



Republic of Serbia  
**COMMISSION FOR  
PROTECTION OF COMPETITION**

25/IV Savska St., Belgrade

Number: 6/0-03-319/2019-1

Reference number: 6/0-02-142/2019

Date: March 13, 2019

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Pursuant to Article 35(2) and Article 62(2) of the Law on Protection of Competition (Official Gazette of the RS 51/09 and 95/13), and Article 2(1/7) of the Tariff on the level of compensations for activities within the competence of the Commission for Protection of Competition (Official Gazette of the RS 49/11), deciding in the merger control proceeding upon a merger notification entered under number 6/0-02-907/2018-1, filed by company „Roaming Electronics“ doo, with registered seat at the address 10 Južni Blvd., Belgrade, and natural person Aleksandar Jevtović, 22 Čačanski odred St., Čačak, via procuration holder, attorney at law Bojan Vučković from the Law Office „Karanović & Partners“, 23 Resavska St., Belgrade, on March 13, 2019, the President of the Commission for Protection of Competition enacts the following

## CONCLUSION

**I** Merger control proceeding shall be **RESUMED EX OFFICIO** involving a notification of merger, created by acquisition of indirect joint control on the part of company „Roaming Electronics“ doo, with registered seat at the address 10 Južni Blvd., Belgrade, company number 17540602, and natural person Aleksandar Jevtović, 22 Čačanski odred St., Čačak, over the following companies: 1) „WINWIN SHOP“ doo, with registered seat at the address 18 Kneza Vase Popovića St., Čačak, company number 21162094, 2) „Emmi House“ doo, with registered seat at the address 78g Oslobodilaca Čačka Blvd., Čačak, company number 21287733, 3) „WINWIN RETAIL“ doo, with registered seat at the address 78g Oslobodilaca Čačka Blvd., Čačak, company number 21439860, and 4) „TEHNOMANIJA“, with registered seat at the address 10 Južni Blvd., Belgrade, company number 17233041, by establishing a company which will operate on a long-term basis and have all functions of an independent undertaking, to which the shares and/or assets of said companies will be transferred, in order to investigate the fulfillment of the requirements for permissibility of the notified merger from Article 19 of the Law on Protection of Competition, or whether the merger concerned would significantly restrict, distort, or prevent competition on the market of the Republic of Serbia or its part, and especially if that restriction, distortion, or prevention would be the result of creating or strengthening of a dominant position.

**II ALL PERSONS ARE INVITED** to forthwith submit all data, documents or other relevant information in their possession that could contribute to the accurate fact-finding in

this proceeding, to the Commission for Protection of Competition to the address 25/IV Savska St., Belgrade.

**III COMMITMENT IS ESTABLISHED** with respect of the merger applicants, company „Roaming Electronics“ doo and natural person Aleksandar Jevtović, to make payment of financial compensation for issuing the decision on merger approval in investigation procedure in the total amount of 50,000.00 (in words: fifty thousand) euro, in the dinar equivalent value calculated at the middle-exchange rate of the National Bank of Serbia on the day of payment, whereas the dinar equivalent value of 25,000.00 (in words: twenty-five thousand) euro paid upon merger notification shall count against the total amount, and **IT IS ORDERED** to the merger applicants, company „Roaming Electronics“ doo and natural person Aleksandar Jevtović, to make payment of the remaining amount of the fee of 25,000.00 (in words: twenty-five thousand) euro, in the dinar equivalent value calculated at the middle-exchange rate of the National Bank of Serbia on the day of payment, into the account of the Commission for Protection of Competition maintained with the Treasury Administration of the Ministry of Finance of the Republic of Serbia, number 840-880668-16, reference number 6/0-03-319/2019, no later than 15 (fifteen) days from the date of receipt of this conclusion.

**IV** This conclusion shall be published in the Official Gazette of the Republic of Serbia and on the website of the Commission for Protection of Competition.

