



MEDIA RELEASE

28 March 2022

CCCS Clears Proposed Acquisition by Parker-Hannifin Corporation of Meggitt PLC

1. The Competition and Consumer Commission of Singapore (“**CCCS**”) has cleared the proposed acquisition by Parker-Hannifin Corporation (“**Parker**”) of 100 per cent of Meggitt PLC (“**Meggitt**”) (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 2004 (the “**Act**”).

Background

3. CCCS accepted the notification by Parker on 24 December 2021 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 (“**SLC**”) within any market in Singapore.

Parker

4. Publicly listed and incorporated in the United States, Parker manufactures motion and control technologies and systems, and provides precision engineered solutions for a variety of mobile, industrial and aerospace markets. Parker’s aerospace business activities in Singapore primarily involve sales of its aerospace products to original equipment manufacturers (“**OEM**”) and aftermarket sales of its aerospace products, and the supply of aftermarket maintenance, repair and overhaul (“**MRO**”) services for its aerospace products.

Meggitt

5. Publicly listed and incorporated in the United Kingdom, Meggitt designs and manufactures high-performance components and sub-systems for the

aerospace and defence sectors and selected energy applications. Meggitt's business activities in Singapore primarily relate to providing MRO services for its aerospace products in the region. Meggitt also provides a small amount of aftermarket services for aerospace products produced by third parties.

CCCS's Assessment

6. CCCS conducted a public consultation from 10 January 2022 to 24 January 2022, and sought feedback from more than 30 key stakeholders including competitors and customers. No stakeholder or third party indicated that they had competition concerns with respect to the Proposed Transaction.

Relevant Markets Affected by the Proposed Transaction

7. In Singapore, the Parties have a limited overlap in the following:
 - a) Original equipment (“**OE**”) sales for aerospace sensors;
 - b) Aftermarket sales for aerospace sensors, aircraft wheels and brakes, aerospace pneumatic valves and utility actuators; and
 - c) Sale of aerospace seals, with Parker's sales being OE sales and Meggitt's sales being aftermarket sales.
8. CCCS determined that it is not necessary to conclude on a precise definition of the relevant markets, as it does not affect the competition assessment of the Proposed Transaction. CCCS considered that the relevant markets for its assessment were the global supply of:
 - a) Aerospace sensors;
 - b) Aircraft wheels and brakes;
 - c) Aerospace pneumatic valves;
 - d) Utility actuators; and
 - e) Aerospace seals,with each comprising both the OE and aftermarket

(collectively, the “**Relevant Markets**”).

Competition Assessment

9. CCCS found that competition in the Relevant Markets occurs largely outside of Singapore during the selection of the OE part supplier by the aircraft OEM or engine OEM. Once the OEM for the part is selected and certified for use on an aircraft, customers will generally procure the OE spare parts from the OEM if

they need to replace the spare part. In the aftermarket, the Parties do not compete to provide MRO services, as they largely provide such services for their own OE products.

10. CCCS found that the Proposed Transaction is unlikely to give rise to a SLC in Singapore due to the following:
 - a) At the OE level, there is limited horizontal overlap between the Parties as the aerospace products are highly specific to their application and to the supplier. In addition, at the OE level, the Parties are generally not each other's closest competitors, with the only overlap in Singapore being the supply of aerospace sensors;
 - b) At the OE level, the Parties' large customers are likely to possess considerable countervailing buyer power;
 - c) There are generally significant competitors with larger or similar market shares that remain in the Relevant Markets after the Proposed Transaction;
 - d) There was no evidence to suggest that the merged entity would have the ability to foreclose competition in the upstream products relating to the aerospace products or the downstream applications of these products; and
 - e) There was no evidence to suggest that the Parties would engage in bundling or tying practices after the Proposed Transaction.
11. 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 & Consumer Commission of Singapore (CCCS)

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 2004 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 2003 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 businesses and consumers in Singapore.

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

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