MEDIA RELEASE

12 December 2017

CCS Initiates Phase 2 Review of Proposed Merger of Essilor International (Compagnie Generale d'Optique) S.A. and Luxottica Group S.p.A.

Background

1. CCS received a notification for decision on 13 September 2017 on whether the proposed merger of Essilor International (Compagnie Generale d'Optique) S.A. ("**Essilor**") and Luxottica Group S.p.A. ("**Luxottica**") (the " **Proposed Transaction**") would infringe the section 54 prohibition of the Competition Act (Cap. 50B) against anticompetitive mergers.[1] CCS accepted the notification as complete on 16 September 2017.

2. Essilor is a global manufacturer and wholesale supplier of ophthalmic lenses, and to a lesser extent, other optical products. Essilor is active in every phase of ophthalmic (corrective) lens development, from design to manufacture to wholesale, with a particular focus on research and development. The brands of lenses in Essilor's portfolio include Crizal, Varilux and Transitions. Essilor also manufactures and markets machines, instruments and services for eye-care professionals. It is also marginally active in the manufacture and sale of sunglasses and in online retail sales, its activities in these areas are mostly focused outside South-East Asia. According to Essilor, its activities in these areas are almost negligible in Singapore.[2]

3. Luxottica designs, manufactures, and distributes eyewear, i.e., prescription frames and sunglasses. In Europe, Luxottica manufactures lenses for the purpose of serving only its own retail network and/or products. In Singapore, Luxottica is involved in wholesale supply activities in respect of spectacle frames and sunglasses under its house brands or under brands that are licensed by third parties. The brands of eyewear in Luxottica's portfolio include Ray-Ban, Oakley, Oliver Peoples, Burberry and Coach. At the retail level, through Sunglass Hut, Luxottica primarily sells sunglasses both from its brand portfolio of house and licensed brands and from third parties. Luxottica is not active in any phase of ophthalmic lens development in Singapore.[3]

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[1] Section 54 of the Competition Act (Chapter 50B) prohibits mergers that have resulted, or may be expected to result, in a substantial lessening of competition within any market in Singapore.
[2] Additional information on the Essilor group is available at www.essilor.com.
[3] Additional information on Luxottica is available at www.luxottica.com.

4. The Parties submitted that Luxottica and its related entities are not involved in the wholesale supply of ophthalmic lenses in Singapore and that there is minimal overlap with respect to the following goods and services: (i) the manufacture and wholesale supply of sunglasses; (ii) the manufacture and wholesale supply of prescription frames; and (iii) the retail of optical products.

Initiation of Phase 2 review

5. Phase 1 review of the Proposed Transaction was completed on 13 November 2017. At the end of the Phase 1 review, based on information furnished by Essilor and Luxottica (collectively, the "**Parties**") and third-party feedback from customers and other suppliers, CCS was unable to conclude that the Proposed Transaction would not raise competition concerns.

6. In particular, CCS found that the Parties are currently the two largest players in their respective main markets, and that the merged entity may have substantial market power in the complementary products of ophthalmic lenses, prescription frames and sunglasses. Retailers may thus face reduced choices should the merged entity decide not to sell individual products separately, or to sell them separately but at prices higher than the prices of the bundled products. The Transaction may therefore substantially lessen competition in the supply of these products in Singapore, which necessitates a more detailed Phase 2 review.

7. Following the filing of the relevant documents by the Parties to CCS on 5 December 2017, the Proposed Transaction has now proceeded to a Phase 2 review. A Phase 2 review can take up to 120 working days to complete as it entails a more detailed and extensive examination of the effects of the Proposed Transaction. The Parties may offer commitments to address the potential competition concerns at any time during the Phase 2 review.[4] By the end of the Phase 2 review, CCS will decide whether to issue a favourable or unfavourable decision.

Public Feedback

8. In relation to the Phase 2 review, CCS is inviting all feedback and views in relation to the Proposed Transaction.

9. More information on the Proposed Transaction can be accessed from the CCS website at www.ccs.gov.sg under the section "Public Register and Consultation". The closing date for submissions is on or before **2 January 2018**. If the submission/correspondence contains confidential information, please also provide CCS with a non-confidential version of the submission or correspondence.

[4] Section 60A of the 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*.

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.

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