

Anticipated acquisition by AECOM Technology Corporation of URS Corporation

ME/6464-14

The CMA's decision on reference under section 33(1) given on 14 October 2014.
Full text of the decision published on 12 November 2014.

Please note that the square brackets indicate figures or text which have been deleted or replaced in ranges at the request of the parties for reasons of commercial confidentiality.

Summary

1. The parties concerned are AECOM Technology Corporation (AECOM) and URS Corporation (URS), together the 'Parties'. The Parties provide a range of engineering design and construction consultancy services to public and private clients globally. The effect of the transaction (hereafter referred to as the 'Merger') is that URS will become a direct, wholly-owned subsidiary of AECOM.
2. The Merger results in the creation of a relevant merger situation as the two enterprises, AECOM and URS, will cease to be distinct and the Merger satisfies the turnover test.
3. In the UK, the Parties overlap in engineering consultancy services across four general areas: General Building, Environmental, Water and Transportation. For the purposes of the competitive assessment, the Competition and Markets Authority (CMA) considered these general areas and 18 subsectors into which they can be divided. Based on the evidence available to it, the CMA considers that there are many competitors in each subsector, with several companies offering a similar range of services as the Parties. Based on share of supply data from an industry market report submitted by the Parties, the combined shares of the Parties when considering a narrow frame of reference would be 11% in all but one subsector, or there would be only a small incremental increase in supply post-Merger.
4. The vast majority of third parties who responded to the CMA's investigation did not raise any concerns about the impact of the Merger and noted that

there are numerous credible competitors active in relation to all the services and sectors in which the Parties overlap. A minority of third parties raised some concerns. However, the CMA found that the Parties will be subject to considerable constraints from other competitors such that there is no realistic prospect of horizontal unilateral effects arising from the Merger.

5. As part of the competitive assessment, the CMA also examined the potential reduction in competition within individual framework agreements but considered that post-Merger competitive constraints will remain to constrain the Parties from increasing prices or otherwise reducing their competitive offering within existing frameworks.
6. The CMA considers that these constraints are sufficient to ensure that no realistic prospect of a substantial lessening of competition will arise as a result of the Merger.
7. The Merger will therefore **not be referred** under section 33(1) of the Enterprise Act 2002 (the Act).

Assessment

Parties

8. AECOM is a publicly owned company trading on the New York Stock Exchange and is headquartered in Los Angeles, California. The company generated worldwide revenue of \$8,153.3 million (approximately £5,274 million) in the year ended 30 September 2013, of which UK turnover was £[✂] million.
9. AECOM provides engineering design and construction consultancy services for public and private clients around the world. The company offers services through two business areas:
 - **Professional Technical Services** involving planning, consulting, architectural and engineering design, and programme and construction management services to clients worldwide in areas such as transportation, facilities, environmental, energy and water. This segment contributed 89% of AECOM's global fiscal 2013 revenue.
 - **Management Support Services**, which is not active in the UK and is not considered further in the CMA assessment.
10. URS is a publicly owned company headquartered in San Francisco and trading on the New York Stock Exchange. In the fiscal year ended 3 January

2014, URS generated worldwide revenue of \$10,990.7 million (approximately £7,005 million) of which UK turnover was £[~~8~~] million.

11. URS provides engineering, construction and technical services to both public sector bodies and private organisations. Core services include:
 - programme management
 - planning, design and engineering services
 - construction and construction management services
 - operations and maintenance services
 - management and operation of programmes involving the clean-up of hazardous and/or chemical waste
 - decommissioning and closure services

Transaction

12. The Merger was announced on 13 July 2014.
13. The Merger is to comprise the acquisition by AECOM of all outstanding shares of URS for a combination of cash and AECOM stock valued at approximately \$4 billion. Including the assumption of URS debt, the total enterprise value of the Merger is approximately \$6 billion. Following the Merger, URS will become a direct wholly owned subsidiary of AECOM. AECOM stockholders will own shares that account for approximately 65% of the combined company (comprising AECOM and URS) and URS stockholders will own shares that account for approximately 35% of the combined company.
14. The Parties submitted that the strategic rationale for the Merger was the complementary nature of the companies' businesses, with their different strengths and areas of focus. The Merger would bridge a number of gaps in AECOM's global service offering, and would provide opportunities to bring URS capabilities to market in international areas where AECOM is strong. In addition, the Merger is expected to lead to a streamlined cost structure due to synergies.
15. The Merger was notified to the US Federal Trade Commission, the US Department of Justice and the Canadian Competition Bureau, all of which cleared the Merger in August 2014.

