Fletcher Distribution Limited

Notice seeking clearance to acquire the shares (or assets) of Tumu Gisborne Limited, Tumu Napier Limited, Tumu Hastings Limited, Tumu Havelock North Limited, Tumu Dannevirke Limited, Tumu Masterton Limited, and Tumu Frame and Truss Limited

To: registrar@comcom.govt.nz

ANB Competition Lawyers

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Executive summary

FDL seeks clearance to acquire Tumu stores and Tumu frame & truss plant

Fletcher Distribution Limited (**FDL**) is part of the Fletcher Building Group. FDL owns and operates the national network of PlaceMakers stores that sell building products and related goods and services.

FDL seeks clearance to acquire up to 100% of the shares (or assets) of Tumu Gisborne Limited, Tumu Napier Limited, Tumu Hastings Limited, Tumu Havelock North Limited, Tumu Dannevirke Limited, Tumu Masterton Limited, and Tumu Frame and Truss Limited (the **Tumu companies**). The effect of the acquisition is that FDL would acquire:

- the six Tumu building products stores located in Gisborne, Napier, Hastings, Havelock North, Dannevirke, and Masterton (the **Tumu stores**), which sell a complete range of building products to retail and trade customers; and
- Tumu's frame & truss plant in Hastings.

Tumu's stores are currently branded as "ITM" stores. Post-acquisition, the Tumu stores will leave the ITM co-operative and will be Tumu branded for a period.

Acquisition will fill a gap in PlaceMakers' national network

FDL wishes to acquire the Tumu stores to address a gap in PlaceMakers' network while adding additional capacity to PlaceMakers' North Island frame & truss manufacturing operations.

PlaceMakers currently has a limited presence on the East Coast of the North Island. There are no PlaceMakers stores in Gisborne or Dannevirke, and PlaceMakers has a modest presence in the Hawke's Bay and Wairarapa regions more generally. Nor does FDL have a frame & truss plant on the East Coast of the North Island.

FDL's acquisition of the Tumu stores and the Tumu frame & truss plant will enable FDL to address this network gap.

Acquisition will not substantially lessen competition

It follows from FDL's modest presence in the areas where the Tumu stores are located, that the acquisition will result in limited overlap and will not substantially lessen competition in any market.

As highlighted above, FDL does not have a local store in either Gisborne or Dannevirke. And while the acquisition is designed to add to PlaceMakers' existing presence in the Hawke's Bay and Wairarapa both in building products supply and frame & truss, strong competition will remain in those areas.

In building products supply, competition will remain from other existing merchants, from re-entry by ITM, and from the large number of category specialists, online retailers, and direct suppliers.

In the case of frame & truss, the acquisition will add only **[FDL Confidential]**% to FDL's North Island market share, a market that is served by at least six other significant manufacturers. Even looking just at the Hawke's Bay, the aggregation resulting from the acquisition is under **[FDL Confidential]**% with several existing and potential competitors able to serve that area.

Indeed, rather than lessening competition, FDL believes the acquisition will enhance competition by combining FDL's national presence and expertise with Tumu's local knowledge and expertise, providing a strong basis for the Tumu PlaceMakers stores to compete strongly and grow their sales.

Strong existing merchant competition in all locations

FDL's belief that competition will be enhanced is based on FDL's prior experience. FDL has learnt from prior acquisitions that to achieve the benefits it seeks from the acquisition it will need to continue to compete very strongly with the merchants and other competitors that exist in these areas.

Customers trade between suppliers constantly. Trade customers, for example, generally have trade accounts with each of the large merchants and seek multiple quotes before placing orders. Meanwhile, merchant sales reps are active in trying to win business and will seize on a change of ownership as an opportunity to expand their own presence and customer base.

Here, in all locations, PlaceMakers will continue to be constrained by all or a combination of Carters, Mitre 10, Bunnings, and independent merchants.

- In Gisborne, Carters, Mitre 10, and Bunnings all have stores, while PlaceMakers does not.
- In Hawke's Bay:
    - Carters has stores in Hastings, Napier, and Waipukurau;
    - Mitre 10 has stores in Hastings, Napier, and Waipukurau; and
    - Bunnings has a store in Hastings [FDL Confidential].
- In Dannevirke, Mitre 10 has a store while PlaceMakers does not, and all merchants are present in the wider Manawatu market, most notably in Palmerston North.
- In Wairarapa:
    - Carters has stores in Masterton and Carterton;
    - Mitre 10 has a store in Masterton;
    - East Taratahi Building Supplies, an independent merchant that is a member of the Buildlink buying group, has a store in Carterton; and
    - Bunnings supplies (or could) supply Wairarapa from its Wellington stores (as PlaceMakers did until 2019) and can be expected to establish a site in Masterton in the medium term especially if it perceived that competitive tension had diminished post-acquisition.

These existing competitors compete strongly today and will continue to exert a strong competitive constraint on PlaceMakers. By themselves, FDL believes they are sufficient to ensure that the acquisition will not substantially lessen competition.

The ITM co-operative will continue to compete strongly

However, the constraint FDL will face is not limited to these existing local participants. ITM will continue to be a strong competitive force in all locations.

The acquisition will leave the ITM co-operative without a local presence in the areas where the Tumu stores are located. ITM will respond in two ways.

In the short term, removing the Tumu stores from the ITM co-operative will free other ITM stores in neighbouring areas to compete in the Tumu locations. [Confidential].

For example, ITM Wairoa can be expected to begin supplying into Napier and Hastings and up into Gisborne. Similarly, ITM Greytown (which is part of a broader collection of ITM stores in Wellington) can be expected to expand its supply into Masterton. As building supplies are regularly transported up to 2 hours (approximately 150kms), this regional expansion can and will happen immediately.

In the medium term, to support its national brand and service national customers, ITM will re-establish a local ITM presence in the Tumu locations and there are no material barriers to ITM doing so.

Continued strong competition from category specialists, online retailers, and direct suppliers

Finally, PlaceMakers will also continue to face strong competition from the large number of category specialists, online retailers, and direct suppliers. Competition from this group is already strong and it continues to intensify as the market digitises and more orders are made online.

Indeed, PlaceMakers believes that today, at a national level, over half of sales of hardware, building and landscaping products are made by category specialists, online retailers, and direct suppliers, with the balance made through merchants.

There is no reason to believe that the East Coast of the North Island is different in that respect, and this continued competition provides a further reason why the Commission can be satisfied that the acquisition will not substantially lessen competition.

FDL requests the Commission grants clearance

For all these reasons, FDL submits that the Commission can be satisfied that the acquisition will not be likely to substantially lessen competition in any market.

FDL, therefore, requests that the Commission grant clearance for the acquisition.

Confidentiality

1. This application contains information that is confidential to one or more of FDL or the Tumu Group. The confidential information is commercially sensitive, and disclosure of it would be likely to unreasonably prejudice the commercial position of the party providing that information.

2. Confidential information in this application is contained in bolded square brackets with highlighting to reflect who the information is confidential to and is listed in the Schedule of Confidential Information.

   2.1 Information that is confidential to the parties as against third parties is highlighted in yellow (i.e., **[Confidential]**).

   2.2 Information that is confidential to FDL as against all parties is highlighted in blue (i.e., **[FDL Confidential]**).

   2.3 Information that is confidential to the Tumu Group as against all parties is highlighted in green (i.e., **[Tumu Confidential]**).

The acquisition and the parties

The acquisition and the clearance sought

3. Fletcher Distribution Limited (**FDL**) or an interconnected body corporate of FDL, is seeking clearance to acquire up to 100% of the shares in, or assets of, Tumu Gisborne Limited, Tumu Napier Limited, Tumu Hastings Limited, Tumu Havelock North Limited, Tumu Dannevirke Limited, Tumu Masterton Limited, and Tumu Frame and Truss Limited (together, the **Tumu companies**) from Tumu Merchants Limited.[1] [2]

4. The parties signed the Sale and Purchase Agreement on 16 March 2022. The Agreement is conditional on several matters, including Commission clearance. A copy of the sale and purchase agreement is included as Attachment 13 and is confidential.

5. The effect of the acquisition will be to bring the six Tumu stores located in Gisborne, Napier, Hastings, Havelock North, Dannevirke and Masterton – currently branded as Tumu ITM – and Tumu's frame & truss business under FDL's ownership.

6. The parties have also agreed that FDL will have a royalty free licence to use the "Tumu" brand for **[Confidential]** from completion. FDL expects to rebrand the Tumu stores as PlaceMakers stores before the end of that period.

Fletcher Distribution Limited – the applicant for clearance

7. FDL is a wholly owned subsidiary of Fletcher Building Limited (**Fletcher Building**). Fletcher Building is a diversified building products company involved in the manufacture and distribution of building products, residential development, and commercial construction. Further information about Fletcher Building can be found here. Fletcher Building's 2021 annual report can be found here.

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1 The acquisition only relates to New Zealand. No other competition agencies have been notified.

2 **[Confidential]**.

8. Within Fletcher Building, FDL owns and operates the national network of 62 PlaceMakers stores that sell building products and related goods and services, and 8 frame & truss manufacturing plants located throughout New Zealand.[3]

9. Most relevant to this application, PlaceMakers has four stores in locations that overlap or could be said to overlap with the Tumu stores, namely:

   9.1 PlaceMakers Napier;

   9.2 PlaceMakers Hastings (being a smaller, 'depot' store without a complete offering);

   9.3 PlaceMakers Wairarapa; and

   9.4 PlaceMakers Palmerston North (the closest store to Tumu's Dannevirke store).

10. PlaceMakers also supplies frame & truss into the Hawke's Bay from its Taupo frame & truss plant.

11. FDL's contact details are:

    810 Great South Road
    Penrose 1061
    Private Bag 92114
    Auckland 1142

    Attention: Bruce McEwen
    Chief Executive – Distribution
    [Confidential]

12. FDL requests that the Commission sends all correspondence regarding this application to David Blacktop at A&B Competition Lawyers (david@abcompetitionlawyers.nz, 021 366 284).

Tumu Merchants Limited – the vendors

13. The vendor is Tumu Merchants Limited (**Tumu Merchants**). At the time of completion, Tumu Merchants will own 100% of the shares in the Tumu companies. A structure chart of the Tumu companies is set out in Attachment 8.

14. Tumu Merchants forms part of the Tumu Group. The Tumu Group is a privately owned group of companies with investments in wood remanufacturing and processing, sawmilling, importing, and wholesaling of building materials, property investment and financing, and land and property development (including retirement villages) in addition to its investments in the Tumu stores. The acquisition does not affect any part of the Tumu Group's business except the Tumu stores and the Tumu frame & truss plant.

15. As can be seen from the structure chart in Attachment 8, each of the Tumu stores operates as its own legal entity. At present, the Tumu companies are ultimately majority owned by the O'Sullivan family via Tumu Merchants, with store managers having a minority shareholding ([Confidential]) in their respective stores.

16. [Confidential].

17. As described above, the Tumu stores are branded ITM, and Tumu Merchants is a member of the ITM co-operative. ITM is a co-operative of 96 stores that are each (at least majority) owned and operated, by ITM's members. Each store trades under the ITM ('Independent Timber Merchants') brand. Each member of the ITM co-operative holds an equal interest in

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[3] A list of PlaceMakers' stores and frame & truss manufacturing plants is provided in Attachment 1.

Independent Timber Merchants Co-operative Limited (the **ITM Co-operative**), with Tumu ITM holding an aggregate interest of 6.49%.

18. Each member of the ITM co-operative is subject to the [Confidential], which control:

    18.1 [Confidential]; and

    18.2 [Confidential].

19. Tumu ITM's interest in the ITM Co-operative is not part of the acquisition and Tumu Merchants will relinquish its shareholding in the ITM Co-operative following the acquisition.

20. Tumu Merchants Limited's contact details are:

Tumu Merchants Limited,
1215 Maraekakaho Road
Hastings

Paul Reeve (CFO / Director)
[Confidential]

www.tumu.co.nz

21. Tumu requests that the Commission sends all correspondence regarding this application to Andrew Wares at Sainsbury Logan & Williams (arw@slw.co.nz, DDI +64 6 833 7840 Cell +64 27 276 0911).

Rationale for the acquisition and the counterfactual

FDL's rationale for the acquisition

22. The acquisition presents an opportunity for PlaceMakers to fill gaps in its geographic coverage in areas of the North Island where it has a comparatively small presence, while also achieving synergies from the integration of complementary businesses.

23. In particular, this is an opportunity for PlaceMakers to gain a presence in the East Cape region, centred in Gisborne, where it currently has no retail outlet. FDL will also gain presence in Dannevirke (on the Eastern side of the Manawatu-Whanganui region) and improve its presence in Hawke's Bay and Wairarapa.

24. The acquisition will also give PlaceMakers a more direct frame & truss presence in the East Coast region, reducing its cost to supply into that region, and releasing capacity in its Taupo frame & truss plant, therefore improving its frame & truss offering in both places.

The vendor's rationale

25. [Confidential].

