



MEDIA RELEASE

22 February 2019

CCCS Clears Proposed Acquisition Involving Distributors of Food Products

1. The Competition and Consumer Commission of Singapore (“CCCS”) has today cleared the proposed acquisition by DKSH Holding (S) Pte. Ltd. (“DKSH Holding (S)”) of Auric Pacific Marketing Pte. Ltd. (“APM”) and Centurion Marketing Pte. Ltd. (“CM”) (the “Proposed Transaction”). CCCS has concluded that the Proposed Transaction, if carried into effect, will not infringe the section 54 prohibition of the Competition Act (Cap. 50B) (the “Act”).¹

Background

2. On 10 January 2019, DKSH Holding (S) filed a notification with CCCS for a decision as to whether the Proposed Transaction², if carried into effect, will infringe section 54 of the Act.

3. DKSH Holding (S), APM and CM overlap in the provision of distribution services for packaged food and beverage products³ in Singapore. Distributors provide services such as physical distribution, warehousing, invoicing and other value-added services to manufacturers and/or suppliers of packaged food and beverage products. The services provided ensure that these manufacturers and suppliers’ products reach various channels including wholesalers, supermarkets, retailers with a shopfront or e-commerce presence, and foodservice businesses such as hotels, restaurants and cafes.

¹ Section 54 of the Act prohibits mergers that have resulted, or may be expected to result, in a substantial lessening of competition within any market in Singapore.

² The Proposed Transaction is part of a wider acquisition which also includes the acquisition of Auric Pacific (M) Sdn Bhd by the DKSH Group in Malaysia.

³ Examples of packaged food and beverage products include milk powder, boxed cereals, bottled jams and condiments, tea and coffee powders, snacks and confectionary like potato chips, amongst others.

CCCS's Assessment

4. For the purposes of the assessment, CCCS considered that the relevant market for the Proposed Transaction is the market for the provision of distribution services for packaged food and beverage products in Singapore.

5. Following feedback from third parties and submissions by DKSH Holding (S), CCCS has concluded that the Proposed Transaction, if carried into effect, will not lead to a substantial lessening of competition within the relevant market in Singapore, for the following reasons:

- (a) DKSH Holding (S), APM and CM are not each other's closest competitors in the market as the types of food distribution services offered by each party differ;
- (b) The combined market shares of DKSH Holding (S), APM and CM, and incremental market shares arising from the Proposed Transaction, are not large and well below CCCS's indicative thresholds⁴;
- (c) There are a number of alternative distributors from which manufacturers and suppliers can procure distribution services, with multiple instances of actual switching by manufacturers and suppliers to other distributors over the last five years; and
- (d) Barriers to entry – such as costs of entry and reputation of distributors – are not insurmountable. Also, barriers to expansion for existing players are not high as these competitors already have the necessary industry knowledge and infrastructure such as warehouses and delivery fleets to expand as needed.

6. Further information on the application and CCCS's Grounds of Decision will be made available in due course on CCCS's Public Register at www.cccs.gov.sg.

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⁴ Paragraph 5.15 of the *CCCS Guidelines on the Substantive Assessment of Mergers 2016* states that CCCS is generally of the view that competition concerns are unlikely to arise in merger situations unless the merger entity will have a market share of 40% or more; or the merged entity will have a market share of between 20% to 40% and the post-merger CR3 is 70% or more.

About the Competition and Consumer Commission of Singapore

The Competition and Consumer Commission of Singapore (“**CCCS**”) is a statutory board of the Ministry of Trade and Industry. CCCS administers and enforces the Competition Act (Cap. 50B) which empowers CCCS to investigate and adjudicate anti-competitive activities, issue directions to stop and/or prevent anti-competitive activities and impose financial penalties. CCCS is also the administering agency of the Consumer Protection (Fair Trading) Act (Cap. 52A) or CPFTA which protects consumers against unfair trade practices in Singapore. Our mission is to make markets work well to create opportunities and choices for business and consumers in Singapore.

For more information, please visit www.cccs.gov.sg.

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