Jurisdiction

16. The CMA gave notice under section 96(2A) that a satisfactory statutory merger notice had been received from Parties on 18 August 2014, and the statutory deadline for a decision by the CMA is 14 October 2014.
17. As a result of the Merger, the enterprises of AECOM and URS will cease to be distinct.
18. The UK turnover of URS, the target, exceeds £70 million, so the turnover test in section 23(1)(b) of the Enterprise Act 2002 (the Act) is satisfied.
19. The CMA therefore believes that it is or may be the case that arrangements are in progress which, if carried into effect, will result in the creation of a relevant merger situation.

Frame of reference

Product frame of reference

20. The CMA considers that market definition provides a framework for assessing the competitive effects of the merger and involves an element of judgement. The boundaries of the market do not determine the outcome of the analysis of the competitive effects of the merger, as it is recognised that there can be constraints on merging parties from outside the relevant market, segmentation within the relevant market, or other ways in which some constraints are more important than others.¹
21. In identifying the relevant product market, the CMA will consider demand-side factors (the behaviour of customers and its effects), supply-side factors (the capabilities and reactions of supplier in the short term) and other market characteristics.²
22. In the UK, the merging parties overlap in the provision of engineering consultancy services spanning a variety of functions, including planning, design, consultancy and management. These services overlap across four main 'service areas': General Building, Environmental, Water and Transport engineering services. Parties submitted that each of these areas can be further broken down into a total of 18 subsectors (see Table 1).

¹ [Merger Assessment Guidelines](#), paragraph 5.2.2.

² *ibid*, paragraph 5.2.6.

TABLE 1 Service areas and subsectors in engineering consultancy

	Service area	Subsector
Engineering consultancy services	General Building	Architecture Building Engineering Design Planning Project Management Construction Management
	Environmental	Environmental Assessments and Surveys Geotechnical Engineering Non-hazardous Remediation and Clean-up Services Air Quality Services Acoustics Services Flood Control and Coastal Services
	Water	Water transport and distribution Water and wastewater treatment
	Transport	Rail Road Aviation and Ports Transportation Planning

Source: AECOM/URS.

-
23. It should be noted that the overlapping services do not include actual construction services, but do include the management of construction projects.
24. Services may be provided over one or more phases of a project, and may be provided both directly and through joint ventures or similar partner arrangements.
25. A third party suggested that the Parties also overlapped in nuclear specific services (including nuclear new builds and decommissioning). However, after considering submissions by the Parties, the CMA was satisfied that AECOM did not have capabilities in this area, and therefore the nuclear subsector should not be included in the assessment as an area of overlap.
26. The Parties submitted that the appropriate market on which the competitive impact of the Merger should be assessed is the market for civil engineering consultancy services in the UK. In support of this view, they referred to the 2006 *Balfour Beatty/Birse* decision³ where the Office of Fair Trading (OFT)⁴ had found one overall market for civil engineering encompassing planning, construction and maintenance of fixed structures or public works, and had not found it necessary to segment further by type of customer. However, the CMA noted that the *Balfour Beatty/Birse* case cited by the Parties only considered water, road and rail civil engineering when suggesting that a single product

³ Case ME/2525/06, *Balfour Beatty plc/Birse Group plc* (decision of 1 September 2006).

⁴ From 1 April 2014 the CMA took over the competition and certain consumer functions of the OFT and the functions of the Competition Commission, as amended by the Enterprise and Regulatory Reform Act 2013.

area may be sufficient, and was considering actual construction services rather than consulting services.