    [Confidential].[4]

The counterfactual

26. FDL considers that the status quo would prevail if this acquisition does not proceed, i.e., Tumu stores would continue to operate under the ITM brand, whether under Tumu Group

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[4] See Attachment 14, [Confidential].

ownership or not, and PlaceMakers' would continue to operate on the East Coast of the North Island as it does today.

Description of the affected markets

27. As described above, FDL and Tumu each supply building products and frame & truss.

27.1 In respect of the supply of building products, FDL and Tumu each have stores in Napier, Hastings (PlaceMakers has a depot in Hastings), and Masterton, while Tumu also has stores in Gisborne, Havelock North, and Dannevirke.

27.2 In respect of frame & truss, Tumu operates its frame & truss plant in Hastings and while FDL does not have a frame & truss plant on the East Coast, it does supply some frame & truss into the East Coast (Hawke's Bay in particular) from its Taupo frame & truss plant.

28. As far as the parties are aware, the Commission has not previously assessed a clearance application involving aggregation in the retail supply of building products, or the manufacture and supply of frame & truss.[5]

29. For the reasons explained below, for purposes of this application FDL has used the following markets:

29.1 the market for the retail supply of building products and related goods and services in each of:

29.1.1 Hawke's Bay (including Napier, Hastings, and Havelock North);

29.1.2 Wairarapa (including Masterton, Greytown, and Carterton); and

29.1.3 Manawatu-Whanganui;[6] and

29.2 the market for the manufacture and supply of frame & truss in the North Island.

30. While putting forward these markets, FDL agrees with the Commission that where, as here, there are not bright lines around a market, what matters is not precisely defining the market, but rather ensuring that all relevant competitive constraints are considered.[7]

31. FDL also appreciates that the Commission might not need to reach firm conclusions about the scope of the relevant markets in this case given FDL considers that the Commission can be satisfied that the acquisition would not substantially lessen competition even in the narrowest plausible market.

5 The ACCC and the United Kingdom's OFT have considered mergers between building supplies firms in those jurisdictions. See *Woolworths Limited and Lowe's Companies Inc – proposed acquisition of G Gay & Co stores* [2013]; *Metcash – proposed acquisition of Home Timber & Hardware Group* [2016]; *Home Retail Group plc / Focus (DIY) Ltd* [2008].

6 There is no physical overlap between PlaceMakers and Tumu in Gisborne (PlaceMakers does have a container at the side of a Mico plumbing supplied store for supplying Kainga Ora with time critical materials). PlaceMakers supplies only a small amount of product into the region (**[FDL Confidential]** see Attachment 2). Given the minimal aggregation, and the presence in Gisborne of Carters, Mitre 10, and Bunnings, FDL does not address the Gisborne market further in this application. FDL can provide further information if that would be useful to the Commission.

7 Merger Guidelines at [3.11]-[3.12].

The retail building products markets

32. FDL anticipates that three issues the Commission will want to consider – whether in terms of market definition or competitive constraint – are:

    32.1 whether sales by merchants should be in a separate market from sales by category specialists and direct suppliers;

    32.2 whether trade and DIY/retail customers fall into separate markets; and

    32.3 the scope of the geographic markets.

33. FDL addresses each of these issues below. From FDL's perspective:

    33.1 sales by merchants should be considered in the same market as sales by category specialists, online retailers, and direct suppliers;

    33.2 trade and DIY/retail customers should be considered as part of the same market; and

    33.3 the geographic scope of the building products market should at least be regional.

34. However, as described above, FDL submits that the answers to these questions should not be determinative of whether clearance is granted. That is, even if the Commission reached a different view on any or all of these questions, the Commission can still be satisfied that the acquisition would not substantially lessen competition given category specialists, online retailers, direct suppliers, and merchants supplying remotely into an area, would all continue to exert significant competitive constraint regardless of whether they are regarded as "in the market" or not.

Market should include merchants, category specialists, online retailers, and direct suppliers

35. The retail building products market encompasses the range of building products used by trade and retail customers, including for:

    35.1 building & renovating;

    35.2 timber;

    35.3 kitchens, bathrooms & plumbing;

    35.4 tools & hardware;

    35.5 heating & insulation;

    35.6 landscaping;

    35.7 paint & decorating; and

    35.8 sheds & buildings.

36. There are, broadly, four types of suppliers of building products at the retail level.

    36.1 Merchants – such as PlaceMakers, ITM, Carters, Bunnings, and Mitre 10 – tend to supply all categories purchased by the trade. Mitre 10, Bunnings, and PlaceMakers tend to also stock products that are more directly targeted at retail customers than Carters and ITM do (e.g., in the heating & cooling, garden, outdoor furniture & BBQs, kitchen, laundry and bathroom ware, wardrobes, and electrical, lighting and storage categories), while Mitre 10 and Bunnings also sell other adjacent products that PlaceMakers and the Tumu stores do not (e.g., products in the garden, camping, automotive and pet care categories).

36.2 Category specialists tend to supply a range of products within a single category or a specialised range of categories.

36.3 Online building products retailers, such as Trade Products[8], Trade Depot[9], and Trade Tested.[10]

36.4 Direct suppliers comprise those manufacturers and importers that supply their products direct to customers, by-passing merchants and category specialists (they might also supply through merchants and category specialists).

37. From FDL's perspective, all these types of suppliers are in the market and provide competitive constraint on each other.

38. Indeed, for every product category offered by a merchant, category specialists offer similar products, or a greater range of products (see Table 6 for examples below). FDL's experience is that where a customer seeks a quote from a merchant for "job-lots", the customer is also likely to seek quotes for relevant products from category-specialist retailers and can pick and choose between retailers across different categories.

39. Category-specialists are the predominant suppliers in many categories. For example, in fasteners, category specialists such as Blacks Fasteners have grown substantially over recent years and frequently supply to jobs of all sizes, offering delivery within 24 hours. In addition to fasteners, category specialists have a particularly high share of the supply in windows and doors, kitchens, cabinetry, concrete, roofing, bathroom ware, electrical, floor slabs, garage doors, fastenings, tools, sheds, and paint, albeit that category-specialist supply is frequent across all categories.

40. Online retailers also supply a range of building products similar to (albeit more limited than) merchants and deliver nationally. Given the extent of sales that are delivered to customers (see [52] below) online retailers are a viable substitute for customers.

41. Finally, for customers with specialised needs or projects, direct suppliers compete by 'cutting out the middle-man' and sending products directly to a customer. Direct suppliers usually supply their products both directly to the customer and via merchants and so tend to switch the mix of sales channel in response to changes in price. Key areas where this is relevant include timber, fabricators of kitchen and bathroom cabinetry, concrete, roofing materials manufacturers, and importers/manufacturers of paint, tools, and safety equipment amongst others.

42. According to the Statistics New Zealand's Retail Trade Survey, the size of the hardware, building, and garden supplies market for the financial year to June 2021 was $10.67 billion.[11] FDL estimates that the five major merchants (Mitre 10, Bunnings, PlaceMakers, Carters and ITM) had combined revenues of $[FDL Confidential] for the financial year to June 2021.[12] Accordingly, ~$[FDL Confidential] (i.e., over half) of sales of hardware, building supplies, and

8 https://www.tradeproducts.co.nz/

9 https://www.tradedepot.co.nz/

10 https://www.tradetested.co.nz/

11 https://www.stats.govt.nz/information-releases/retail-trade-survey-june-2021-quarter, accessed 21 October 2021. While the publicly available RTS figure includes garden supplies, PlaceMakers pays Statistics New Zealand for a separate market size figure that excludes garden supplies, which was $[FDL Confidential] in FY21 (June year-end). As Bunnings, Mitre 10 and PlaceMakers all supply a range of garden supplies (to a differing degree), and Tumu ITM supplies landscaping products, FDL has used the RTS figure that includes garden supplies. However, even if garden supplies were excluded from the total but not removed from merchant revenues, non-merchant sales would still account for close to [FDL Confidential]% of sales.

12 [FDL Confidential].

garden supplies were sold by non-merchants such as category specialists, online retailers, or directly by suppliers.

43. Given the size and scope of category specialists and direct retailers coupled with the fact that customers regularly seek quotes from both merchants, category specialists, and direct suppliers, FDL considers that category specialists and direct suppliers should be considered to fall within the relevant market.

44. However, as already outlined, FDL agrees with the Commission that what matters is not how precisely the market is defined but rather ensuring that all relevant constraints are considered.[13] That is, ultimately, the question of whether category specialists and direct suppliers are in the market is less important than the Commission fully considering the strong competitive constraint provided by those category specialists, online retailers, and direct suppliers.

45. From FDL's perspective, the important point is that category specialists, online retailers, and direct suppliers provide a strong competitive constraint – individually within categories and collectively across the categories – and that constraint must be considered as part of the competition analysis.

A single market for all customers

46. Broadly speaking, customers that acquire building products tend to fall within one of two categories:

    46.1 Trade customers – professional tradespeople, builders, and other customers who are involved in the construction or renovation of buildings as part of their employment. Trade customers vary in size from single operators to large national commercial and residential construction companies. Included in this category are group home builders (GHBs) such as G.J. Gardener and Mike Greer Homes who are responsible for building large numbers of new homes each year. Many of these national customers seek national supply arrangements with suppliers and suppliers compete based on price and their ability to offer a strong national network to service these GHBs (and other national customers).

    46.2 Non-trade or retail customers (DIY customers) – consumers who typically purchase products for personal or domestic use, primarily for "do-it-yourself" (DIY) projects.

47. From FDL's perspective, there is no distinction between trade and DIY customers, and they form part of the same market.[14]

48. The same building products are generally suitable for both trade and DIY customers, while merchants, category specialists, online retailers, and direct suppliers stock building products that cater to both trade and retail customers. FDL estimates that around **[FDL Confidential]**% of the products it supplies are suitable for both trade and retail customers, with the remaining **[FDL Confidential]**% more suited for trade customers (e.g., timber or

13 See, *Brambles New Zealand Ltd v Commerce Commission* (2003) TCLR 868 (HC) at [34]-[39] and [157]-[159].

14 This is consistent with the ACCC's decision in *Woolworths* the ACCC noted that there is some distinction between trade and non-trade customers. For example, they each have different preferences (including time sensitivities), may use different payment methods (e.g. trade specific credit accounts vs. personal accounts), and may require different levels of in-store advice. Notwithstanding these differences, the ACCC considered trade and non-trade customers to be part of the same product market.

steel products).[15] Retailers can also readily adjust their ranges to be more attractive to different customer types should demand patterns change.

49. Therefore, FDL submits that both types of customers fall within the same product market for the purposes of assessing the competitive effects of the acquisition. Although some differences exist, FDL submits that most of its customer service and distribution channels are shared by both trade and retail customers.

Geographic markets are regional

50. The precise geographic scope of the markets is unlikely to be determinative of the application given the presence of competitors in even the narrowest plausible geographic markets. Nevertheless, FDL submits that the best way to analyse the markets is to consider regional geographic markets.

51. The geographic boundaries of the relevant markets are dictated by the options available to customers. A customer can either travel to a store and make a purchase or have building products delivered to them on site.

52. Most of both parties' sales are made by delivery to customers, either to order or on a "milk run" basis. On a national basis, [FDL Confidential]% of PlaceMakers' sales are delivered to the customer. A similar pattern is evident in each of the PlaceMakers' full stores on the East Coast (Napier: [FDL Confidential]%, Palmerston North [FDL Confidential]%, and Masterton [FDL Confidential]%). Deliveries from the Hastings depot [FDL Confidential]].[16] PlaceMakers estimates that delivery costs constitute [FDL Confidential]% of the average purchase price.

53. Merchants, category specialists, online retailers, and direct suppliers tend to supply products to customers across regional areas at least. This provides customers with a much broader range of options than those retailers who they are located closest to.

54. By way of example, Attachment 16 contains a map showing the locations to which PlaceMakers Wairarapa delivered building products in FY21. This map shows products from PlaceMakers Wairarapa were delivered to Carterton, Greytown, Featherston, and Martinborough and to the broader Wairarapa region, including to as far east as Riversdale, as far north as Pahiatua, and down to the South Coast.

55. For this reason, FDL submits the appropriate geographic scope is the Wairarapa region, including Carterton, Greytown, Featherston, and Martinborough.

56. Similarly, Attachment 16 shows the locations to which PlaceMakers Napier delivered building products in FY21. Delivery occurs predominantly to metropolitan Napier and Hastings, but is also frequently to regional Hawke's Bay, as far south as Waipukurau, as far north as Wairoa and Māhia.

57. Again, FDL submits the appropriate geographic scope is the Hawke's Bay region, including Napier and Hastings.[17]

58. Attachment 16 also shows the locations to which PlaceMakers Palmerston North delivered building products in FY21. PlaceMakers Palmerston North is the closest PlaceMakers store to Tumu Dannevirke. Most deliveries from PlaceMakers Palmerston North were made east

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[15] This aligns with the CMA's finding in *Home Retail Group*, that products offered by retailers fall on the same spectrum and tend to be suitable for both types of customers (with some falling closer to the 'hard' or the 'soft' end of the spectrum).