### **Rationale**

Company „Roaming Electronics“ doo, with registered seat at the address 10 Južni Blvd., Belgrade, company number 17540602, and natural person Aleksandar Jevtović, 22 Čačanski odred St., Čačak,, [...] (hereinafter, merger applicants or parties), have filed a merger notification on December 25, 2018, via procuration holder, attorney at law Bojan Vučković from the Law Office „Karanović & Partners“, 23 Resavska St., Belgrade, entered under number 6/0-02-907/2018-1, in order to acquire joint control on the part of company „Roaming Electronics“ doo and natural person Aleksandar Jevtović over the following companies: 1) „WINWIN SHOP“ doo, with registered seat at the address 18 Kneza Vase Popovića St., Čačak, company number 21162094, 2) „Emmi House“ doo, with registered seat at the address 78g Oslobodilaca Čačka Blvd., Čačak, company number 21287733, 3) „WINWIN RETAIL“ doo, with registered seat at the address 78g Oslobodilaca Čačka Blvd., Čačak, company number 21439860, and 4) „TEHNOMANIJA“, with registered seat at the address 10 Južni Blvd., Belgrade, company number 17233041, by establishing a company which will operate on a long-term basis and have all functions of an independent undertaking, to which the shares and/or assets of said companies will be transferred.

Company „Roaming Electronics“ doo operates within Roaming group, whose ultimate parent undertaking is company Koefik d.o.o. Beograd (owned by natural person Nenad Kovač). Company Roaming Electronics was established in 2004 and is engaged in import and distribution of consumer electronics and mobile devices, with own retail network – Tehnomanija. This company cooperates with a number of global brands and supplies retail stores, business users and operators with their products. Company Tehnomanija was established in 1999, and since then operates in the retail trade sector of electrical and electronic household appliances.

Natural person Aleksandar Jevtović controls WinWin group, including WinWin retail chain that offers a number of IT and audio/visual equipment in its range of products, as well as household appliances, small household appliances, video surveillance equipment, watches, jewelry, children's toys, health and fitness apparatus, and many other appliances and devices. WinWin is a partner of household name brands and manufacturers, selling online and in about 104 traditional brick-and-mortar retail stores nationwide. WinWin is a company that operates in Bosnia and Herzegovina, Montenegro, and Serbia.

Target companies „WINWIN SHOP“ doo, „Emmi House“ doo, and „WINWIN RETAIL“ operate within WinWin group, while company Tehnomanija operates within Roaming group. Company „WINWIN RETAIL“ was established in December 2018, for the purpose of internal corporate reorganization of WinWin group, having regard to the fact that natural person Aleksandar Jevtović plans, for the merger purposes, to transfer WinWin business operations to Winwin Retail. Company Emmi House is a retail chain operating within WinWin group. Emmi House was created by launching website emmi.rs and a first retail store in Belgrade, followed by growth in business, expanding to three more locations: Niš, Novi Sad and New Belgrade. Emmi House retail stores can be currently found at over 20 new locations in Serbia.

As a merger act, the merger notification indicates the Letter of intent, signed on December 24, 2018, by the parties. With this Letter, its signatories declare intent to establish a jointly controlled company (50% ownership interest each), to which the shares and/or assets, that is, business operations of target companies will be transferred and which will control the target companies. In that manner, the parties will have indirect joint control over target companies. The notification is filed pursuant to Article 63(2) of the Law on Protection of Competition (Official Gazette of the RS 51/09 and 95/13, hereinafter, the Law).

Based on data provided on the combined aggregate worldwide and national turnover of the merger parties, the Commission has established that there is a mandatory notification requirement of the merger concerned since the combined aggregate turnover of the parties exceeds thresholds set out in Article 61 of the Law, established under the pre-merger notification regime.

For the purposes of this merger control proceeding, the parties have proposed to define the following relevant product markets: mobile phone retail market, fixed phone retail market, tablet retail market, notebook computer retail market, gaming console retail market, TV retail market, washing machine retail market, refrigerator retail market, vacuum cleaner retail market, microwave oven retail market, built-in appliances retail market, small household appliances retail market, and other electric appliances retail market. The applicants have further proposed the following narrower geographic units as the relevant geographic market, that is, cities where both merger applicants operate: Belgrade, Čačak, Kragujevac, Kraljevo, Kruševac, Niš, Novi Sad, Pančevo, Ruma, Sombor, Sremska Mitrovica, Subotica, Šabac, Valjevo and Zrenjanin. Acting on the Commission order, the parties have also submitted data on the following product categories: small household appliances, major household appliances, TV, audio and visual equipment, mobile and fixed phones, and computers and other IT equipment.

