



MEDIA RELEASE

3 March 2016

PROPOSED MERGER OF AIRFIELD LIGHTING SUPPLIERS: CCS GRANTS APPROVAL AFTER COMMITMENTS ACCEPTED

1. The Competition Commission of Singapore (“CCS”) has granted approval of ADB BVBA’s (“ADB”) proposed acquisition of Safegate International AB (“Safegate”) from Fairford Holdings Private AB (“Fairford”) (collectively “the Parties”) (the “Proposed Transaction”)¹ after accepting commitments to address competition concerns.

CCS’s Assessment

2. CCS had earlier raised competition concerns on the Proposed Transaction, based on information provided by the Parties and feedback from industry participants, including competitors and customers (airport operators and contractors). Specifically, the Parties account for a significant market share of more than 80% in the supply of airfield lighting (“AFL”) systems in Singapore, and they may be each other’s closest competitor.² If the merger were to proceed, other AFL suppliers would face difficulties entering the market in the short to medium term due to customers’ extensive testing requirements. The Proposed Transaction may therefore significantly reduce the level of competition in the affected market in the short to

¹On 23 June 2015, CCS received a joint notification for decision from ADB, Safegate and Fairford in relation to the ADB’s proposed acquisition of 100 per cent of the shares of Safegate from Fairford. The notification sought CCS’s decision on whether the Proposed Transaction, if carried out, would result in a substantial lessening of competition within any market in Singapore.

² The Parties are direct competitors in the supply of airfield lighting systems in Singapore. ADB’s stable of brands for AFL systems includes ADB, LUCEBIT and ERNI. Safegate’s stable of brands for AFL systems includes Safegate, Thorn and Idman.

medium term, and may lead to price increases and deterioration in quality and/or technical support.³

The Commitments

3. ADB has proposed commitments to address the competition concerns that CCS had identified, which are set out below:

a) **To address the concern that the merged entity may increase prices significantly post-merger due to significant market power and a substantial reduction of competition in the short to medium term**, the Parties commit that, for specified periods, certain ADB and Safegate products and spare parts sold directly or indirectly⁴ to any airport operator for use in Singapore will be subject to pre-merger prices, adjusted for inflation.

b) **To address the concern that the merged entity may reduce the supply of spare parts and technical support to customers**, the Parties commit to supply all required spare parts for specific products sold to any airport operator for use in Singapore for a period of ten (10) years from the completion of the Proposed Transaction. The Parties will also supply any technical support required for these products to the airport operators.

c) **To address the concern that the merged entity may “lock in” party contractors and suppliers in Singapore using exclusive agreements such that competing AFL system suppliers are unable to find suitable partners to enter the Singapore market**, the Parties commit not to enter into any agreements with any contractor or supplier in Singapore which expressly prevent or have the effect of preventing contractors or suppliers from carrying, promoting or offering alternative competing products and services, for the period of four (4) years from the completion of the Proposed Transaction.

d) **To address the concern that the merged entity may retroactively terminate or jeopardise agreements that have been concluded before the completion of the Proposed Transaction**, the Parties commit to ensure that any contracts or agreements relating to the sale of specific products entered into between ADB, Safegate or another party and an airport operator in Singapore on or

³ Section 54 of the Competition Act (Cap. 50B) prohibits mergers that have resulted, or may be expected to result, in a substantial lessening of competition within any market in Singapore for goods or services (“section 54 prohibition”).

⁴ An indirect sale refers to the sale of ADB and/or Safegate products and spare parts to an airport operator through another party. Another party refers to any intermediary, partner, contractor, agent, distributor, supplier, service provider or other contractual counterparty of ADB and/or Safegate in Singapore.

before the completion date of the Proposed Transaction shall continue in full force and effect after that.

e) **To enable CCS to effectively monitor ADB's compliance with the Proposed Commitments**, the Parties will provide CCS an independent audit report on a regular basis.

Conclusion

4. After evaluating feedback provided by industry players and customers during the public consultation exercise held in [December 2015](#) on the proposed commitments, CCS considers these commitments to be sufficient to address the competition concerns it had identified. CCS has therefore cleared the Proposed Transaction following the acceptance of the commitments offered by ADB.

5. CCS's Grounds of Decision for the conditional clearance can be found under the "[Public Register – Mergers and Acquisitions](#)" tab on CCS's website.

About The Competition Commission of Singapore (CCS)

CCS is a statutory board established under the Competition Act (Chapter 50B) on 1 January 2005 to administer and enforce the Act. It comes under the purview of the Ministry of Trade and Industry. The Act empowers CCS to investigate alleged anti-competitive activities, determine if such activities infringe the Act and impose suitable remedies, directions and financial penalties.

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

For media clarifications, please contact:

Ms. Loy Pwee Inn
Senior Assistant Director
Strategic Planning Division
Competition Commission of Singapore
Email: loy_pwee_inn@ccs.gov.sg
DID: 6325 8313

Ms. Grace Suen
Assistant Director
Strategic Planning Division
Competition Commission of Singapore
Email: grace_suen@ccs.gov.sg
DID: 6325 8216 / 9835 8601

Annex 1

Phase 1 and Phase 2 Merger Review

Set out below is a description of the Phase 1 and Phase 2 merger review conducted by CCS. Further details can be found in the *CCS Guidelines on Merger Procedures 2012*.

A Phase 1 review entails a quick review and allows merger situations which do not raise competition concerns under the section 54 prohibition to proceed. CCS expects to complete a Phase 1 review within 30 business days. By the end of this period, CCS will determine whether to issue a favourable decision and allow the merger situation to proceed. If CCS is unable, at the end of the 30-day period, to conclude that the merger situation will not result in a substantial lessening of competition, CCS will inform the merger parties and the merger parties may file Form M2. Upon receipt of Form M2, CCS will proceed to a Phase 2 review.

A Phase 2 review entails a more detailed and extensive examination of the merger situation. While the principles of substantive assessment are the same, CCS will require access to more extensive and detailed information regarding the merger parties and the markets in question.

As the Phase 2 review is more complex, CCS will endeavour to complete a Phase 2 review within 120 business days.

Commitments

Section 60A of the Competition Act states that CCS may, at any time before making a decision as to whether the section 54 prohibition has been or will be infringed, accept commitments that remedy, mitigate or prevent the substantial lessening of competition or any adverse effect arising from the merger situation. Where CCS has accepted a commitment, CCS will make a favourable decision. Further details can be found in the *CCS Guidelines on Merger Procedures 2012*.

Annex 2

CCS's Review & Market Consultations

1. Following the Phase 1 review of the notification in August 2015, CCS raised competition concerns that may arise from the Proposed Transaction. In lieu of proceeding to a Phase 2 review, ADB offered commitments to address the competition concerns that CCS had identified.
2. On 10 December 2015, CCS commenced a public consultation on a set of commitments offered by ADB. The market consultation concluded on 23 December 2015.
3. Following the conclusion of the public consultation and taking into consideration feedback received, CCS concluded that the commitments will address the potential competition concerns that may arise as a result of the Proposed Transaction.
4. CCS therefore approved the Proposed Transaction, conditional on the implementation of and compliance with the commitments.