[16] See Attachment 15.

[17] Although technically in the Hawke's Bay and within 150km, FDL has excluded Wairoa from this geographic market on a conservative basis (due to its distance from Napier / Hastings).

of the Tararua and Ruahine ranges, although some were made west of the ranges into Dannevirke and into Northern Wairarapa.

59. If, for some reason a customer had to travel to a store (for example they had to purchase an item immediately urgent maintenance), FDL submits that at the very minimum customers will choose between building products suppliers within the same town or city (at least in the case of the locations at issue in this application). This view is based on FDL's understanding of the distances customers tend to travel to a physical outlet. However, to obtain particular products, or a better competitive offer, some customers would also be likely to travel reasonable distances to nearby towns to purchase building products, given their relatively high cost compared to the cost of travel.

    59.1 Relevantly, in the Hawke's Bay this would include journeys across each of Napier, Hastings, and Havelock North, but also between all three, given their proximity.

    59.2 In the Wairarapa, travel between towns is common (and, indeed, for significant projects customers may well travel to Wellington if they considered the outlets there to have a superior (or cheaper) offer).

60. In any event, it is not possible for merchants to price discriminate between those customers who are willing to travel further and those that are not. This means that those customers who might be less willing to travel will benefit from the merchants competing for those customers who tend to travel further distances.

61. For all these reasons, FDL considers the appropriate geographic scope of the markets to be:

    61.1 Hawke's Bay, (including Napier, Hastings, and Havelock North);

    61.2 Wairarapa (including Masterton, Carterton, Greytown, Featherston, and Martinborough); and

    61.3 Manawatu-Whanganui (conservatively).[18]

North Island frame & truss market

62. Frame & truss manufacturers make pre-nailed timber framing sections of walls, roofs, and floor cassettes. Manufacturers work with builders, designers, architects and drafting teams to design and manufacture frames and trusses to specifications for construction projects.[19]

63. PlaceMakers estimates that around [FDL Confidential]% of frame & truss is sold by frame & truss manufacturers via merchants, with the remaining [FDL Confidential]% sold directly to builders.

64. From FDL's perspective, the frame & truss market is North Island wide. Frame & truss are well suited for transport over long distances and due to the high value of frame & truss, delivery costs tend to form [Confidential] of the final product cost even for delivery over significant distances.

65. Moreover, while it may be more expensive to transport frame & truss from a plant that is not the closest to the customer, the cost savings from manufacturing the product at a scaled manufacturing site typically outweigh the incremental transport cost. Therefore, frame & truss suppliers will deliver over longer distances to supply from a scaled manufacturing site.

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18 As requested, for the Commission's reference, Attachment 17 contains maps showing a 150km radius (approximately a 2 hour drive time) around each of the Tumu stores.

19 The raw materials used in frame & truss manufacturing are timber and fasteners. FDL's major suppliers include [FDL Confidential].

66. The North Island wide market is illustrated by the extent to which frame & truss is transported. By way of example:

    66.1 PlaceMakers supplies the Hawke's Bay from Taupo (~170km, ~2 hours), [FDL Confidential];

    66.2 Capital Pre Cut Solutions Limited (**Capital**), which is a frame & truss manufacturer based in Masterton supplies the North Island from Masterton including into the Hawke's Bay;

    66.3 Central Frame & Truss, which has two plants in New Zealand, including one in Henderson in Auckland, supplies throughout the North Island;

    66.4 United Timber Merchants Limited, trading as Akarana Timbers (**Akarana**), has three plants, two of which are in North Island in Auckland and Ruakaka, supplies throughout the North Island; and

    66.5 VIP Frames & Trusses Limited (**VIP**), which has two plants, one of which is in Pukekohe, also supplies throughout the North Island.

67. In any event, the precise scope of the geographic market is unlikely to be determinative of the application for clearance in this case. As explained below the aggregation resulting from the acquisition is small regardless of whether the market is defined on a North Island basis or defined more narrowly on a Hawke's Bay basis.

Why the acquisition will not substantially lessen competition in any retail building products market

68. FDL submits that the Commission can be satisfied that the acquisition will not substantially lessen competition in any building products market (however defined). FDL's acquisition of the Tumu stores will lead to modest market share aggregation, regardless of how the boundaries of the market are drawn, and FDL would continue to be constrained by all or a combination of competition from:

    68.1 other existing merchants physically present in the locations where Tumu stores are located – FDL submits that this competition is sufficient by itself to prevent any lessening of competition (particularly as FDL and Tumu are not each other's closest competitors);

    68.2 ITM stores in other locations in the short term, and re-entry by the ITM co-operative into the locations where Tumu stores are located in the medium term via construction of a new physical store;

    68.3 new entry into locations where Tumu stores are located and where one of the major merchants is not currently located, most notably, Bunnings in Masterton;

    68.4 the large number of category specialists and direct suppliers that already account for over half of building products sales.

69. Each of these is explained in turn below.

Aggregation will result in modest market share aggregation

70. As the Commission recognises in its Merger Guidelines, market share measures can provide some indication of the extent to which firms in a market are subject to competitive constraints, and the extent to which those constraints might change following a merger but

are not determinative of whether a merger will be likely to substantially lessen competition.[20]

71. There are no industry standard or independently verifiable market shares available for building products. Moreover, the market shares will themselves be a function of which suppliers of which products from which locations are included within the market share calculations, and the accuracy of the source data.

72. FDL's best estimate of market shares in the market for the retail supply of building products Hawke's Bay, Palmerston North/ Dannevirke[21] are set out below based on FDL and Tumu data, creditworks data, and anecdotal evidence.

Table 1 – Market share in relevant regions

	Hawke's Bay	Palmerston North / Dannevirke	Wairarapa
PlaceMakers	[FDL Confidential]	[FDL Confidential]	[FDL Confidential]
Tumu stores	[FDL Confidential]	[FDL Confidential]	[FDL Confidential]
Combined	[FDL Confidential]	[FDL Confidential]	[FDL Confidential]
Carters	[FDL Confidential]	[FDL Confidential]	[FDL Confidential]
Mitre 10	[FDL Confidential]	[FDL Confidential]	[FDL Confidential]
Bunnings	[FDL Confidential]	[FDL Confidential]	[FDL Confidential]
Other ITM	[FDL Confidential]	[FDL Confidential]	[FDL Confidential]
Other (including category specialists and direct)	[FDL Confidential]	[FDL Confidential]	[FDL Confidential]

73. [FDL Confidential],[22] [FDL Confidential]:

Table 2 – [FDL Confidential]

	Hawke's Bay	Dannevirke	Wairarapa
PlaceMakers	[FDL Confidential]	[FDL Confidential]	[FDL Confidential]
Tumu	[FDL Confidential]	[FDL Confidential]	[FDL Confidential]
Combined	[FDL Confidential]	[FDL Confidential]	[FDL Confidential]
Carters	[FDL Confidential]	[FDL Confidential]	[FDL Confidential]
Mitre 10	[FDL Confidential]	[FDL Confidential]	[FDL Confidential]
Bunnings	[FDL Confidential]	[FDL Confidential]	[FDL Confidential]
Other	[FDL Confidential]	[FDL Confidential]	[FDL Confidential]

74. [FDL Confidential].

75. [FDL Confidential].

76. [FDL Confidential].

77. [FDL Confidential] FDL sought to assess market shares in this application for clearance in some detail, taking into account all constraints in the relevant markets.

78. Finally, to assist the Commission, FDL has set out what market shares would look like if they were calculated based only on market shares of merchant sales from physical stores in the areas where there is physical store overlap, i.e., Napier, Hastings/Havelock North, and

[20] Merger Guidelines at [3.48]-[3.49].

[21] This is a narrower market than Manawatu/Whanganui, but the market share aggregation would be smaller in this wider market given Tumu's operations are limited to Dannevirke.

[22] [FDL Confidential].

Masterton. As described above, the acquisition does not result in overlap of physical stores in Gisborne and Dannevirke.

Table 3 – Napier merchant market shares

	Outlet revenue[23] ($m)	Outlet market share
Tumu ITM Napier	[Confidential]	[FDL Confidential]
PlaceMakers Napier	[FDL Confidential]	[FDL Confidential]
Combined share	[FDL Confidential]	[FDL Confidential]
Mitre 10 Mega Napier	[FDL Confidential]	[FDL Confidential]
Carters Napier	[FDL Confidential]	[FDL Confidential]
Total market	[FDL Confidential]	

Table 4 – Hastings / Havelock North merchant market share

	Outlet revenue[24] ($m)	Outlet market share
Tumu Hastings	[Confidential]	[FDL Confidential]
Tumu Havelock North	[Confidential]	[FDL Confidential]
PlaceMakers Hastings	[FDL Confidential]	[FDL Confidential]
Combined share	[FDL Confidential]	[FDL Confidential]
Mitre 10 Mega Hastings	[FDL Confidential]	[FDL Confidential]
Carters Hastings	[FDL Confidential]	[FDL Confidential]
Bunnings Hastings	[FDL Confidential]	[FDL Confidential]
Total market	[FDL Confidential]	

Table 5 – Masterton merchant market shares

	Outlet revenue[25] ($m)	Outlet market share
Tumu Masterton	[Confidential]	[FDL Confidential]
PlaceMakers Wairarapa	[FDL Confidential]	[FDL Confidential]
Combined share	[FDL Confidential]	[FDL Confidential]
Mitre 10 Mega Masterton	[FDL Confidential]	[FDL Confidential]
Carters Masterton	[FDL Confidential]	[FDL Confidential]

79. For the reasons described above, FDL considers such an approach is too narrow and would miss important competitive constraints.

80. However, even in this most narrow of approaches to the market, FDL would continue to be constrained by other major merchants who would be able to expand sales through their existing stores were there an opportunity to do so. FDL turns to the constraint provided by other merchants now.

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23 Revenue figures are actual FY21 revenue figures for Tumu ITM and PlaceMakers outlets and estimates for competitors.

24 Revenue figures are actual FY21 revenue figures for Tumu ITM and PlaceMakers outlets and estimates for competitors.

25 Revenue figures are actual FY21 revenue figures for Tumu ITM and PlaceMakers outlets and estimates for competitors.

Rival merchants will remain in all locations where Tumu stores are located

81. In each location where PlaceMakers and Tumu stores physically overlap, and where PlaceMakers' remote sales overlap with those of Tumu stores, two or more other major merchants – Carters, Bunnings, Mitre 10, and ITM – will remain present. To summarise:

81.1 In Hawke's Bay, Carters (Napier and Hastings), Mitre 10 (Napier and Hastings), and Bunnings (Hastings **[FDL Confidential]**) will all remain in the market.

81.2 In Dannevirke, where there is no aggregation of physical stores, Mitre 10 has a store, while other merchants such as Carters, Bunnings, and ITM can serve Dannevirke remotely from Palmerston North.

81.3 In Wairarapa, Carters (Masterton and Carterton), Mitre 10 (Masterton), ITM (Greytown), and East Taratahi Building Supplies, which is a member of Buildlink[26] (Carterton), will all remain in the market. Furthermore, PlaceMakers understands that **[FDL Confidential]**.

All merchants serve trade and DIY customers

82. Carters, Bunnings, and Mitre 10 are well known to the Commission and the public. Each is a strong existing competitor and there would be nothing to stop these existing merchants from expanding their sales in response to an attempted price increase by FDL post acquisition.

82.1 Carters Building Supplies Limited (**Carters**) has 50 outlets nationwide and supplies a comprehensive range of building products. Carters has been one of New Zealand's largest full-service trade suppliers for over 150 years and competes strongly against Tumu and PlaceMakers, Mitre 10 and Bunnings.

82.2 Mitre 10 (New Zealand) Limited (**Mitre 10**), has an extensive store network throughout New Zealand and is a strong competitor across the spectrum of building products. Mitre 10 is the leading merchant in the Hawke's Bay, particularly in trade sales.

82.3 Bunnings Limited (**Bunnings**) markets itself as "Australia and New Zealand's leading retailer of home improvement and outdoor living products, and a major supplier to project builders, commercial tradespeople and the housing industry." Bunnings is well known for its DIY and trade offers, with its trade business recently becoming of increasing importance and strategic focus.

83. FDL apprehends that there might be an outdated perception (largely engendered through historic television advertising and their broad range of retail garden and outdoor living products) that Mitre 10 and Bunnings do not have a strong trade focus and offering. This is not the case. Although Mitre 10 and Bunnings tend to stock a broader range of retail consumer goods and outdoor living products than the other merchants, they both aggressively target trade customers and have a comprehensive trade offering that closely competes with the parties' trade and DIY offering.

84. Mitre 10 and Bunnings have both shifted their strategic focus to aggressively target trade customers in recent years, and have both substantially developed their targeted trade services, including trade only areas, trade outlets, and online trade services.