27. In addition, the Parties argued that there were no significant differences between the range of services offered by competitors and the Parties, and firms could easily substitute supply across subsectors (particularly as they could subcontract for the provision of any services they could not provide themselves). The Parties submitted that subcontracting to other service providers accounts for approximately 5% to 10% of AECOM's revenues, while URS subcontracts approximately [10–20]% of its work in water and general building, [30–40]% in transportation and [40–50]% in environmental services.
28. In the event that the CMA did not accept this wide frame of reference, the Parties submitted that segmentation should be on the basis of the four main service areas, namely General Building, Environmental, Water and Transport engineering services.
29. If the CMA considered that an even narrower product scope was appropriate, parties submitted that segmentation should be according to the following nine groups of services:
 - general building services
 - geotechnical engineering consultancy services
 - non-nuclear waste remediation and clean-up consultancy services
 - environmental consultancy services
 - water transport and distribution consultancy services
 - water and wastewater treatment consultancy services
 - road consultancy services
 - rail consultancy services
 - aviation and ports consultancy services
30. The CMA has seen no evidence to suggest there is demand-side substitution for these services across the subsectors described in Table 1.
31. The CMA then considered supply-side factors.
32. Third parties suggested that the substitutability of supply across subsectors is, in practice, limited by the fact that individual staff members being moved

would need subsector-specific experience, as well as by staff capacity constraints arising from existing commitments.

33. Third parties also suggested that subcontracting was not very prevalent in the professional services side of the engineering consulting industry, except for in more generic areas of, for example, design.
34. The CMA therefore considered evidence for product scope at the narrowest definition suggested by the Parties in their submission, as well as at the level of one narrower plausible frame of reference, namely treating each of the 18 subsectors listed in Table 1 separately. As the outcome of the competitive assessment is the same, regardless of the chosen product scope, the CMA does not consider it necessary to conclude on the appropriate product scope of the frame of reference.
35. The CMA considered whether it was appropriate to treat frameworks as a separate frame of reference, but decided it was not necessary to conclude on this as it considers all relevant constraints relating to framework contracts⁵ in the assessment of the competitive effects of the merger in any event.

Geographic frame of reference

36. The Parties submitted that the appropriate geographic frame of reference should be the UK. They argued that all the major providers of consultancy services offer their services across the UK, and conditions of competition are therefore the same across the UK.
37. Previous cases⁶ have considered national and regional markets but typically have not concluded on the geographic market. Where a conclusion was reached, it was considered that the market was the UK.
38. Comments from third parties support the view that the geographic market definition should be the UK, Europe or even wider, and no regional issues arise.
39. The CMA therefore considered the UK market in the competitive assessment, but did not find it necessary to conclude on geographic frame of reference.

⁵ Framework contracts are considered in more detail in paragraphs 56 to 70.

⁶ *Carillon/McAlpine* (2008), *Balfour Beatty/Cowlin* (2007), *Skanska/McNicholas* (2007), *Balfour Beatty/Birse* (2006), *Carillion/Mowlem* (2006), *Mansell/Balfour Beatty* (2003).

Conclusion on frame of reference

40. For the purposes of the competitive assessment of the Merger, the CMA considered the 18 subsectors (outlined in Table 1) separately within the UK as the frame of reference.
41. The CMA did not find it necessary to conclude on the precise delineation of the relevant product or geographic frames of reference as no competition concerns arise even on the narrowest plausible basis.

Counterfactual

42. The CMA assesses a merger's impact relative to the situation that would prevail absent the merger (that is, the counterfactual). In practice, the CMA generally adopts the pre-merger conditions of competition as the counterfactual. However, the CMA will assess the merger against an alternative counterfactual where, based on the evidence available to it, there is a realistic prospect of a different counterfactual.⁷
43. In this case, there is no evidence supporting a different counterfactual, and the Parties have not put forward arguments in this respect. Therefore, the CMA considers the prevailing conditions of competition to be the relevant counterfactual.

Competitive assessment

Horizontal effects

44. Horizontal effects can arise in a merger when a firm merges with a competitor that previously provided a competitive constraint, potentially allowing the merged firm to profitably raise prices unilaterally and/or degrade the quality of service offered to its customers compared with what would occur absent the merger.⁸

Shares of supply

45. The CMA considered the shares of supply in the UK for suppliers of engineering consulting services overall and by subsector, provided by the Parties. This data is compiled and published by New Civil Engineer (NCE) (see Tables 2 and 3).⁹

⁷ See [Merger Assessment Guidelines](#), paragraph 4.3.5 et seq.

⁸ *ibid*, paragraphs 5.4.1 and 5.4.2.

⁹ The market share data provided in Tables 2 and 3 rely on responses to a survey by NCE in 2012.

