09) 636 5684
Waterco	Contact: Waterco NZ, Auckland, New Zealand Email Address: info@waterco.com Phone: (09) 525 7570
Bioguard	Email Address: biolabAU@biolabinc.com Phone: 0800 441 662
Davey	Contact: Davey - New Zealand Phone: (09) 570 9135
Ian Coombes	Contact: Head Office, Christchurch, New Zealand Email Address: info@iancoombes.co.nz Phone: (03) 348 2072
Poolrite	Contact: Evolve Group, Browns Plains, Australia Phone: +61 7 3283 1196
EAquip	Contact: Kevin Palmer (Managing Director), Molendinar, Australia Email Address: info@eaquip.com.au Phone: +61 7 617 5594 9728
Emaux	Contact: Hong Kong Head Office, North Point, Hong Kong Email Address: emaux@emaux.com.hk Phone: +852 2832 9880
Fairland	Contact: Guangzhou, China Email Address: Sales@fairland.com.cn Phone: +86 20 8732 1933
Pool Controls	Contact: Balcatta, Australia Email Address: sales@poolcontrols.com.au Phone: +61 1300 550 010
Brauer Industries (Ozone Swim)	Contact: Nerang, Australia Email Address: info@brauerindustries.com Phone: +61 7 5596 2922
Filtermaster	Contact: Auckland, New Zealand Phone: (09) 415 1499
Speck Pumps (just pumps)	Contact: Speck Pumps (USA), Florida Email Address: info.usa@speck-pumps.com Phone: +1 904 739 2626
Hot Water Heat Pumps Ltd (Heat Pumps)	Contact: Auckland, New Zealand Email Address: info@waterheating.co.nz Phone: (09) 838 9444

Annex 8: Key Customers and Suppliers

Customer	Revenue	Contact details
Zodiac's top 20 customers for 2017		
[Redacted]		
Fluidra's top 5 customers (as set out at paragraph 3.7, Fluidra only has one customer in New Zealand)		
[Redacted]		

Annex 9: Regulatory regime

Swimming pool equipment suppliers face no material regulatory barriers when importing into New Zealand

The Electricity (Safety) Regulations 2010 (**ERSA**) governs all electrical appliances imported and sold into New Zealand, requiring all electrical appliances to be certified for the protection of the health and safety of the New Zealand consumers.

All electrical swimming pool and spa products imported into New Zealand must comply with the safety requirements illustrated in Schedule 4, regulation 1(2) of the ERSA. To eliminate unnecessary red-tape, New Zealand is a party to multiple mutual recognition agreements (MRA) with foreign jurisdictions. These agreements are designed to minimise/eliminate the need for importers to get certification in New Zealand of products that are already compliant with an electricity safety certification regime in a recognised jurisdiction. A list of MRAs relevant to the importation of electrical swimming pool and spa products into New Zealand can be found at <https://worksafe.govt.nz/topic-and-industry/electricity/appliances-and-fittings/core-requirements/international-electrical-mras/>.

Accordingly, in light of the large number of MRAs, an international supplier of swimming pool equipment products faces no regulatory barriers to expansion or introduction of a new product where that product is already certified in a recognised jurisdiction (i.e. Australia or the EU).²⁹

²⁹ Additional rules may apply to importing hazardous pool chemicals, although the Parties consider that this is not material to this application.

Annex 10: Zodiac's 2016 and 2017 New Zealand sales

[Redacted]