85. With respect to Mitre 10:

85.1 FDL estimates that trade accounts for **[Confidential]**% of Mitre 10's total revenue nationally, a proportion that is likely to be higher in Hawke's Bay given Mitre 10's

[26] Buildlink is a buying group for independent merchants.

trade focus in Hawke's Bay. Mitre 10's website describes its trade business as "steadily growing" and that "Mitre 10 Trade has doubled sales over the past five years and continues to experience year–on-year growth in the double digits. A focus right across Mitre 10 trade stores has been to build and develop the team, expand hard space in-store and improve the drive through experience for trade customers";[27]

85.2 Mitre 10 has actively sought to align with local frame & truss producers to bolster its offer, and is increasingly opening its own frame & truss plants to service its own trade volumes (for example in Silverdale and Hamilton);

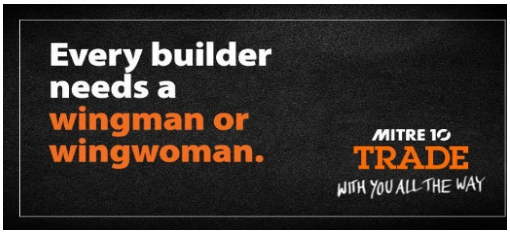
85.3 Mitre 10 offers Trade Accounts and has Trade Account Managers and Trade Support Teams;[28]

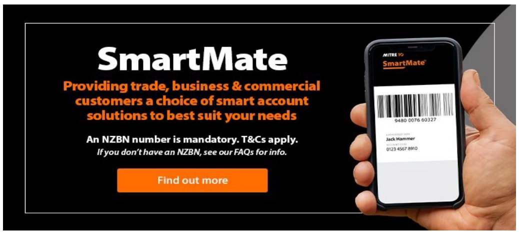
85.4 Mitre 10 offers Mitre 10 TradeHub, an online platform that offers accountancy and systems management for trade operators;

85.5 Mitre 10 has a TradeBlog, which is a repository of articles, guidelines and notifications for trade customers and the building and construction industry, and a 'Mitre 10 Trade' Facebook page;

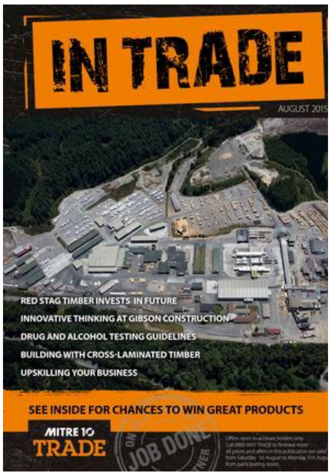
85.6 Mitre 10 advertises itself to trade customers as a 'one-stop shop' with a full range of trade compliant products"[29] and has product catalogues dedicated solely to its offering to trade customers, featuring the latest product deals and promotions available to Mitre 10 Trade Account holders (e.g., Mitre 10 Trade Offers – October 2021);

85.7 Mitre 10 actively targets advertising to trade customers:





27 Customers | Mitre 10 Trade and Suppliers | Mitre 10 Trade, accessed 20 October 2021.
28 Customers | Mitre 10 Trade, accessed 20 October 2021.
29 About Us | Mitre 10 Trade, accessed 20 October 2021.



86. Similarly, with respect to Bunnings:

86.1 Bunnings states that trade accounts for [FDL Confidential]% of Bunnings' total revenue nationally;

86.2 it has 7 specialised "trade centres" throughout New Zealand, which exclusively supply to the trade industry, and has trade teams and Trade Account Managers and Trade Specialists throughout all its New Zealand stores;

86.3 it has actively sought to align with local frame & truss producers to service its trade volumes;

86.4 Bunnings offers the ability to open a Trade Account, known as a PowerPass account, which provides pricing and offers to trade customers;

86.5 Bunnings has a Solutions Studio, being "a dedicated space for Bunnings' trade customers, architects and designers to check out the latest innovations";

86.6 Bunnings provides Trade Issue, which contains essential news for the trade industry;

86.7 Bunnings actively targets advertising to trade customers:

Strong competition between existing merchants will remain

87. By themselves, these existing merchants in the relevant markets would constrain FDL post-acquisition. None of them would face any barriers to expand their sales whether from existing sites or upgraded sites (e.g., PlaceMakers understands that [FDL Confidential]).

88. Price competition amongst merchants is strong and the existence of other merchants in the markets where there is overlap will mean that PlaceMakers would not be able to profitably increase prices above a level that would prevail in the market in the counterfactual.

89. Merchants compete primarily on price, for both trade customers (e.g., via discounted pricing and job specific quotes) and retail customers, by ensuring sharp in-store pricing. Pricing is often set nationally, albeit with some regional variations depending on each merchant's approach. Mitre 10 [FDL Confidential] and operates a price guarantee which drives competitive pricing. Bunnings similarly advertises a price guarantee. These price guarantees are relied upon by customers and will continue to be used to keep prices competitive.

90. Pricing 'quotes' adds a further competitive dynamic. PlaceMakers tends to quote prices to trade customers for most jobs (approximately [FDL Confidential]% plus) (e.g. new builds, renovations).[30] In general, customers tend to get two or three retailers (including merchants, category specialists, and direct suppliers) to price up a job before selecting their supplier. In addition, those retailers will often seek pricing support from their suppliers to win a job, using that to provide a further discount to a customer. This process places strong incentives on merchants to offer their lowest possible prices to win major jobs.

30 [FDL Confidential].

However, because purchasers are aware of the pricing that is on offer, and frequently shop around even for smaller orders, this price competition flows through to all order sizes.

91. There are numerous examples of this competition in the market:

91.1 [FDL Confidential].[31] [FDL Confidential].

91.2 [FDL Confidential].[32] [FDL Confidential].

91.3 [FDL Confidential].[33] [FDL Confidential].

91.4 [FDL Confidential].[34] [FDL Confidential].

92. Based on this price competition, FDL would not have the ability to profitably increase prices above a level that would prevail in the market in the counterfactual. Any attempt to do so would quickly result in FDL losing market share in each of the relevant markets to competing merchants as well as category specialists and direct suppliers (discussed further below).

The ITM co-operative will continue to compete strongly

93. The acquisition will result in the ITM co-operative ceasing to have a physical presence in locations where Tumu stores are presently, and Tumu relinquishing its shareholding in the ITM Co-operative. ITM is a national brand, and the acquisition will leave it without the physical presence that the Tumu stores currently provide. However, as a national brand, it will continue to need to be able to offer a credible service in these areas to continue to compete for national key accounts.[35]

94. The result is (a) the ITM co-operative will face a strategic imperative to respond to the loss of the Tumu stores, and (b) other ITM stores [Confidential] (see [18] above).

95. In the short term, ITM stores will increase supply into the areas currently served by the Tumu stores. This will happen immediately with ITMs in Wairoa, Taupo, Turangi, Palmerston North, and/or Feilding expanding their supply into the Hawke's Bay and Dannevirke, while Crighton ITM in Greytown (which is part of a group of ITMs that includes Wellington locations) will expand sales into Masterton.

96. The only possible investments that might be required would be increasing account manager presence to get greater penetration and potentially increasing employee numbers at the outlet. However, beyond this, very limited additional investment would be needed.[36]

97. The ITM co-operative has brand value and longstanding relationships with customers in the relevant markets and FDL expects these other ITM stores will capitalise on these relationships to seek to secure material market share in each.

98. FDL has first-hand experience of this happening previously. When FDL purchased the Rotoma ITM in 2018, ITM drove an ITM representative down from Tauranga, servicing the Rotorua district from its Tauranga base. [FDL Confidential].

31 [FDL Confidential]
32 [FDL Confidential]
33 [FDL Confidential]
34 [FDL Confidential]
35 See Attachment 20.
36 By way of example, PlaceMakers' business case for the redevelopment of its existing Levin branch sets out that it would require [FDL Confidential]. The business case further sets out that redevelopment, from the design stage through to construction and final delivery of the redevelopment, would take [FDL Confidential].

99. In the medium-term, FDL expects the ITM co-operative to re-enter each of the Hawke's Bay and Masterton markets by opening a physical store. There are low barriers to it doing so. This is illustrated by the frequent new openings of merchant stores, including, for example:

   99.1 Mitre 10 opening new outlets in Wanaka and Oamaru in 2020, in Cambridge in 2019 and trade stores in Taupo and Palmerston North in 2020 and 2017;

   99.2 Bunnings opening new outlets in Westgate, Christchurch, and Queenstown in 2020, and planning to open a trade store in Tauriko, Invercargill, [FDL Confidential];

   99.3 Carters opening a new outlet in Wellington in 2019; and

   99.4 ITM being in the process of building a new site in Tawa.

100. FDL estimates it takes between [FDL Confidential] to establish premises on a brownfield site, and between [FDL Confidential] to establish a greenfields site, with capital costs of [FDL Confidential][37]).

101. It is not uncommon for a merchant to enter a new area in stages, using a small depot store as a steppingstone to a full offering. For example, PlaceMakers used to supply into the Wairarapa from Lower Hutt using mobile sales representatives and delivering to customers. To increase its presence it developed a small-format "depot" style outlet in Masterton, which it currently operates. A small format store is usually designed to service [FDL Confidential] of turnover. When this is exceeded, smaller stores become operationally stretched, and PlaceMakers generally considers upgrading the store to a mid-sized site (capable of servicing [FDL Confidential] of turnover) and then to a large site (capable of servicing [FDL Confidential] of turnover).

102. Therefore, if post acquisition the merged firm sought to increase prices above competitive levels, ITM would re-establish a physical location in the locations currently served by Tumu stores. FDL expects that ITM could establish a store and achieve sufficient scale to break even within 2 years.[38]

New entry by any unrepresented merchant likely

103. To the extent that any merchant other than ITM was not present in a location, they can be expected to enter, particularly if the merged firm sought to increase prices above competitive levels.

104. [FDL Confidential] illustrates that merchants can and do regularly enter new markets. Moreover, while the most visible way Bunnings enters a market is via a big box site, Bunnings has also entered other markets with a dedicated trade offering. For example, Bunnings has recently opened a Bunnings Trade Centre in Invercargill to service trade customers in that region.

105. The only relevant region where Bunnings is not directly represented is in the Wairarapa, and FDL considers that Bunnings' entry into this market is likely regardless of this acquisition and would be almost certain were prices to rise to above competitive levels in that market post-acquisition.

Strong constraint from category specialists, online retailers, and direct suppliers will continue

106. In addition to the constraint provided by merchants, the Commission can take further comfort from the strong constraint that will continue to be provided by the large number of

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37 Attachment 19 contains details of [FDL Confidential].

38 [FDL Confidential].

category specialist retailers, online retailers, and direct suppliers that compete with the parties.

107. [FDL Confidential].

108. As already explained, based on the Statistics New Zealand's Retail Trade Survey, FDL estimates that over half of all sales of hardware, building supplies and garden supplies were sold by non-merchants including category specialists, online retailers, or directly by suppliers.

109. There is no reason to believe that this situation is different in the affected markets. Indeed, as is the case nationally, there are many category specialists and direct suppliers located in the regions affected by this acquisition. Some examples of these retailers with a physical presence in the Hawke's Bay and Wairarapa regions are set out in Table 6 below (there are also many examples in Manawatu-Whanganui). There are, however, many more category specialists and direct suppliers without a physical presence in the relevant regions that also sell products to customers across New Zealand.

Table 6 - Examples of category specialists and direct suppliers

Category	Specialist retailers / direct suppliers in Hawke's Bay (examples)	Specialist retailers / direct suppliers in Wairarapa (examples)
Specialist timber merchants	• Goldpine Hastings – 1412 Omahu Road, Hastings. • Napier Timber Processing - 12 Waitane Place, Napier. • Watts to Mill - James Street, Waipukurau. • Phoenix Timber - 1206 Maraekakaho Road, Hastings. • Napier Pine - 10 The Esplanade, Napier.	• Goldpine Masterton – 89 Ngaumutawa Road, Masterton. • ITI Timspec - 30 Kent Street, Carterton. • Kiwi Lumber - 10 Norman Avenue, Masterton. • Log Works - 284 Marshall Road, Carterton.
Fastener manufacturers, specialists, and small distributors	• Fortress Fasteners - 117 Elwood Road, Hastings. • Anzor - 73 Austin Street, Napier. • Steelmasters - 40 Austin Street, Napier.	• Lin's Auto Centre - 27 Chapel Street, Masterton.
Windows and doors manufacturers	• First Windows & Doors - 513 Queens Street West, Hastings. • Altherm Joinery – 18 Dunlop Road, Napier. • Nichol Glass & Aluminium – 10 Gloucester Street, Napier. • Nulook Windows & Doors - 16 Peel Street, Waipukurau. • Rylock Hawke's Bay – 31 Dunlop Road, Napier. • Fisher Windows Hastings – 1330 Omahu Road, Hastings.	• PBS Windows - 14 Bidwills Cutting Road, Greytown. • Hollings First Aluminium - 137 Lincoln Road, Masterton. • Nebulite Masterton – 25 Edwin Feist Place. • Fairview - 14 Bidwills Cutting Rd, Greytown. • Fisher Windows Wairarapa - 153 Ngaumutawa Rd, Masterton.
Concrete, readymix and masonry producers	• Allied Concrete - 168 Mere Road, Hastings.	• Allied Concrete – 2 Buchanan Place, Masterton.

