



MEDIA RELEASE

28 November 2014

CCS CLEARS PROPOSED ACQUISITION BY SINGAPORE AIRLINES LIMITED OF TIGER AIRWAYS HOLDINGS LIMITED

1. The Competition Commission of Singapore ("CCS") has cleared the proposed acquisition of Tiger Airways Holdings Limited ("Tigerair Holdings") by Singapore Airlines Limited ("SIA") (SIA and Tigerair Holdings collectively "the Parties"). CCS has concluded that the Proposed Transaction will not infringe the section 54 prohibition of the Competition Act, as Tigerair Holdings is likely to exit its operations in the absence of the Proposed Transaction.

The Proposed Transaction

2. SIA holds 40% of the shares in Tigerair Holdings. Pursuant to the Proposed Transaction, SIA intends to acquire new Shares in Tigerair Holdings. SIA will convert all the Perpetual Convertible Capital Securities ("PCCS") it holds in Tigerair Holdings into new Shares in the capital of Tigerair Holdings. Upon such conversion, SIA's shareholding interest in Tigerair Holdings will increase from 40 percent to approximately 56 percent and accordingly, Tigerair Holdings will become a subsidiary of SIA. After the conversion, SIA will, pursuant to the irrevocable undertaking it has entered into with Tigerair Holdings, subscribe for its pro-rata entitlement of new shares in the capital of Tigerair Holdings ("Rights Shares") and subscribe for any excess Rights Shares, up to an aggregate value of S\$140 million.

Markets affected by the Proposed Transaction

3. For the purposes of the merger assessment, CCS has determined that SIA and Tigerair Holdings compete in the markets for the supply of international air passenger transport services on economy-class for full-service airlines ("FSA") and all classes of seats for low-cost carriers ("LCC") on routes operated by both SIA and its subsidiaries (namely SilkAir and Scoot) and Tigerair Singapore, and which involve Singapore as part of an origin-destination ("OD") pair. On this basis, CCS assessed the impact of the Proposed Transaction on 41 passenger air transport routes notified by Tigerair Holdings.

Tigerair Holdings is likely to exit its operations without the Proposed Transaction

4. The Parties submitted that, in the absence of the Proposed Transaction, Tigerair Holdings is likely to exit its current operations. Having considered the financial position of Tigerair Holdings and feedback from industry stakeholders, CCS accepts the Parties' submission.

Competition assessment by CCS

5. In its competition assessment, CCS has compared the effects of the Proposed Transaction to that of an exit of Tigerair Holdings absent the Proposed Transaction. After reviewing the Parties' submissions and feedback from competitor airlines, third party channels for ticket sales, end customers and relevant stakeholders such as the Ministry of Transport, the Civil Aviation Authority of Singapore and Changi Airport group, CCS has found that, among the 41 passenger air transport routes affected by the Proposed Transaction:

- (i) there are 4 routes (between Singapore and Thiruvananthapuram, Bandung and Phnom Penh) where Tigerair Holdings has already exited its operations or announced an exit in the near future (Singapore – Perth). The Proposed Transaction will not reduce the number of competitors along these routes;
- (ii) there are 12 routes (between Singapore and Haikou, Lijiang, Ningbo, Lombok, Tiruchirapalli, Yogyakarta, Macau, Kuching, Clark, Colombo, Hat Yai and Krabi) that are only operated by Tigerair Holdings but not SIA. The Proposed Transaction will not reduce the number of competitors along these routes;
- (iii) there are 5 routes (between Singapore and Male, Hyderabad, Kochi, Bangalore and Chiang Mai) where the merged entity would be the only remaining operator¹ of the routes. However, without the Proposed Transaction, the likely exit of Tigerair Holdings would also leave SIA to be the only remaining operator. Therefore, the Proposed Transaction would not lead to a worse outcome for competition on these routes;
- (iv) there are 3 routes (between Singapore and Jakarta, Surabaya and Kalibo) where the post-merger market concentrations do not exceed the indicative thresholds under CCS guidelines.² CCS does not have significant competition concerns over these routes;
- (v) there are 12 routes (between Singapore and Kuala Lumpur, Denpasar, Hong Kong, Manila, Yangon, Bangkok, Guangzhou, Phuket, Chennai, Ho Chi Minh, Shenzhen and Taipei) where CCS estimates that other competitors have sufficient excess capacities currently to mitigate the risk of any potential increase in airfares by the merged entity;
- (vi) there are 3 routes (between Singapore and Langkawi, Cebu and Hanoi) where neither SIA nor Tigerair Holdings is the largest player. Without the Proposed Transaction, the likely exit of Tigerair Holdings on these routes would divert some passengers towards the largest player, thus resulting in even higher market concentrations as compared to the post-merger scenario. Therefore, the

¹ In terms of physical operation of flights. There are other players operating on a code-sharing basis.

² Paragraph 5.15 of the [*CCS Guidelines on the Substantive Assessment of Mergers*](#)

Proposed Transaction would not lead to a worse outcome for competition on these routes;

- (vii) there are 2 routes (Singapore – Penang and Singapore – Dhaka) where some degree of competition concerns exist, although there is no regulatory constraint in terms of air traffic rights or airport slots for competitors to increase capacities through mounting new flights.
6. On balance, CCS accepts that the Proposed Transaction would be less detrimental to competition in Singapore as compared to the scenario where Tigerair Holdings exits its operations. CCS also notes that without the Proposed Transaction, the consequent exit of Tigerair Holdings would cause disruptions to passengers and to the connectivity of the Singapore air hub.
7. For the above reasons, CCS has concluded that the Proposed Transaction, if carried into effect, would not infringe section 54 of the Competition Act.
8. CCS has issued its clearance decision for the Transaction to the Parties on 28 November 2014, within the 30 working days period for Phase 1 review. More information about the Transaction, can be found under, [“Public Register – Mergers & Acquisitions”](#) on CCS’s website. CCS’s Grounds of Decision for the clearance will be made available on the Public Register in due course.

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 -150 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

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