



MEDIA RELEASE

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CCCS Clears Proposed Acquisition by Fresenius Medical Care Pte. Ltd. of RenalTeam Pte. Ltd.

The Competition and Consumer Commission of Singapore (“**CCCS**”) has cleared the proposed acquisition by Fresenius Medical Care Singapore Pte. Ltd. (“**FMC SG**”) of 100% of the issued share capital in RenalTeam Pte. Ltd. (“**RT**”) (collectively, the “**Parties**”) (the “**Proposed Transaction**”).

2. Following its assessment, 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**”).

Background

3. CCCS received an application from FMC SG on 17 March 2020 for a decision on whether the Proposed Transaction would infringe section 54 of the Act, which prohibits mergers that have resulted, or may be expected to result, in a substantial lessening of competition within any market in Singapore.

4. FMC SG and RT both operate private dialysis centres providing kidney dialysis to End Stage Renal Disease (“**ESRD**”) patients in Singapore.

FMC SG

5. FMC SG is part of the Fresenius Medical Care group of companies (“**FMC Group**”), which provides dialysis products and services worldwide. The FMC Group (including FMC SG, its wholly-owned subsidiaries and its affiliated entity ARC Kidney Dialysis Pte. Ltd.¹) provides haemodialysis (“**HD**”) and peritoneal dialysis (“**PD**”) services in Singapore to ESRD patients through clinics operated by the FMC Group, and provides HD services, on an outsourced basis, in clinics operated by third party

¹ In Singapore, the FMC Group uses the trading names, business names and brand names of “Fresenius Medical Care Singapore” and “Fresenius Kidney Care”, and has the following subsidiaries and affiliated entities incorporated in Singapore: ARC Kidney Dialysis Pte Ltd; Asia Renal Care (Katong) Pte Ltd; Asia Renal Care Mt Elizabeth Pte Ltd; Asia Renal Care (SEA) Pte Ltd; and Kidney Therapy Centre Pte Ltd.

service providers. Asia Renal Care (SEA) Pte Ltd, which is part of the FMC Group, also offers management services to dialysis centres.

6. Additionally, FMC SG is involved in the sale of dialysis products and consumables² in Singapore, which are used in the process of administering HD and/or PD treatments to ESRD patients.

RT

7. RT is primarily involved in the supply of HD services to ESRD patients in Singapore through clinics operated by RT, and provides HD services, on an outsourced basis, in clinics operated by third party service providers.³

CCCS's Assessment

8. As part of its assessment, CCCS conducted a public consultation from 26 March 2020 to 9 April 2020, and contacted 36 stakeholders including competitors and customers. CCCS also engaged various government agencies to gather relevant information necessary for CCCS's assessment of the Proposed Transaction.

Relevant markets affected by the Proposed Transaction

9. CCCS considered the following markets in its assessment of the Proposed Transaction:

- a. The provision of outpatient HD services to ESRD patients by private sector providers and restructured hospitals (including joint ventures between restructured hospitals and private sector providers), excluding voluntary welfare organisations;
- b. The provision of outsourced HD services to third party dialysis centres (i.e., Outsourced Clinics) in Singapore; and
- c. The provision of HD products and consumables in Singapore, with further examination in respect of specific HD products and/or HD consumables.

² Such products and consumables include: (a) dialysis machines, dialysers, filters, and disposables for chronic HD; (b) dialysis products for at-home HD and PD treatment; (c) acute dialysis products and disposables; (d) dialysis equipment (i.e. medical treatment chairs); (e) information technology solutions for dialysis treatment; (f) water treatment products and services for dialysis therapy; and (g) analysis systems for assessing the conditions of patients.

³ RT provides its products and services in Singapore primarily under the trading name, business name and brand name of "RenalTeam".

Competition assessment for each market

Provision of outpatient HD services to ESRD patients

10. CCCS assessed this market on a Singapore-wide basis as well as within narrower geographic areas where the Parties have nearby dialysis centres. CCCS found that:

- a. The merged entity will be the largest market player on a Singapore-wide basis;
- b. However, barriers to entry and expansion in this market are unlikely to be high, and potential and existing HD service providers have the ability to set up new dialysis centres to compete with the merged entity. In this regard, CCCS notes that there has been such new entry, and expansion by existing players to add dialysis centres, that occurred between 2015 and 2019;
- c. Patients are able to switch providers in this market as there are a number of alternative HD service providers with spare capacity. CCCS has assessed that these alternative providers are present both on a Singapore-wide basis, as well as within narrower geographic areas where the Parties have dialysis centres close to each other;
- d. Potential growth in demand for outpatient HD services and the potential for new entry and expansion, can accordingly serve as a competitive constraint on the merged entity; and
- e. The possibility of coordination or collusion on prices, is also unlikely as potential increased demand for outpatient HD services and potential new competitors can discourage collusion among the merged entity and competitors.

Provision of outsourced HD services to Outsourced Clinics

11. CCCS found that:

- a. Barriers to entry and expansion are unlikely to be high as the resources needed for a HD service provider to provide such outsourced HD services are similar to setting up a new dialysis centre;

- b. Customers, i.e. the Outsourced Clinics, are likely to have bargaining power through the ability to self-supply (i.e. operate HD services at their own dialysis centre). Customers may also source for providers, other than the merged entity, by means of competitive tender processes; and
- c. The bargaining power of customers and the potential for new entry can serve as a competitive constraint on the merged entity.

Provision of HD products and consumables in Singapore

12. CCCS found that the merged entity will continue to face competition as:
- a. Competitors can continue to compete for the remaining customers of HD products and consumables in Singapore; and
 - b. Customers, i.e. HD service providers, generally have no difficulties in switching suppliers for HD products and consumables, and have alternative choices of suppliers of HD products and consumables in Singapore.
13. Further information on the notification 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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About the Competition and Consumer Commission of Singapore (CCCS)

CCCS 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 CCCS to investigate alleged anti-competitive activities, determine if such activities infringe the Act and impose suitable remedies, directions and financial penalties. CCCS is also the administering agency of the Consumer Protection (Fair Trading) Act (Cap. 52A) 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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