Category	Specialist retailers / direct suppliers in Hawke's Bay (examples)	Specialist retailers / direct suppliers in Wairarapa (examples)
	• Bridgeman Concrete - 1316 Omahu Road, Hastings and 63 Austin Street, Napier. • Higgins Concrete – Mount Herbet Road, Waipukurau, and 1120 Omahu Road, Hastings.	• Higgins Concrete Masterton – 4061 State Highway 2, Carterton.
Tool and accessory providers	• Powertool Centre Group – 28 Dunlop Road, Napier. • Powertool Centre Group – 117 King Street, Hastings. • Franick - 1051 Maraekakaho Road South, Hastings. • The ToolShed Hastings – 621 Heretaunga Street West, Hastings. • Air Tools & Equipment – 109 Kelfield Place, Hastings.	• Stihl Shop Greytown – 246 Main Street, Greytown. • Stihl Shop Masterton – 4 Chapel Street, Masterton. • TFM Tools - 300 High Street, Masterton. • East Taratahi Building Supplies - 22 William Wong Place, Carterton.
Structural roofing	• Dimond Roofing - 1100 Omahu Road, Hastings. • B R Roofing - 35 Ford Road, Napier. • Steel and Tube Napier – 15 Ford Road, Napier.	• Steel & Tube • The Roofing Store – servicing the Wairarapa from 38 Waione Street, Lower Hutt. • C & F Industries - 14 Dalefield Road, Carterton.
Reinforcing	• Reinforcing Steel & Mesh - 22 Dunlop Road, Napier. • ReoFab – 1454 Omahu Road, Hastings.	• Rigg Zschokke - Akura Road, Masterton. • Coresteel Wairarapa - 150 Main Street, Greytown.
Cladding	• Aluminium Cladding Services - 31a Cadbury Rd, Napier. • Roofing Industries - 39A Turner Place, Napier. • Unicast Cladding Systems - 205 Hastings Street Hastings.	• ITI TImspec – 30 Kent Street, Carterton. • Ply Guy - 3351 State Highway 2, Clareville, Wairarapa.
Decking	• Green Man Wood – 69 Nuffield Avenue, Napier. • Kiwi Lumber - 205 Hastings Street South Hastings.	• Erecta Fence - 436 Belvedere Road, Carterton. • Goldpine Masterton – 89 Ngaumutawa Road, Masterton.
Landscaping	• Express Landscape Supplies - 11 Allen Road, Napier. • Greenways Landscape Supplies - 1206 Maraekakaho Road, Hastings.	• Composting New Zealand - 49 Waingawa Road, Carterton. • Tradescape Landscape Supplies - 152 Pownall Street, Masterton.
Insulation independents	• Abode Heating & Insulation – Tomoana Road, Hastings.	• Wairarapa Home Insulation - 89 Cornwall Street, Masterton.

Category	Specialist retailers / direct suppliers in Hawke's Bay (examples)	Specialist retailers / direct suppliers in Wairarapa (examples)
	• Snug Insulation - 18 Cook Street, Waipukurau.	• Wellington Moisture Barriers & Insulation – servicing the Wairarapa from 9 Maybury Way, Island Bay Wellington.
Paving specialists	• Creations Paving - Ikanui Road, Frimley, Hastings.	• Deco Precasters - 26 Bentley Street • Masterton.
Paint merchants	• Complete Paints - Business Park 95 Ford Road, Napier. • Hastings Resene ColorShop - 106 Southland Road, Hastings. • Napier Resene Colorshop - 116 Taradale Road, Napier. • Dulux Trade Centre Napier – 124 Taradale Road, Napier.	• Guthrie Bowron – 5 Hope Street, Masterton. • Resene ColorShop – 286 Queen Street, Masterton. • The Colour Centre 351 Queen Street, Masterton.
Plumbing and bathroom merchants	• Plumbing World – 46 Wakefield Street, Napier. • Reece Plumbing & Bathrooms – 79 Austin Street, Napier. • Mico Napier – 106 Taradale Road.	• Plumbing World - 421 Queen Street, Masterton. • Zip Plumbing Plus Masterton - 12 Church Street, Masterton. • Mico Masterton – 42 Villa Street, Masterton.
Kitchen specialists	• Kitchen Studio Hastings - Cnr Hastings & St Aubyn Streets, Hastings. • Project Kitchens - C/1 Austin St, Napier. • European Designer Kitchens - 80 Taradale Road, Napier.	• Mastercraft Kitchens Wairarapa - 143 Lincoln Road, Wairarapa. • Pete's Joinery - 205 Main Street, Greytown. • Creative Kitchens Wairarapa – Memorial Square, Carterton.
Fencing + netting	• BelAire Designer Fencing - 2 Waitane Place Onekawa Napier. • Wirelok Wire Joiners - 49 Kent Terrace, Napier. • Stratco Napier – 65 Niven Street, Napier.	• Goldpine Masterton – 89 Ngaumutawa Road, Masterton. • Farmlands Masterton – 203 Chapel Street Masterton. • Erecta Fence – 436 Belvedere Road, Carterton.
Garage Doors	• Superlift Hawke's Bay - 1 Angus Place, Napier. • Dominator Hawke's Bay - 31 Cadbury Rd, Onekawa, Napier.	• Wairarapa Garage Doors and Openers - 51 Villa Street, Masterton. • Garador Masterton - 137 Lincoln Road, Masterton.
Electrical suppliers	• Active Electrical Hastings – 209 Ellison Road, Hastings. • Cory's Electrical Napier – 47 Wakefield Street, Napier.	• Cory's Electrical Masterton – 29 Chapel Street, Masterton.

Category	Specialist retailers / direct suppliers in Hawke's Bay (examples)	Specialist retailers / direct suppliers in Wairarapa (examples)
		• J.A. Russell Masterton – 212 Chapel Street, Masterton.
Heating	• Noel Leeming Hastings - The Park Mega Centre, Hastings. • Briscoes Napier - 421-432 Hastings Street, Napier. • Abode Heating & Insulation – Tomoana Road, Hastings. • AirControl Hawke's Bay - 9 Rochester Street, Napier.	• Noel Leeming Masterton – 56 Dixon Street, Masterton. • Briscoes Masterton – 64 Dixon Street, Masterton.

110. And despite, by definition, not having a physical presence, online retailers such as Trade Products, Trade Depot, and Trade Tested all deliver building products to customers in the relevant markets in competition with the parties. Disintermediation by online retailers is an increasing trend and will only accelerate. For example, Amazon has recently started to supply building products in Australia and FDL anticipates they will enter the New Zealand market in due course.

111. The breadth and depth of these category specialists, online retailers, and direct suppliers act, and will continue to act, as a strong competitive constraint on FDL.

Why the acquisition will not substantially lessen competition in frame & truss

112. As described above, FDL and Tumu manufacture frame & truss from specialist manufacturing facilities. Tumu has a plant in Hastings, while FDL has eight plants across New Zealand, six of which are in the North Island. FDL supplies frame & truss into the Hawke's Bay from its Taupo plant.

113. The combination of Tumu's Hastings plant and FDL's other existing North Island frame & truss plants is unlikely to substantially lessen competition due to the range of both local and North Island manufacturers that exist and who could expand supply into this market.

114. The six main competing suppliers of frame & truss products in the North Island are:

114.1 Carters – one of New Zealand's largest frame & truss manufacturers with 9 plants around the country, including one in Napier;

114.2 ITM – New Zealand's largest network of frame & truss plants with 27 plants in total, situated throughout the country (one of which is Tumu frame & truss);

114.3 Capital, which is a frame & truss manufacturer based in Masterton;

114.4 Central Frame & Truss, which has 2 plants in New Zealand, including one in Henderson in Auckland; and

114.5 Akarana, which has 3 plants, 2 of which are in North Island in Auckland and Ruakaka; and

114.6 VIP, which has 2 plants, 1 of which is in Pukekohe.[39]

115. Based on approximate trading volumes of the largest six frame & truss operations, Table 7 set outs approximate North Island market shares.

Table 7: North Island frame & truss market share

	Trading volume (m^3)	Market share
Carters (6 Plants)	[FDL Confidential]	[FDL Confidential]
PlaceMakers (5 Plants)	[FDL Confidential]	[FDL Confidential]
VIP (1 Plant)	[FDL Confidential]	[FDL Confidential]
Central F+T (1 Plant)	[FDL Confidential]	[FDL Confidential]
Akarana (1 Plant)	[FDL Confidential]	[FDL Confidential]
Waikato F+T (1 Plant)	[FDL Confidential]	[FDL Confidential]
Tumu ITM	[Confidential]	[FDL Confidential]
Other suppliers	[FDL Confidential]	[FDL Confidential]
Total	[FDL Confidential]	100%

116. To the extent that more localised competition is relevant, the following table sets out shares of frame & truss sales in Hawke's Bay.

Table 8: Hawke's Bay frame & truss market share

	Trading volume (m^3)	Market share
PlaceMakers frame & truss Taupo	[FDL Confidential]	[FDL Confidential]
Tumu ITM	[Confidential]	[FDL Confidential]
Carters	[FDL Confidential]	[FDL Confidential]
Capital Pre-Cut Solutions	[FDL Confidential]	[FDL Confidential]
Total	[FDL Confidential]	100%

117. As these shares indicate, PlaceMakers has only a small presence in Hawke's Bay, and Tumu ITM's presence on an island-wide basis is only [FDL Confidential]%.

118. Furthermore, FDL considers the Hawke's Bay market shares to be very conservative. FDL anticipates that other manufacturers, including Akarana and VIP, make sales into Hawke's Bay given their nationwide presence.

119. Moreover, all suppliers could increase their supply in or into the Hawke's Bay in response to a price increase by the merged entity. Manufacturers such as Akarana and VIP, transport materials across the North Island as part of their everyday business. In response to any attempted price increase by the merged entity, these and other suppliers around the North Island would be well placed to increase their volume of deliveries into the Hawke's Bay to discipline any price increase.

120. Importantly, as with building products, neighbouring ITM frame & truss plants would [Confidential] supplying frame & truss into the Hawke's Bay post acquisition. Nearby ITM plants would also be likely to capitalise on Tumu ITM's existing brand strength in Hawke's Bay to become a substantial competitive constraint. FDL considers ITM's frame & truss plants in Taupo, Turangi, and Wairoa would be particularly well positioned to grow their market shares in the Hawke's Bay.

39 A full list of frame & truss plants that are part of the Frame & Truss Manufacturers' Association can be found here. There are currently 73 frame & truss manufacturing plants that are members of the association in total in New Zealand, 55 of which are in the North Island.

121. Therefore, FDL considers that the constraint from existing participants will be sufficient to constrain it post-acquisition.

122. Even were that constraint not sufficient, the barriers to establishing a new frame & truss plant in Hawke's Bay are low. At the basic end, frame & truss can be produced with a nail gun and a drop saw. 5% of builders still manufacture frames manually on site in this manner.

123. More advanced frame & truss operations require software and specialist detailers. Software can be secured either from MiTek New Zealand, or Pryda New Zealand, both of would be readily available to a new entrant. Detailers can be hired directly, or independently contracted from any physical location, as it is possible for detailers to work remotely.

124. In terms of required capital expenditure, FDL estimates a small site with second-hand equipment could be established for [FDL Confidential]. Larger sites with new equipment would require an estimated [FDL Confidential], including to acquire necessary equipment such as razor saws, manual beds, truss presses / jigs, nail guns, etc. The lead time to establish a large, greenfield site is [FDL Confidential].

125. The low barriers to entry are evidenced by the following plants that have been opened in the last two years by:

    125.1 WBG frame & truss in Levin;

    125.2 Akarana in Whangarei;

    125.3 Presco Prenail in Hawera; and

    125.4 Mitre 10 in Silverdale.

Coordinated, vertical, or conglomerate effects are unlikely

126. For completeness, FDL submits that the acquisition is unlikely to result in a substantial lessening of competition arising from coordinated, vertical, or conglomerate effects.

127. Coordinated effects in the retail building products or frame & truss markets are unlikely due to the numerous competitors that will remain in the market combined with the fact that:

    127.1 for quoted jobs it would be impossible to reach any form of tacit coordination with competitors when pricing is specific to particular jobs; and

    127.2 in respect of shelf prices, the thousands of SKUs stocked in each outlet, many of which will differ in brand or other characteristics, would make it impossible for competitors to reach and enforce a tacit understanding about prices for these products.

128. Vertical effects from the acquisition are unlikely because the acquisition does not materially change the level of vertical integration in the building products market. Both parties are active in retailing building products and producing and selling frame & truss. While the Fletcher Building Group is active in upstream production of building products, the addition of six retail outlets does not change the level of vertical integration.