TABLE 2 UK Supplier rankings and shares of supply in the overall supply of engineering consulting services

Ranking	Company	Fees (£m)	Share (%)
1	Atkins	1,711.10	13
2	Mace	1,070.90	8
3	Parsons Brinckerhoff	1,049.00	8
4	Mott McDonald	1,020.00	8
5	Arup	872.00	7
6	Jacobs	678.31	5
7	WSP	627.90	5
8	Amec	610.00	5
9	RPS	570.00	4
10	Mouchel	501.00	4
11	URS	489.70	4
12	AECOM	405.40	3

Source: NCE.

TABLE 3 Parties' rank and shares of supply within segments of UK engineering consulting services

Segment	AECOM share (rank)	URS share (rank)	Combined share (rank)
General Building	4% (9)	3% (10)	7% (5)
– Building	2% (11)	5% (6)	7% (5)
– Manufacturing	3% (9)	23% (2)	26% (2)
– Project Management	3% (10)	<3% (>10)	<6% (>8)
Environmental	3% (9)	6% (5)	9% (4)
– Environment	4% (7)	7% (5)	11% (4)
– Waste	1% (13)	5% (6)	6% (6)
– Flooding/coastal	8% (4)	<5% (>10)	8% (4)
Water	5% (7)	1% (19)	6% (6)
Transportation	2% (12)	5% (7)	7% (5)
– Road	2% (13)	4% (9)	6% (5)
– Rail	3% (10)	5% (6)	8% (5)
– Aviation and ports	1% (14)	5% (7)	6% (5)

Source: NCE.

46. This data suggests that the merger of AECOM and URS would combine the 11th and 12th largest engineering consultancy firms in the UK, and the combined share of supply across all engineering consultancy services would be only 7%.
47. When narrow product markets are considered, the data suggests that in all but one sub-market the combined share of supply of the merging parties would be 11% or less.
48. According to the data, in the manufacturing subsector of General Building, where URS has a strong presence, the combined share of supply in the UK would be 26% (see Table 4). However the incremental increase to the URS share following the merger would be only 3%.

TABLE 4 UK Supplier rankings and shares of supply in manufacturing consultancy services

Ranking	Company	Fees (£m)	Share (%)
1	Jacobs	77.30	27.7
2	URS	63.10	22.6
3	Atkins	28.20	10.1
4	Arup	19.00	6.8
5	WSP	14.00	5.0
6	Morgan Sindall	13.60	4.9
7	K Home Intern.	11.10	4.0
8	Turner & Townsend	10.80	3.9
9	AECOM	9.50	3.4
10	Mott McDonald	8.20	2.9

Source: NCE.

49. The CMA considered potential limitations of the reliability of the data. Parties submitted that the data provided included fees relating to non-UK operations and that the share of supply and revenue data related to 2012 as more recent data collected by NCE referred to global revenues. The data was therefore not necessarily an accurate estimate of shares of supply in the UK. However, the data was consistent with responses from third parties.

Closeness of competition

50. The overall engineering consulting sector and the individual subsectors considered have many other suppliers of significant size. Responses from third parties, including customers, confirmed that there are many competitors for all services and support the conclusion that substantial competitive constraints would exist post-merger.
51. One customer commented that they might not be able to procure all services from all suppliers in a given subsector because of conflicts of interest (for example, one supplier may not be permitted to provide design and design checking services, or design and project management services on a single project simultaneously). The customer also submitted that the merger may imply new conflicts for the Parties in terms of their existing responsibilities. However, this customer indicated that it has more than ten large credible suppliers of these services. No other third party raised concerns in relation to conflicts of interest.

Tendering and frameworks

- *Tendering for significant projects*

52. The Parties submitted that competition for significant engineering consultancy services contracts generally takes place by means of a tender process which takes one of two forms: as a standard tender process, or as a framework agreement.