Based on data and information contained in the notification and supplements to the merger notification, which relate to the merger parties and other undertakings active on the markets proposed by the merger applicants as the relevant markets, derives that the merger would

create a significant degree of horizontal overlap of the activities of the merger parties on individual markets, with a considerable market share.

Based on data submitted to date in the merger notification, and in particular in the addendum delivered in accordance with the Commission order to provide data on the small household appliances retail market, major household appliances retail market, TV and audio/visual equipment retail market, mobile and fixed phones retail market, and computers and other IT equipment retail market, there are reasonable grounds to believe that a significant change in market structure will occur, in addition to a considerable increase in market shares on individual relevant markets.

The levels of post-merger Herfindahl-Hirschman index (HHI), in particular, but not limited to, regarding the small household appliances retail market, major household appliances retail market, and TV and audio/visual equipment retail market in Belgrade, could reach  $\geq 3531$ , that is 2500, that is 2550, respectively (where the combined market share of the merger parties are about 150-60%, that is 150-60%, that is 150-60%, respectively). The change in HHI on these markets could amount to about 1347, that is 1058, that is 1274, respectively. The Commission thus evaluates that this may concern highly concentrated markets, established in line with the Commission and EU practice, and that the merger could considerably increase the degree of concentration on individual relevant markets, that is, that this would not constitute a case when is considered that there are no risks in terms of competition and when no detailed analysis into merger effects is needed.

Pursuant to Article 62 of the Law, the Commission may resume the merger control proceedings *ex officio* based on a conclusion enacted by the Commission President, if it finds that the combined market share of the merger participants on the market of the Republic of Serbia is at least 40%, i.e., reasonably assumes that the merger fails to fulfill the requirements for permissibility from Article 19 of the Law. In order to take a decision according to the Law, it is necessary to establish additional factual details enabling the Commission to define the relevant market and assess the effects of the merger concerned. It is assessed that the data and information provided by the merger applicants are insufficient to establish the permissibility of merger in summary procedure, rendering it necessary to implement an investigation procedure. In the course of the investigation procedure, the Commission will conduct all necessary actions and establish all facts and present evidence necessary for: definition of the relevant markets, in particular, but not limited to, about data against which the possibility of substitution on the supply- and demand-side in providers/users of the services concerned will be established, analysis of the relevant market(s) structure, the level of concentration of the relevant market(s), identification of actual and potential competitors, market position of the merger parties and their competitors, legal and other barriers to entry into the relevant market, level of competition between the merging parties, consumer interests, etc.

A particular aspect of the analysis in this proceeding will be based on data and assessments on direct or delayed effects of the merger concerned, collected from the most significant competitors to the merger parties, active on each of the markets that will be defined as the relevant markets in the proceedings concerned. Towards obtaining data, information and opinions, the Commission will contact individual national authorities and business entities.

Taking into account all the facts that derive from the content of the merger notification and addenda filed, as well as on grounds that were individually presented and reasoned, it was therefore concluded that the conditions for instituting an investigation procedure *ex officio* are

fulfilled with regard to the merger concerned, within the meaning of Article 62(2) read in conjunction with Article 19 of the Law.

The decision from Paragraph I of enacting terms herein is made pursuant to Article 62 of the Law.

The decision from Paragraph II of enacting terms herein is made pursuant to Article 35(2) of the Law.

The decision from Paragraph III of enacting terms herein is made pursuant to Article 65(5) of the Law and Article 2(7) of the Tariff on the level of compensations for activities within the competence of the Commission for Protection of Competition.

The decision from Paragraph IV of enacting terms herein is made pursuant to Article 40 of the Law.

**Instruction on legal remedy:**

This conclusion is not susceptible to separate appeal, but is permitted to institute an administrative dispute against the final decision of the Commission.

**PRESIDENT OF THE COMMISSION**

Dr Miloje Obradović, m.p.