129. Equally, given the broadly similar product range supplied by each of the Parties, conglomerate effects are unlikely. Neither party stocks any "must have" product for customers that is not available to other market participants.

Summary and conclusion

130. The acquisition will not substantially lessen competition in any market (however the markets are defined).

130.1 In the retail building products markets, FDL would continue to be constrained by all or a combination of competition from other existing merchants, ITM stores in other locations, re-entry by ITM via physical stores, new entry by existing merchants, and by the large number of category specialists and direct suppliers that already account for over half of building products sales.

130.2 In frame & truss, FDL will continue to be constrained by the range of both local and North Island manufacturers that exist and who could expand supply into this market.

131. FDL, therefore, requests that the Commission grant clearance for the acquisition.

Declaration

I, Bruce McEwen, have 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 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 Chief Executive Distribution at Fletcher Building, and I am duly authorised to submit this notice.

Bruce McEwen
Chief Executive – Distribution
Fletcher Building Limited

Date: 21/03/2022

Schedule of confidential information

Information confidential to the Parties

The following information has been removed from the public version of the Application because the information is confidential to the parties and disclosure would be likely to disclose a trade secret or be likely unreasonably to prejudice the commercial position of one or both of the parties (*cf* s 9(2)(b)(i) and (ii) of the Official Information Act):

- The last sentence of the second paragraph on page 3 of the Executive Summary.
- Footnote 2 in its entirety.
- The words between "for" and "from" in first sentence of paragraph 6.
- The words in the brackets in the second sentence of paragraph 15.
- Paragraph 16 in its entirety.
- The words between "the" and ", which" in paragraph 18.
- Paragraph 18.1 in its entirety.
- Paragraph 18.2 in its entirety.
- Paragraph 25 and the following quotation in their entirety.
- Footnote 4 after the phrase "See Attachment 14".
- The dollar figures in the second and third sentences of paragraph 42.
- The percentage in paragraph 64.
- The figures for Tumu ITM outlet revenues in Tables 3, 4, and 5.
- The percentage in the first sentence of paragraph 85.1.
- The words between "ITM stores" and "(see" in paragraph 94.
- The figures for the trading volume for Tumu ITM in Table 7.
- The figures for the trading volume for Tumu ITM in Table 8.
- The words between "plants would" and "supplying" in the first sentence of paragraph 120.
- Attachment 13.

Information removed to protect privacy

The names and contact details of the individuals listed in the following parts of the Application have been removed from the public version to protect the privacy of individuals relying on s 9(2)(a) of the Official Information Act.

- Bruce McEwen's contact details.
- Paul Reeve's contact details.

- Footnotes 31 to 34 in their entirety.
- Attachments 5, 6, 11, 12, and 18.

FDL confidential information

The following information has been removed from the public version of the Application because the information is confidential to FDL and disclosure would be likely to disclose a trade secret or be likely unreasonably to prejudice FDL's commercial position (*cf* s 9(2)(b)(i) and (ii) of the Official Information Act):

- The percentages in second and fourth line of last full paragraph of page 1 of the Executive Summary.
- The words after "Hastings" in the third sub-bullet point under the second bullet point on page 2 of the Executive Summary.
- The dollar figure in the first sentence of Footnote 6.
- The dollar figure in the second sentence of Footnote 11.
- The percentage figure in the last sentence of Footnote 11.
- Footnote 12 in its entirety.
- The percentage figures in second sentence of paragraph 48.
- All the percentages in paragraph 52, and the words of the fourth sentence after "Hastings depot" in paragraph 52.
- The percentages in paragraph 63.
- All of Footnote 19 after the words "suppliers include".
- All of paragraph 66.1 after the comma in the first line.
- The market share figures in Table 1.
- Paragraph 73 in its entirety.
- Footnote 22 in its entirety.
- The caption and figures in Table 2.
- Paragraphs 74 to 76 in their entirety.
- The words prior to "FDL sought" in paragraph 77.
- All the figures in Tables 3, 4, and 5 other than the figures for Tumu ITM outlet revenues.
- All the words in the brackets after "Hastings" in paragraph 81.1.
- The last sentence of paragraph 81.3 after the words "understands that".
- The percentage in paragraph 86.1
- The last sentence of paragraph 87 after the words "understands that".

- The words between “Mitre 10” and “and operates” in the second sentence of paragraph 89.
- Footnote 30 in its entirety.
- The percentage in the first sentence of paragraph 90.
- Paragraphs 91.1 to 91.4 in their entirety.
- Footnotes 31 to 34 in their entirety.
- The last sentence of paragraph 98 in its entirety.
- The words after “Invercargill,” in paragraph 99.2.
- The timeframes in first and second line of paragraph 100, and the words after “costs of” in paragraph 100.
- The dollar figures in paragraph 101.
- The first sentence of Footnote 36 after the words “would require”, and the timeframe at the end of the second sentence of Footnote 36.
- Footnote 37 after the words “details of”.
- Paragraph 104 before the words “illustrates that”.
- Paragraph 107 in its entirety.
- Footnote 38 in its entirety.
- The figures in Table 7 other the trading volume for Tumu ITM.
- The figures in the Table 8 other the trading volume for Tumu ITM.
- The percentage in paragraph 117.
- The dollar figures and timeframes in paragraph 124.
- Attachments 2, 3, 4, 6, 14, 15, 16, 18, and 19.

Tumu Confidential Information

The following information has been removed from the public version of the Application because the information is confidential to Tumu Group and disclosure would be likely to disclose a trade secret or be likely unreasonably to prejudice Tumu Group’s commercial position (*cf* s 9(2)(b)(i) and (ii) of the Official Information Act):

- Attachments 9, 10, and 12.

Schedule of required information in notice for clearance

Notice para.	Commission request	Response
[1]	Applicant details	See [7] to [12].
[2]	Other party details	See [13] to [21].
[3.1]	Type of transaction	See [3] to [6].
[3.2]	Merger rationale	See [22] to [25].
[3.3]	How merger changes control	See [3] to [6].
[3.4]	Ancillary agreements	See [6].
[3.5]	Counterfactual	See [26].
[4]	International notification	The acquisition only relates to New Zealand and, therefore, no other competition agencies have been notified.
[5.1]	Applicant's view on market definition	See [29] specifically, and [27] to [67] more generally.
[5.2]	Each merging party's total sales revenues, volumes, and capacity for the last three financial years.	See Attachment 3 (FDL) and Attachment 9 (Tumu).
[5.3]	Names and contact details of the merging parties' main competitors	See Attachment 5 and 18 (FDL) and Attachment 11 (Tumu).
[5.3]	Names of any trade or industry associations which either of the merging parties participate	See Attachment 5 (FDL) and Attachment 11 (Tumu).
[5.4]	Names and contact details of merging parties top 5 customers	See Attachment 6 (FDL) and Attachment 12 (Tumu).
[6]	Why the transaction will not substantially lessen competition	See [68] to [129].
[7]	Copies of documents bringing about the merger	See Attachment 13.
[8]	Internal applicant documents seen by the Board or senior management within the last two years that relate to: • the transaction; or • market conditions.	See Attachment 14.
[9]	Most recent annual report, audited financial statements and management accounts	See Attachment 4 (FDL) and Attachment 10 (Tumu).

Attachments 1 – 20

Attachment 1: PlaceMakers' branches and Frame & Truss manufacturing plants

Classification	Branch name	Address	City	Contact
Branch	Kerikeri	26 Mill Lane	Kerikeri 0230	+649 407 4820
Branch	Kaitaia (depot to Kerikeri)	41 Matthews Avenue	Kaitaia 0410	+649 408 9020
Branch	Whangarei	8 Kioreroa Road, Port Whangarei	Whangarei 0110	+649 470 3970
Branch	Warkworth	64 Morrison Drive	Warkworth 0910	+649 425 8444
Branch	Mangawhai	4 Moir Road	Mangawhai 0505	+649 431 4236
Branch	Silverdale	59 Tavern Road, Stanmore Bay	Silverdale 0932	+649 424 9000
Branch	Albany	24 Oteha Valley Road Extension, Albany	Auckland 0632	+649 414 0900
Branch	Wairau Park	3 Link Drive, Glenfield	Auckland 0627	+649 444 5155
Branch	Cook Street (DC 482)	106 Cook Street West	Auckland 1010	+649 356 2899
Branch	New Lynn	17-19 Clark Street, New Lynn	Auckland 0640	+649 825 0088
Branch	Westgate	547- 557 Don Buck Road, Massey	Auckland 0614	+649 815 6800
Branch	Mt Wellington	102 Lunn Avenue, Mt Wellington	Auckland 1072	+649 570 8300
Branch	Pakuranga	481 Pakuranga Road, Highland Park	Auckland 2010	+649 538 0200
Branch	Takanini	354-400 Porchester Road	Takanini 2105	+649 268 2950
Branch	Pukekohe	4 Comrie Place	Pukekohe 2120	+649 237 0020
Branch	Waiheke	102 Ostend Road, Ostend	Waiheke 1081	+649 372 0060
Branch	Te Rapa	10 Te Kowhai Road East, Te Rapa	Hamilton 3204	+647 850 0190
Branch	Huntly (depot to Te Rapa)	498 Great South Road	Huntly 3700	+647 828 2000
Branch	Clarence Street	84-88 Clarence Street, Hamilton Lake	Hamilton 3204	+647 838 0716
Branch	Morrinsville (depot to Clarence St)	24-42 Canada Street	Morrinsville 3300	+647 889 8057
Branch	Te Kuiti (depot to Clarence St)	1 Te Kumi Road	Te Kuiti 3910	+647 878 8149
Branch	Thames	79 Kopu Road	Thames 3578	+647 868 0130
Branch	Whitianga	24 Joan Gaskell Drive	Whitianga 3510	+647 867 2000
Branch	Mt Maunganui	25 MacDonald Street, Mt Maunganui	Tauranga 3116	+647 575 4009
Branch	Whakatane (depot to Mt Maunganui)	133 Commerce Street	Whakatane 3120	+647 306 0320
Branch	Taupo	66 Crown Road, Tauhara	Taupo 3330	+647 376 0220

Classification	Branch name	Address	City	Contact
Branch	Rotorua (depot to Taupo)	159 Lake Road, Mangakakahi	Rotorua 3015	+647 347 7023
Branch	Napier	53 Corunna Bay, Hospital Hill	Napier 4110	+646 843 5816
Branch	New Plymouth	9-15 Egmont Road, Waiwhakaiho	New Plymouth 4372	+646 755 9040
Branch	Hawera (depot to New Plymouth)	2 Fitzgerald Lane	Hawera 4610	+646 278 6013
Branch	Wanganui	Cnr Wilson & Guyton Streets	Wanganui 4500	+646 349 1919
Branch	Ohakune (depot to Wanganui)	7 Burns Street	Ohakune 4625	+646 385 8414
Branch	Kapiti	16 Lodestar Place	Paraparaumu 5032	+644 296 1086
Branch	Levin (depot to Kapiti)	17-23 Main Road South	Levin 4893	+646 366 0960
Branch	Palmerston North	Cnr Railway Road & Francis Way	Palmerston North 4144	+646 353 5777
Branch	Kaiwharawhara / Porirua / Evans Bay	188 Hutt Road, Kaiwharawhara	Wellington 6035	+644 472 1616
Branch	Kaiwharawhara	188 Hutt Road, Kaiwharawhara	Wellington 6035	+644 472 1616
Branch	Porirua (depot to Kaiwharawhara)	15 John Seddon Drive, Todd Park	Porirua 5022	+644 237 9189
Branch	Evans Bay (depot to Kaiwharawhara)	38 Tacy Street, Kilbirnie	Wellington 6022	+644 387 8692
Branch	Hutt City	49 Seaview Road, Seaview	Lower Hutt 5010	+644 568 5042
Branch	Wairarapa (depot to Hutt City)	72 Ngaumutawa Road, Wairarapa	Masterton 5810	+646 377 7504
Branch	Nelson - Saxton Rd	52 Saxton Road West, Stoke	Nelson 7011	+643 547 9111
Branch	Motueka	88 High Street	Motueka 7120	+643 528 8164
Branch	Nelson - St Vincent St	105 St Vincent Street, Toi Toi	Nelson 7010	+643 548 9069
Branch	Blenheim	Cnr Grove Road & Farmar Street, Mayfield	Blenheim 7201	+643 547 9111
Branch	Riccarton	2-20 Mandeville Street, Riccarton	Christchurch 8011	+643 348 2039
Branch	Hornby	69 Shands Road, Hornby	Christchurch 8042	+643 344 8950
Branch	Cranford Street	319 Cranford Street, St Albans	Christchurch 8052	+643 375 4119
Branch	Kaiapoi	17 Hakarau Road	Kaiapoi 7630	+643 327 5860
Branch	Ashburton	115 Alford Forest Road, Allenton	Ashburton 7700	+643 308 9099
Branch	Timaru	88-94 Hilton Highway, Washdyke	Timaru 7910	+643 687 4035
Branch	Twizel (depot to Timaru)	1 Ostler Road	Twizel 7901	+643 435 3133

