

## MEDIA RELEASE

21 November 2014

### **CCS ISSUES CLEARANCE DECISION ON PROPOSED ACQUISITION BY MARS INC'S SUBSIDIARY OF P&G'S PET CARE BUSINESS IN SINGAPORE**

1. The Competition Commission of Singapore ("CCS") has cleared the notification for decision in relation to the proposed acquisition by Ridgeback Acquisition LLC ("Ridgeback"), a wholly-owned subsidiary of Mars, Inc, of The Procter and Gamble Company's ("P&G") (collectively "the Parties") pet care business, in certain countries, including Singapore ("the Transaction"). CCS has concluded that the Transaction, if carried into effect, will not infringe the section 54 prohibition of the Competition Act (Cap. 50B).
2. The Transaction involves the proposed acquisition by Ridgeback, of P&G's pet care business – which consists of P&G's business of sourcing, manufacturing, producing, marketing, selling, distributing and developing pet-nutrition products in major markets, including dry foods, wet foods and treats, for dogs and cats – in certain countries, including Singapore.
3. Mars, Inc's pet care business includes brands for dogs and cats such as Pedigree, Whiskas, Royal Canin, Cesar, Sheba, Greenies, and Nutro. P&G's pet care business includes brands such as Iams, Eukanuba and Natura.
4. For the purposes of the merger assessment, CCS has determined that Mars, Inc and P&G compete in: (i) the market for the global supply of dry dog food for general diets ("General Dry Dog Food") to Singapore, (ii) the market for the global supply of dry cat food for general diets ("General Dry Cat Food") to Singapore, (iii) the market for the global supply of dry dog food for dogs with specific medical conditions and only sold in veterinary clinics, when prescribed by veterinarians ("Prescription Dry Dog Food") to Singapore, (iv) the market for the global supply of dry cat food for cats with specific medical conditions and only sold in veterinary clinics, when prescribed by veterinarians ("Prescription Dry Cat Food") to Singapore, and (v) the market for the global supply of dog treats to Singapore.
5. After reviewing the Parties' submissions and feedback from retailers, veterinary clinics, distributors, and competitors following a public consultation, CCS is of the view that the Transaction is unlikely to lead to substantial competition concerns in Singapore for the following reasons:

- a) For the global supply of General Dry Dog Food to Singapore, CCS finds that the loss of competition due to the Transaction would be limited due to the fact that Mars, Inc's Pedigree brand and P&G's Eukanuba brand target different customer segments and thus do not compete aggressively with each other, and the presence of other strong competing brands is likely to offset any potential loss of competition between Mars, Inc's Royal Canin and P&G's Eukanuba post-Transaction.
  - b) For the global supply of General Dry Cat Food to Singapore, CCS finds that the loss of competition due to the Transaction would be limited due to the fact that Mars, Inc's Whiskers brand and P&G's Iams brand target different customer segments and thus do not compete aggressively with each other, and the presence of other strong competing brands is likely to offset any potential loss of competition between Mars, Inc's Royal Canin brand and P&G's Iams brand post-Transaction.
  - c) For the global supply of Prescription Dry Dog Food to Singapore, CCS finds that the potential loss of competition due to the Transaction is limited due to the fact Eukanuba does not have a significant presence in this market, and the presence of another strong competing brand is likely to offset any potential loss of competition between Mars, Inc's Royal Canin brand and P&G's Eukanuba brand post-Transaction.
  - d) For the global supply of Prescription Dry Cat Food to Singapore, CCS finds that the potential loss of competition due to the Transaction is limited due to the fact the Eukanuba does not have a significant presence in this market, and the presence of another strong competing brand is likely to offset any potential loss of competition between Mars, Inc's Royal Canin brand and P&G's Eukanuba brand post-Transaction.
  - e) For the global supply of dog treats to Singapore the estimated market share of the Parties in the dog treat market would be small post-Transaction, with many players with bigger market shares.
6. Similarly, the risk of anti-competitive coordination between the remaining firms post-Transaction arising from the Transaction are low for the following reasons:
- i. Pet care products are differentiated by nature;
  - ii. Entry barriers to Singapore are not high;
  - iii. There exist many players in the global supply of General Dry Dog Food to Singapore, global supply of General Dry Cat Food to Singapore and the global supply of dog treats to Singapore;
  - iv. There is evidence of aggressive marketing efforts by Royal Canin and Hill's, while Eukanuba has shown weaker efforts to compete in Prescription Pet Food. This is likely to continue post-Transaction; and
  - v. There have been no cases of enforcement against anti-competitive agreements in the pet food industry.
7. Therefore, in light of the considerations mentioned above, CCS has assessed that the Transaction is unlikely to lead to substantial lessening of competition within any market in Singapore and accordingly unlikely to infringe the section 54 prohibition.

8. CCS has issued its clearance decision for the Transaction to the Parties on 28 October 2014, within the 30 working days period for Phase 1 review. More information about the Transaction, including the Grounds of Decision for the clearance, can be found under [“Public Register – Mergers & Acquisitions”](#) 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.

### **About the Section 54 Prohibition under the Competition Act & Merger Procedures**

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

CCS is generally of the view that competition concerns are unlikely to arise in a merger situation unless:

- The merged entity has/will have a market share of 40% or more; or
- The merged entity has/will have a market share of between 20% to 40% and the post-merger combined market share of the three largest firms is 70% or more

Merging entities are not required to notify CCS of their merger but they should conduct a self-assessment to ascertain if a notification to CCS is necessary. If they are concerned that the merger has infringed, or is likely to infringe, the Act, they should notify their merger to CCS. In such cases, CCS will assess the effect of the merger on competition and decide if the merger has resulted, or is likely to result, in substantial lessening of competition in Singapore. CCS will endeavour to issue a decision within 30 -120 working days, depending on case complexity.

In the event that CCS makes an unfavourable decision, CCS has the power to issue directions to remedy, mitigate or eliminate the adverse effects arising from the merger situation.

For more information, please visit [www.ccs.gov.sg](http://www.ccs.gov.sg)

For media clarification, please contact

Ms. Grace Suen  
Assistant Director  
Strategic Planning Division  
Competition Commission of Singapore

Email: [grace\\_suen@ccs.gov.sg](mailto:grace_suen@ccs.gov.sg)

DID: 6325 8216/ 9835 8601