

# **Yale & Valor plc and Myson Group plc**

A report on the proposed merger



THE MONOPOLIES AND MERGERS COMMISSION

Yale & Valor plc  
and  
Myson Group plc

A report on the proposed merger

**Presented to Parliament by the Secretary of State for  
Trade and Industry by Command of Her Majesty  
December 1990**

## **Members of the Monopolies and Mergers Commission as at 29 November 1989**

Mr M S Lipworth (*Chairman*)  
Mr H H Hunt CBE (*Deputy Chairman*)  
Mr H H Liesner CB<sup>1</sup> (*Deputy Chairman*)  
Mr D G Richards CBE (*Deputy Chairman*)  
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Mr F E Bonner CBE<sup>1</sup>  
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Mr G C S Mather  
Mr L A Mills  
Mr J D Montgomery<sup>1</sup>  
Mr B C Owens<sup>1</sup>  
Mr D P Thomson  
Mr C A Unwin MBE  
Mr S Wainwright CBE  
Professor G Whittington  
Mr R Young<sup>1</sup>

Mr S N Burbridge (*Secretary*)

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<sup>1</sup>These members formed the group which was responsible for this report (see Appendix 1, paragraph 3).

## **Note by the Department of Trade and Industry**

In accordance with section 83(3) of the Fair Trading Act 1973, the Secretary of State has excluded from the copies of the report, as laid before Parliament and as published, certain matters, publication of which appears to the Secretary of State to be against the public interest. The omission is indicated by a note in the text.

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# 1 Summary

1.1. On 30 August 1989 we were asked to investigate and report on the bid by Yale & Valor plc (Yale & Valor) to acquire Myson Group plc (Myson) (see Appendix 1). On the same day we were requested to inquire into a proposal by Blue Circle Industries plc to purchase Myson; the outcome of that investigation is the subject of a separate report also completed today.

1.2. Yale & Valor makes locks and other security equipment, gas and electrical appliances including gas fires, and kitchen and catering equipment. The main products of Myson are gas fires, water heaters, and domestic boilers, as well as other central heating equipment, electric tumble driers, and industrial and commercial heating and air conditioning equipment.

1.3. Yale & Valor and Myson thus overlap in the production and marketing of domestic gas fires. In the case of both companies this is only a relatively small part of the business 8 per cent of turnover for Yale & Valor and 5 per cent for Myson.

1.4. We concluded that it is sensible to treat gas fires as a distinct market; whilst other forms of heating and especially electric fires are evidently substitutes for gas fires, we considered that a gas fire will have sufficient distinguishing characteristics in the eyes of the consumer to place it in a separate market.

1.5. We noted that a merged group would have about 35 per cent of the gas fire market. Such a share would make a merged group the clear market leader; of Yale & Valor's and Myson's competitors none has a market share in excess of 15 per cent. Moreover, there is no reason to expect a growth in imports of traditional gas fires.

1.6. Nonetheless, we do not think that a merger would enable the new group to exploit its size to dominate the market. The chief reason for this conclusion is the position in the market of British Gas. A very high proportion—about three-quarters—of traditional gas fires is sold through British Gas, and it is in the strong interest of British Gas both as a retailer and as the sole supplier of the fuel to purchase gas fires on the most favourable terms. In addition, there do not appear to be any significant barriers to entry into gas fire manufacture, and three of the main competitors of the merged group are subsidiaries of major British companies. Finally, in recent years the decorative flame effect fire has expanded at the expense of the traditional fire, and the decision by British Gas to market such fires will no doubt encourage this trade. Yale & Valor and Myson have not so far been active in this market but intend to become so.

1.7. A merger would also result in Yale & Valor obtaining a 13 per cent stake in the central heating market. We think that this could have a beneficial effect on competition in that market.

1.8. We do not think that a merger would have major adverse consequences for employment. We do not expect there would be significant effects on research and development.

1.9. We conclude unanimously that a merger between Yale & Valor and Myson may be expected not to operate against the public interest.