Classification	Branch name	Address	City	Contact
Branch	Oamaru	19 Humber Street	Oamaru 9400	+643 433 0460
Branch	Dunedin	86 Portsmouth Drive, South Dunedin	Dunedin 9012	+643 466 4609
Branch	Mosgiel (depot to Dunedin)	34 Carncross Street, Fairfield	Mosgiel 9092	+643 466 4617
Branch	Alexandra	5 Maclean Road	Alexandra 9320	+643 440 0198
Branch	Cromwell (depot to Alexandra)	4 Murray Terrace	Cromwell 9310	+643 445 9202
Branch	Wanaka	8 Connell Terrace	Wanaka 9381	+643 443 0080
Branch	Queenstown	1 Glenda Drive, Frankton	Queenstown 9371	+643 450 9000
Branch	Invercargill	85 Liddel Street	Invercargill 9810	+643 211 0366
Branch	Gore (depot to Invercargill)	10 Fairfield Street, East Gore	Gore 9710	+643 209 0055
Branch	Te Anau (depot to Invercargill)	126 Sandy Brown Road	Te Anau 9640	+643 249 7774
F+T	Whangarei Plant	10 Logyard Road, Port Whangarei	Whangarei, 0110	+649 438 6669
F+T	Auckland Plant	53 McLaughlins Road, Wiri	Auckland 2104	+649 250 0300
F+T	Hamilton Plant	47 The Boulevard, Te Rapa Park	Hamilton 3200	+647 572 6608
F+T	Taupo Plant	66 Rakaunui Road, Rotokawa	Taupo 3378	+647 376 0220
F+T	Wellington Plant	4 Beattie Close, Kenepuru	Porirua 5022	+644 298 8567
F+T	Nelson Plant	750 Lower Queen Street, Richmond	Nelson 7040	+643 544 3402
F+T	Christchurch Plant	1 Koru Place, Harewood	Christchurch 8051	+643 348 2039
F+T	Dunedin Plant	34 Carncross Street, Mosgiel	Dunedin 9053	+643 484 7280

Attachment 2: PlaceMakers' revenue from customers in Gisborne

[FDL Confidential]

Attachment 3: PlaceMakers' revenue and production information for the past three financial years

[FDL Confidential]

Attachment 4: PlaceMakers' management accounts for the most recent financial year

[FDL Confidential]

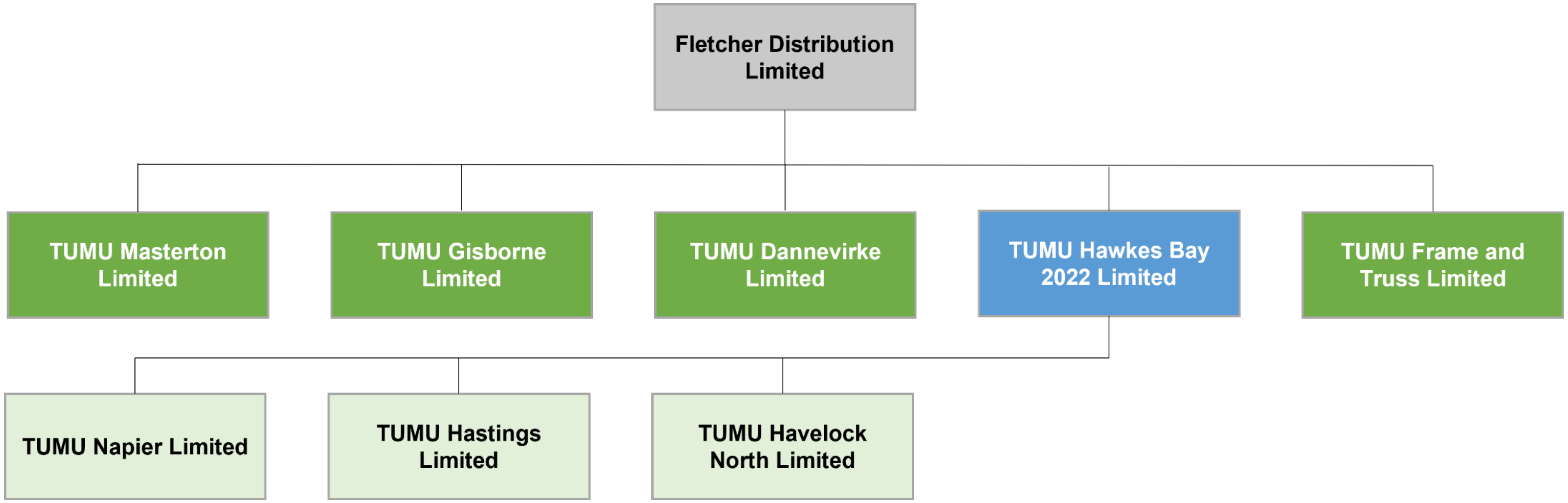
Attachment 5: Contact details for PlaceMakers' top five competitors and trade and industry associations

[Confidential].

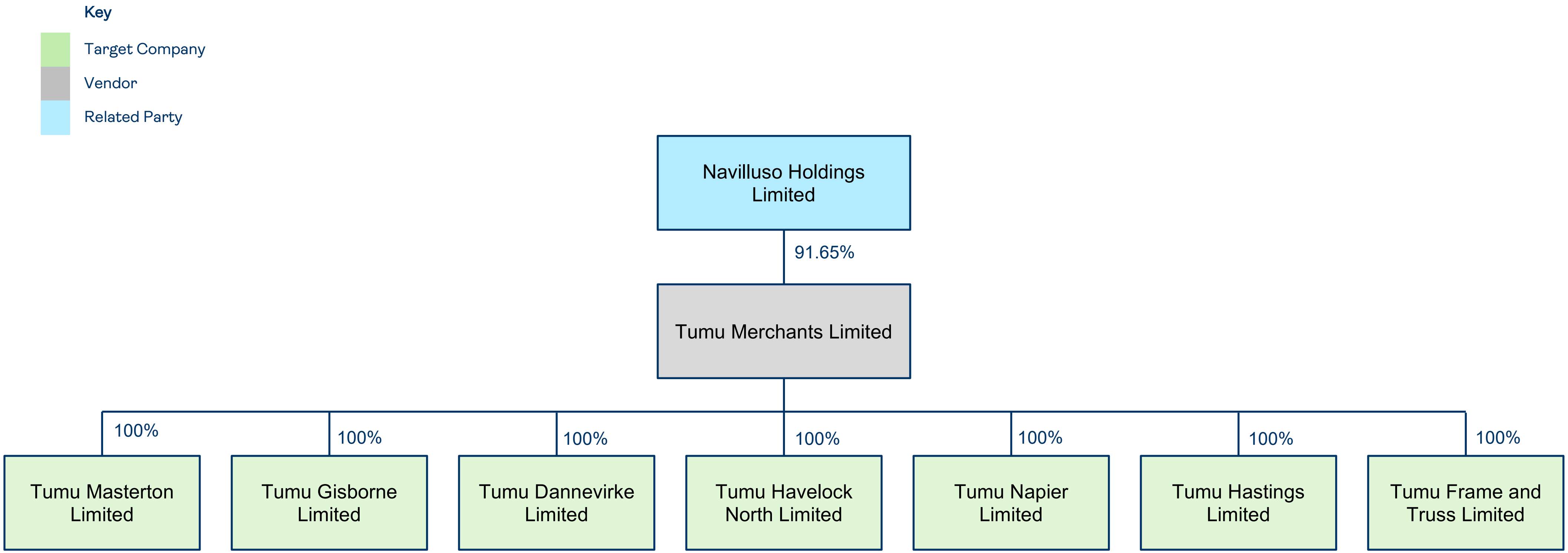
Attachment 6: Contact details for PlaceMakers' top 5 customers (by value) nationally, and for relevant PlaceMakers' branches, and the revenue earned from each in the last financial year

[FDL Confidential]

Attachment 7: Fletcher Distribution structure for Tumu companies post acquisition



Attachment 8: Tumu ITM's structure chart pre-acquisition



Attachment 9: Tumu ITM revenue and production information for the past three financial years

[Tumu Confidential]

Attachment 10: Tumu ITM's annual reports (including financial accounts) for the most recent financial year

[Tumu Confidential]

Attachment 11: Contact details for Tumu ITM's top five competitors and trade and industry associations

[Confidential]

Attachment 12: Contact details for Tumu ITM's top 5 customers (by value), and the revenue earned from each in the last financial year

[Tumu Confidential]

Attachment 13: Signed Sale and Purchase Agreement

[Confidential]

Attachment 14: Internal documents

[FDL Confidential]

Attachment 15: Building Materials sold in store vs. by delivery

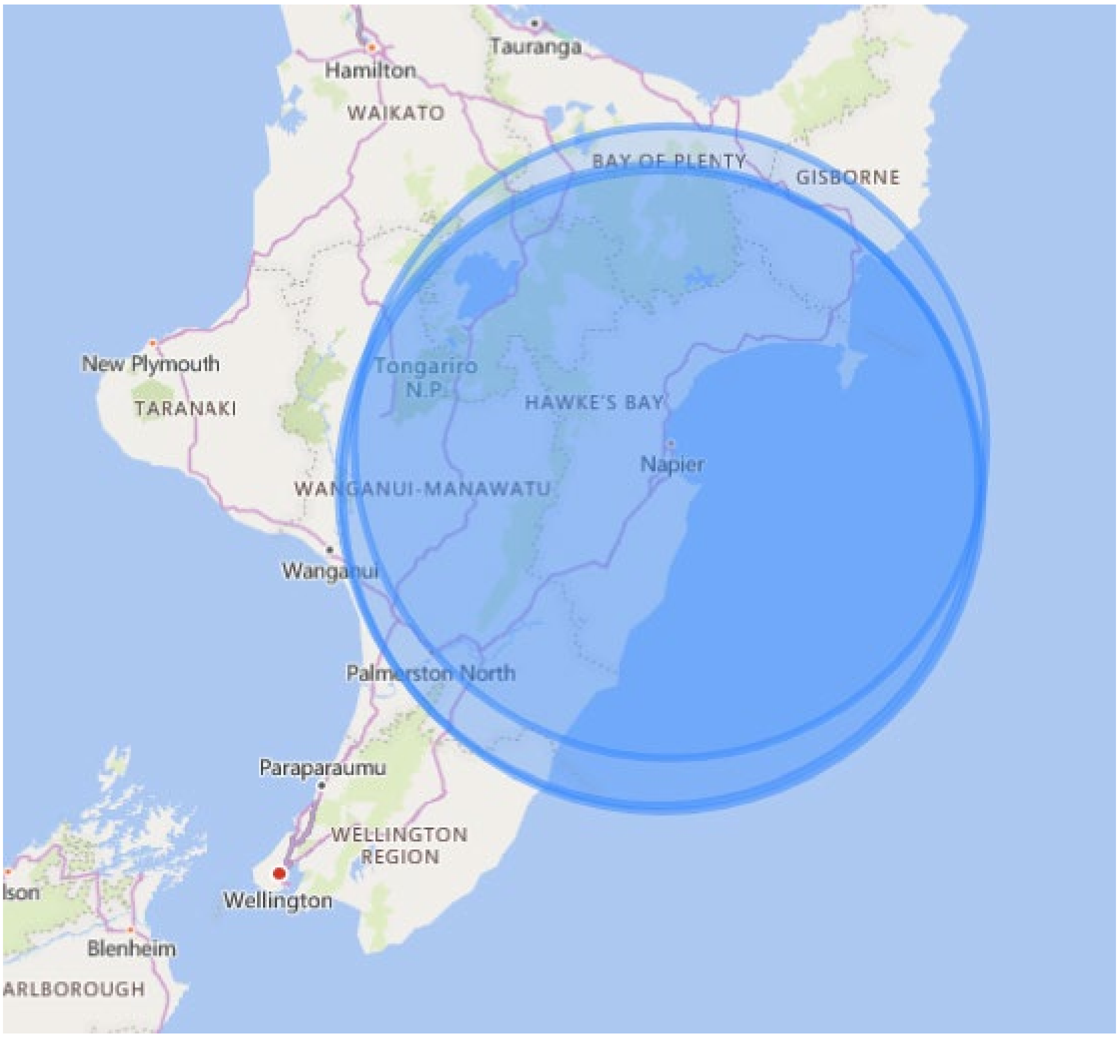
[FDL Confidential]

Attachment 16: Map of delivery locations from PlaceMakers' Wairarapa, Napier, and Palmerston North in FY21