53. The CMA understands that a standard tender process for a specific piece of work typically operates in two stages:
- (a) a pre-qualification round, in which suppliers express their interest and make submissions detailing how they meet the criteria for pre-qualification and selection to proceed to the second round; followed by
 - (b) the suppliers shortlisted in the pre-qualification round submit detailed tenders including technical plans, case studies (showing prior work and references), prices and contractual terms.
- *Use of framework agreements*
54. The Parties submitted that customers are increasingly using framework agreements when purchasing engineering consultancy services. Under a framework agreement, the customer holds a pre-qualification process and subsequently purchases services from the successful candidates chosen to be suppliers within the framework, without repeating the initial pre-qualification process. These purchases can either follow second-round tenders or can be made by direct allocation of work contracts among the framework suppliers.
55. There is significant competition between suppliers in all subsectors to win a place in a framework, which are usually in place for a maximum of four years before repeating the process. Some frameworks are agreed for a shorter number of years with optional extensions.
56. Framework agreements are typically not exclusive contracts in that there is no legal obligation on the customer to purchase services exclusively from the framework suppliers, and thus customers remain free to purchase services from suppliers not included in the framework agreement (hereafter 'non-framework suppliers'). Furthermore, there is also typically no obligation on the customer to tender for any minimum amount or value of services through the framework.
57. However, in a scenario where a framework agreement is already in place, if a public authority bound by procurement rules wanted to invite or accept bids from non-framework suppliers, they may need to go through an additional procurement procedure.
58. During discussions with third parties, there was some, albeit minor, concern raised by two third parties that if AECOM and URS had both been selected as framework suppliers, the Merger would result in fewer independent suppliers within an agreed framework, with a reduction in competition for the second-round tenders for the remainder of the life of the framework.

59. The Parties provided details of frameworks they had identified where the Merger would result in three or fewer independent suppliers within the framework. In some cases the Parties were both present in the frameworks as standalone entities, and in others they were each part of consortia with other companies.
60. To identify the frameworks for competitive assessment, the CMA assessed, as a starting point, whether there were frameworks which would still be in place for longer than two years before expiry.
61. To assess the impact on closeness of competition of the identified frameworks, the CMA considered a number of questions.
62. First, is the Merger actually leading to a reduction in the number of bidders for second round tenders within the framework? The CMA noted that in several cases Parties were framework suppliers as part of consortia. The consortia partners may therefore act as a constraint on the ability of merging parties to affect the price or service level provided.
63. Second, do customers face significant costs if they want to add a supplier or procure outside the framework? The Parties submitted that frameworks are in no way prescriptive, and that customers can and do source work from other suppliers. To support this argument, the Parties provided two examples of frameworks (which they considered representative) where customers sourced work from outside the frameworks, or explicitly stated that there was no obligation to offer work to the suppliers in the framework. Evidence from third parties suggested that there may be legal constraints to replacing suppliers within an existing framework to maintain the number of independent suppliers. The CMA therefore considered the cost which would be incurred in tendering for service contracts individually outside the framework (which would be open to more suppliers) or by setting up a new framework agreement to include more suppliers. The CMA concluded that, for the cases it considered, the cost of procuring outside the framework would be low compared with the value of the contracts, particularly as much of the work involved in the initial pre-qualification round of recently established framework agreements would not have to be replicated.
64. Third, is there any countervailing factor that would limit the ability of the remaining bidders to exercise market power? The framework suppliers will be bound by the framework agreement, in which the basic terms and conditions will have been mapped out and will apply to any subsequent tenders within the framework. As such, the ability for suppliers to flex price and quality standards while in the framework could be limited to some extent. The ability

of customers to source outside the framework may act as an additional constraint.

65. Fourth, is there any countervailing factor that would limit the incentive of the remaining bidders to exercise market power? The CMA considered the competitive constraints on Parties from reputational effects, especially when the tendering process for new frameworks ran concurrently with the remaining life of the current framework. The Parties submitted that where a tendering authority is seeking suppliers to be shortlisted for a future framework, evidence of past relevant experience is highly likely to be central to the initial competition between bidders, and that UK procuring authorities are obliged to take into account past performance.¹⁰ Third parties confirmed that they would seek to take into account poor past performance in later procurement competitions where possible. The CMA is aware that recent developments in EU procurement law include past performance as an award criterion if it is relevant.¹¹ Overall, based on the evidence available, the CMA considers that there are significant competitive constraints on Parties from reputational effects.
66. The Parties submitted some general points about frameworks, namely that there is no obligation on the tendering authority to use a framework agreement, they only exist for a limited amount of time (and can be brought to conclusion earlier by the customer, if required), and that any potential harm would be no more than the cost associated with re-tendering the affected framework.
67. The CMA noted that third parties submitted they would have a large number of credible suppliers to choose from as suppliers for their next framework.
68. The CMA also noted that one third party user of frameworks who raised a concern directly relating to an existing framework considered that the cost of setting up a replacement framework would be low.
69. With regard to the only other concern that was raised specifically in relation to framework agreements, the CMA understands that the current framework concludes in approximately 15 months and that the next framework agreement tendering process is about to commence and would run concurrently with the remaining life of the framework and, as such, there are competitive constraints on the Parties from reputational effects (as described in paragraph 65).

