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## JUSTICE NEWS

Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

Thursday, September 15, 2022

### Justice Department Sues to Block ASSA ABLOY's Proposed Acquisition of Spectrum Brands' Hardware and Home Improvement Division

#### Proposed Deal Would Combine Two of the Three Largest Competitors in Residential Door Hardware, Further Concentrating U.S. Markets

The U.S. Department of Justice filed a civil antitrust lawsuit today to block ASSA ABLOY AB's (ASSA ABLOY) proposed \$4.3 billion acquisition of the Hardware and Home Improvement division of its rival, Spectrum Brands Holdings Inc (Spectrum). ASSA ABLOY and Spectrum are two of the three largest producers of residential door hardware in the concentrated, \$2.4 billion U.S. industry.

The complaint, filed in the U.S. District Court for the District of Columbia, alleges that the merger would eliminate important head-to-head competition between ASSA ABLOY and Spectrum, risking higher prices, lower quality, reduced innovation and poorer service in the sale of at least two types of residential door hardware: premium mechanical door hardware and smart locks.

"Millions of Americans rely on these companies' door hardware products every day to meet their most basic privacy and security needs," said Assistant Attorney General Jonathan Kanter of the Justice Department's Antitrust Division. "Competition between these two companies, which are two of the three largest companies in an already concentrated industry, has benefitted American consumers in the form of lower prices and better quality. That important competition would be extinguished if this merger were allowed to proceed to the detriment of Americans."

The complaint, which seeks to enjoin the transaction under Section 7 of the Clayton Act, alleges that ASSA ABLOY and Spectrum have competed for years to be leaders in the U.S. markets for premium mechanical door hardware and for smart locks. The proposed transaction would transform these markets, giving ASSA ABLOY a near-monopoly in premium mechanical door hardware and more than a 50% share in smart locks, leaving only one significant competitor. More broadly, a combined ASSA ABLOY/Spectrum would control approximately 50% of the overall residential door hardware market. Hundreds of millions of dollars' worth of premium mechanical door hardware and smart locks are sold each year in the United States. Premium mechanical door hardware is made of high-quality, durable metals (primarily forged brass and cast bronze), and is highly customizable, design-driven, and constructed with superior craftsmanship. Smart locks are an increasingly popular type of digital door lock that can be remotely operated and monitored through a wireless connection to another electronic device, such as a smart phone or smart speaker.

ASSA ABLOY AB is a publicly traded Swedish stock company headquartered in Stockholm, Sweden. It sells its residential door hardware products in the United States under the August, EMTEK, and Yale brands. ASSA ABLOY's revenues were approximately \$9.1 billion in 2021.

Spectrum Brands Holdings Inc. is a publicly traded Delaware corporation headquartered in Middleton, Wisconsin. It sells its residential hardware products in the United States under the Baldwin and Kwikset brands. Spectrum's revenues were approximately \$4.6 billion in 2021.

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**Attachment(s):**

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**Component(s):**

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Antitrust

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