

## E & JW GLENDINNING LIMITED

### ANGLO AMERICAN (TARMAC) / LAFARGE MERGER INQUIRY

#### REPRESENTATIONS

##### Background

E & JW Glendinning Limited is an independent quarry owner and operator with an annual turnover of £24 million, employing 240 in Devon and Cornwall from 7 sites.

The company operates two quarries and manufactures readymix concrete, asphalts and pre-cast concrete products as well as quarry aggregates and hardcores. In addition the company has contracting and civil engineering services. This is summarised below:

<b>Site &amp; Location</b>	<b>Activities</b>
Linhay Hill Quarry Ashburton, Devon	<ul style="list-style-type: none"><li>• Aggregates, hardcores and stone</li><li>• Readymix concrete manufacturing</li><li>• Asphalt manufacturing</li><li>• Pre-cast concrete manufacturing<ul style="list-style-type: none"><li>○ Blocks</li><li>○ Lintels</li></ul></li><li>• Annual output circa 500,000 tonnes</li></ul>
Pigsdon Quarry Launcells Near Bude, Cornwall	<ul style="list-style-type: none"><li>• Aggregates, hardcores</li><li>• Asphalt manufacturing</li><li>• Annual output circa 180,000 tonnes</li></ul>
Contracting Division Pinhoe Exeter, Devon	<ul style="list-style-type: none"><li>• Highway surfacing &amp; maintenance</li><li>• Civil Engineering</li><li>• Administration</li></ul>
Kenton Place Marsh Barton Exeter, Devon	<ul style="list-style-type: none"><li>• Readymix concrete manufacturing</li></ul>
Embankment Road Plymouth, Devon	<ul style="list-style-type: none"><li>• Readymix concrete manufacturing</li><li>• Pre-Cast concrete manufacturing<ul style="list-style-type: none"><li>○ Paving slabs</li><li>○ Industrial pre-cast products such as kerbs</li></ul></li></ul>
Tor Hill Marldon Paignton, Devon	<ul style="list-style-type: none"><li>• Readymix concrete manufacturing</li><li>• Sales of Blocks, Pre-cast concrete and bagged construction materials</li></ul>
Glentor Ashburton, Devon	<ul style="list-style-type: none"><li>• Head office administration</li></ul>

## **Representations**

In the market for construction material supplies within Devon and Cornwall Glendinning competes with Anglo American (Tarmac). Glendinning also purchases asphalt from Tarmac at its Exeter plant (occasionally its Henlade plant near Taunton) and Tarmac purchases aggregates from Glendinning's Pigsdon Quarry to manufacture asphalt.

Glendinning purchases its cement powders from Lafarge, typically 30,000 tonnes per year. Lafarge are a competitively-priced supplier as other cement suppliers, Holcim and Heidelberg, own quarry and aggregate suppliers with whom Glendinning compete, that is, Aggregate Industries and Hanson respectively.

Lafarge do not own any quarries or readymix concrete or pre-cast manufacturing sites within Devon and Cornwall and as such Glendinning offer them a sales channel for their cement into these locations. Glendinning is one of the largest independent consumers of cement within Devon and Cornwall.

The proposed merger between Tarmac and Lafarge will give Lafarge an in-house sales channel for their cement to reach the market in primarily Devon, providing vertical integration of its supply chain. Tarmac has a major market share within Devon and Cornwall for readymix concrete and Glendinning is concerned that this position could lead to domination: with an up-stream supply of discounted cement, Tarmac will have a lower manufacturing cost base and could price Glendinning out of the readymix concrete and pre-cast market.

Further, with Glendinning having limited options for cement purchase Lafarge would be able to raise the price of cement to Glendinning, thereby placing Glendinning at a competitive disadvantage with respect to Tarmac.

In conclusion, Glendinning is concerned that the proposed merger will substantially disadvantage Glendinning and also reduce competition within Devon and Cornwall as another national company becomes integrated with an international cement manufacturer.

Barry Wilson  
Managing Director  
E & JW Glendinning Limited  
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