¹⁰ Parties referred the CMA to Regulation 25 (1) of the 2006 UK Public Contracts Regulations.

¹¹ See Public Procurement Directive 2014.

70. In the round, the CMA considers that even when considering individual frameworks, post-merger significant competitive constraints will remain to constrain Parties from increasing prices or otherwise reducing their competitive offering within existing frameworks.

Conclusion on horizontal unilateral effects

71. The CMA considers that there is no realistic prospect of a substantial lessening of competition as a result of horizontal unilateral effects in the supply of engineering consulting services, in particular as the Parties will remain sufficiently constrained from increasing prices or otherwise reducing their competitive offering.

Barriers to entry and expansion

72. Entry, or expansion of existing firms, can mitigate the initial effect of the merger on competition, and in some cases may mean that there is no substantial lessening of competition. In assessing whether entry or expansion might prevent a substantial lessening of competition, the CMA considers whether such entry or expansion would be timely, likely and sufficient. In terms of timeliness, the CMA's guidelines indicate that the CMA will look for entry to occur within two years.¹²
73. The Parties submitted that there were numerous suppliers (at least 50 to 70 in many subsectors), and that the large number of players and the low shares of even the largest players suggest that incumbency is not a serious barrier to entry. In particular, there are:
- no legal advantages that limit the number of market participants
 - no technical advantages which make it difficult for any new entrant to compete effectively, and experienced staff are readily available
 - no intrinsic or structural advantages from factors necessary to establish an effective presence in the market
 - no significant economies of scale
74. All three third party respondents to the CMA's questions on entry and expansion submitted that they would face a high or significant investment and/or time cost associated with entry into areas where they had no current offering. Two of these submitted that entry would require acquisition of skills

¹² [Merger Assessment Guidelines](#), paragraph 5.8.1 ff.

and experience in the relevant services and/or services areas, either organically or through acquisition. Two parties submitted that this cost would be higher if starting to supply private sector customers or in areas where skills are more 'specific'.

75. One third party respondent submitted that the cost of expanding supply in existing areas would be relatively low. Another submitted that it had entered a new segment, albeit through acquisition.
76. However, it was not necessary for the CMA to conclude on the timeliness, likelihood or sufficiency of potential entry or expansion as no competition concerns arise on any basis.

Third party views

77. The CMA contacted customers and competitors during its market testing, including third parties for whom parties had both competed for contracts. The customer responses covered a wide range of services, including all four broad service areas and all 18 narrow subsectors (see Table 1).
78. Over three-quarters of respondents said they had no concern, had no views on the merger, or offered general views which did not suggest concerns. Concerns regarding the reduction of competition were raised by four customers and one competitor.
79. One customer commented that the merger would result in a slight reduction in competition in consultancy, but may also improve the capability and flexibility of the suppliers. Another customer commented that as the industry continues to consolidate, it was becoming more difficult to avoid conflicts between suppliers offering different services throughout a large project.
80. Another customer observed that the mid-sized suppliers were combining into global organisations, whereas they preferred dealing with local companies in dealing with local issues. However, they indicated that there were still plenty of effective suppliers, despite this consolidation.
81. Concerns relating to frameworks were raised in the cases of two customers. Both were concerned that there would be a reduction in the number of suppliers within an existing framework. However, one indicated that the cost of setting up a new framework with additional suppliers would be low because the process to agree the framework had concluded very recently and therefore the work associated with assessing bids would not have to be repeated. The other indicated that the current framework would conclude in approximately 15 months, and that the next framework agreement tendering

process is about to commence and would run concurrently with the remaining life of the framework.

82. No third party, customer or competitor, indicated a major concern about the merger.
83. Third party comments have been taken into account where appropriate in the competitive assessment above.

Decision

84. The CMA has not identified any horizontal competition concerns arising from the Merger in any frame of reference.
85. Consequently, the CMA does not believe that it is or may be the case that the Merger may be expected to result in a substantial lessening of competition within a market or markets in the United Kingdom.
86. The Merger will therefore **not be referred** under section 33(1) of the Act.

Nelson Jung
Director of Mergers
Competition and Markets Authority
14 October 2014