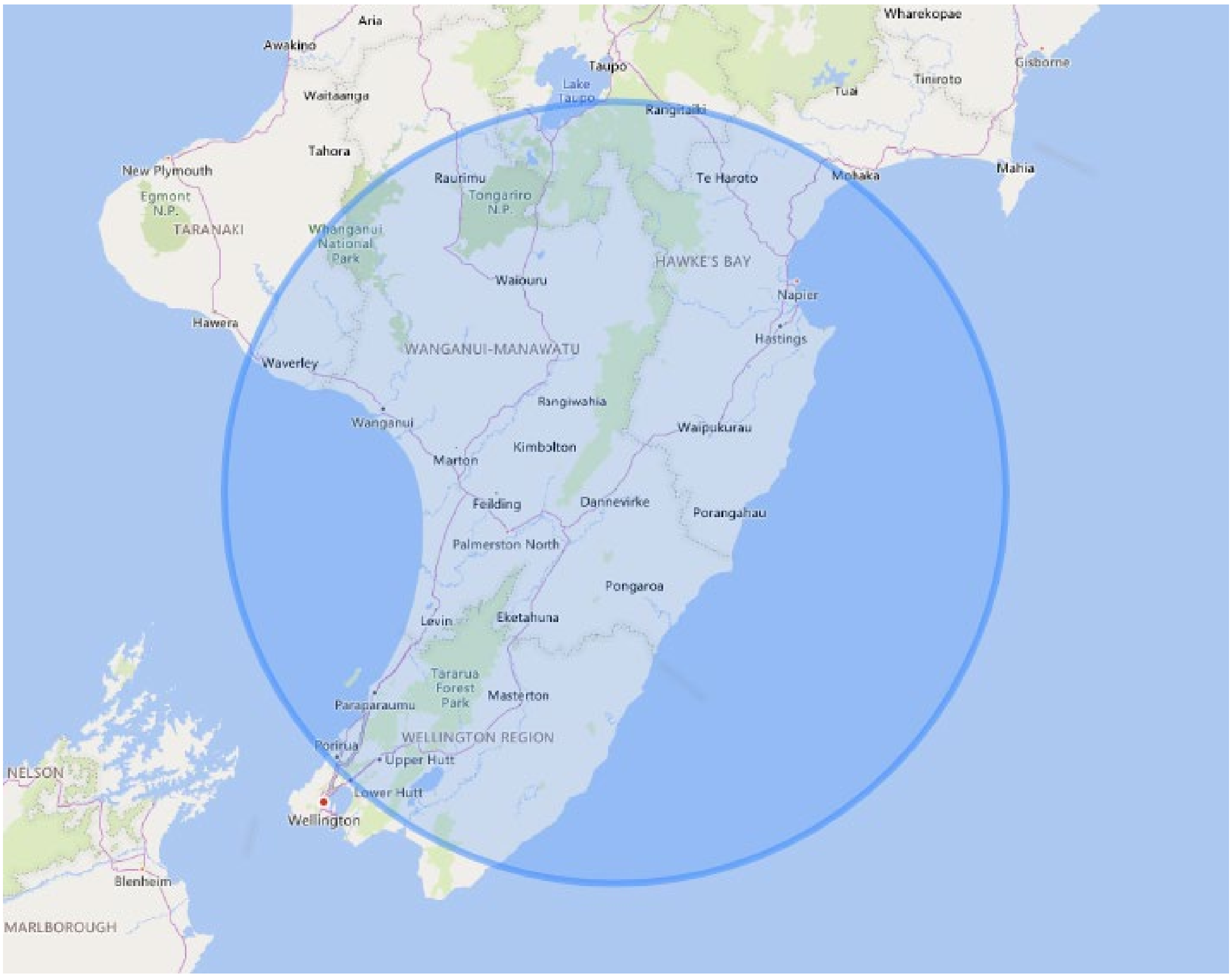
[FDL Confidential]

Attachment 17: Maps showing 150km radius from Tumu stores

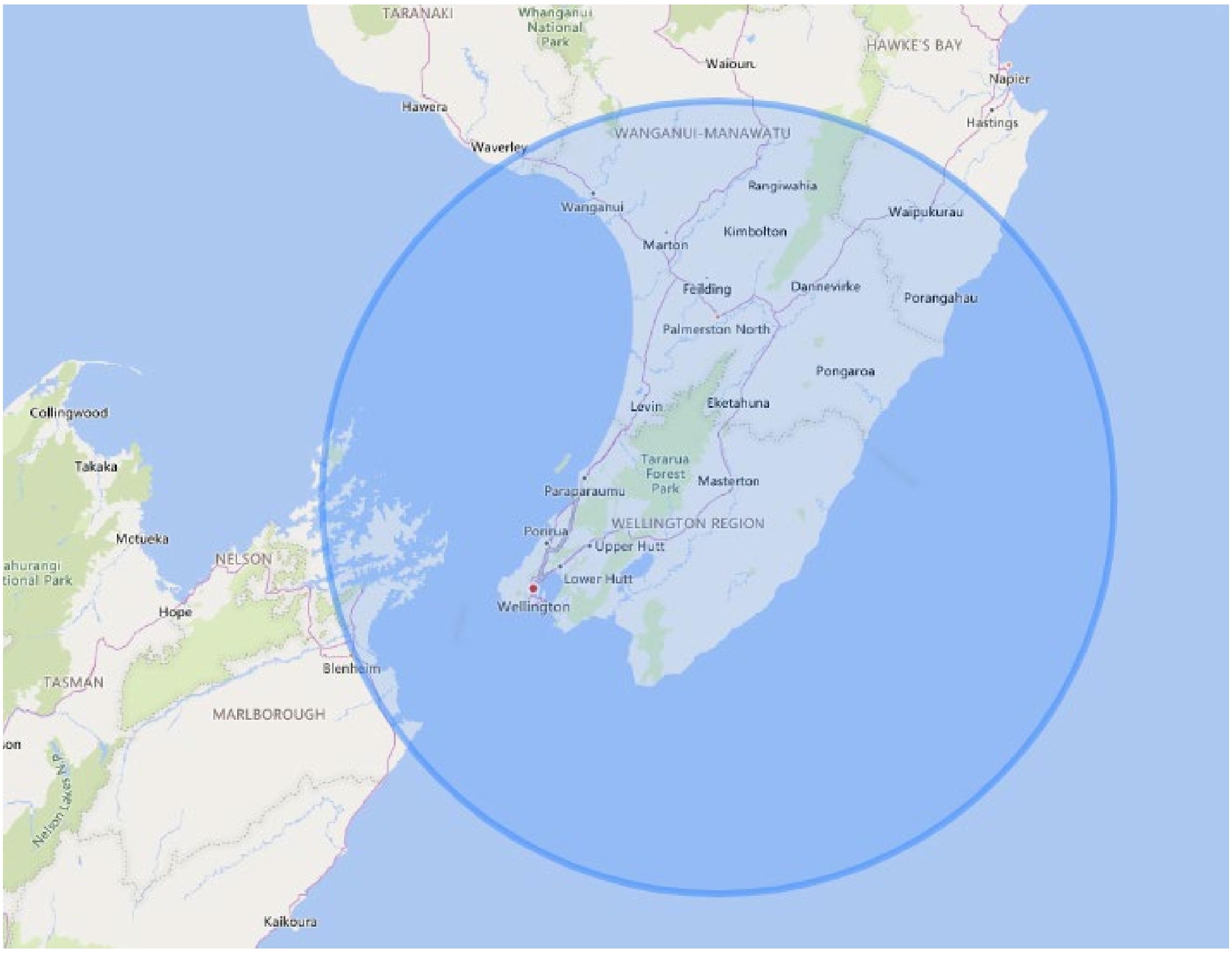
150km radius from Tumu Napier, Hastings, and Havelock North stores



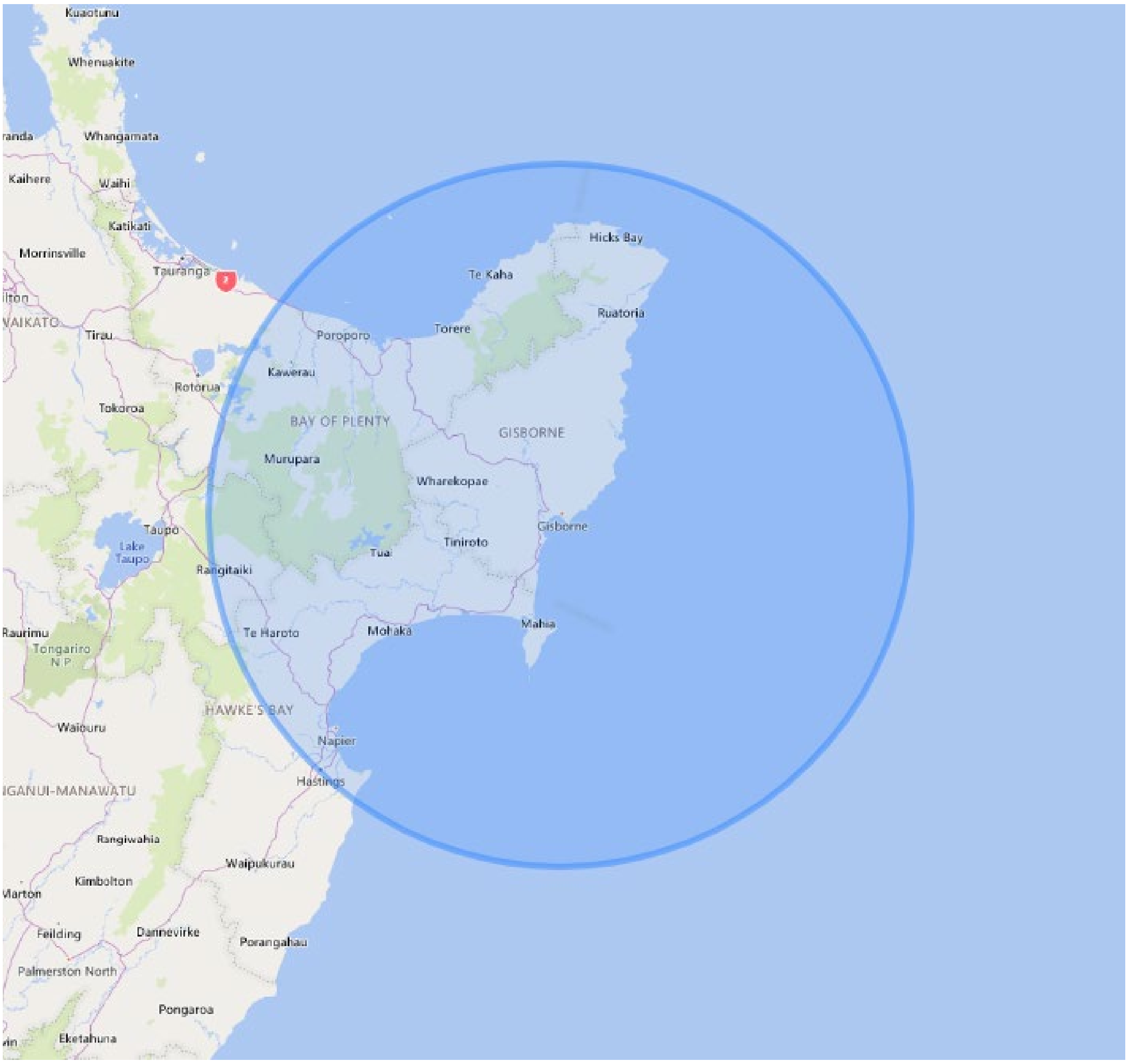
150km radius from Tumu Dannevirke store



150km radius from Tumu Masterton store



150km radius from Tumu Gisborne store



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Attachment 18: Contact details for PlaceMakers' five main competing suppliers of Frame & Truss products in the North Island

[FDL Confidential]

Attachment 19: Case study – PlaceMakers Hastings depot-style branch development

[FDL Confidential]

Attachment 20: Email from ITM

Fletcher Distribution has provided Attachment 20 as a separate document to this clearance application.

[redacted]

From: Darrin Hughes [redacted]
Sent: Friday, 18 March 2022 8:46 am
To: [redacted]
Subject: ITM Update: Tumu Group

[EXTERNAL EMAIL] DO NOT CLICK links or attachments unless you recognise the sender and know the content is safe.

Hi [redacted],

With sadness, I'm informing you that as of 30th April 2022, The Tumu Group will be leaving the ITM Co-Operative.

The Tumu group has a large presence in the Hawke's Bay, with stores in Dannevirke, Gisborne, Hastings, Havelock North, Masterton, and Napier. Many of these stores have been part of the ITM family for more than 20 years and have been proud to be locally owned and operated.

While the ITM values have been part of their DNA up until now, they've decided to take a different path and have sold the group of stores to Fletcher Building - owners of the Placemakers chain.

What this means for you
The Tumu group will no longer be part of the ITM Co-Operative and will have the ITM signage above their doors removed.

If you are a Trade Club customer with one of these stores, you will no longer be able to acquire ITM points from 30th April and your points account will be closed with ITM on the 30th of June 2022. Please chat to your store about what this means for you and your points.

After the 30th April 2022 there will be no ITM presence across Hawke's Bay. However, watch this space. We aim to be back in town and back to serving our loyal trade customers as soon as we can.

Kind Regards,

Darrin Hughes
ITM CEO

ITM Support Office
09 415 2787
Add us to your address book