



MEDIA RELEASE

11 October 2021

CCCS Consults on the Proposed Acquisition of PPD, Inc. by Thermo Fisher Scientific Inc.

1. The Competition and Consumer Commission of Singapore (“**CCCS**”) is inviting public feedback on the proposed acquisition (the “**Proposed Transaction**”) of PPD, Inc. (“**PPD**”) by Thermo Fisher Scientific Inc. (“**Thermo Fisher**”) (collectively, the “**Parties**”).
2. CCCS accepted a notification by Thermo Fisher for a decision on the Proposed Transaction on 1 October 2021. CCCS is now assessing whether the Proposed Transaction, if carried into effect, would infringe section 54 of the Competition Act (Cap. 50B), which prohibits mergers that have resulted, or may be expected to result, in a substantial lessening of competition within any market in Singapore.

The Parties

Thermo Fisher

3. Thermo Fisher is a global manufacturer and supplier of a broad range of analytical, research and bioprocessing products, and pharmaceutical contract development and manufacturing services. In particular, Thermo Fisher's product portfolio includes analytical instruments, laboratory equipment, software, services, consumables, reagents, chemicals and supplies for pharmaceutical and biotech companies, hospitals and clinical diagnostic labs, universities, research institutions and government agencies.
4. In Singapore, Thermo Fisher offers life sciences and analytical instruments, laboratory equipment, chemical reagents, consumables, software and several other products in the life sciences industry. Thermo Fisher provides comprehensive laboratory, applied and industrial solutions and services customers across various industries. It also provides support services for clinical trials, including comparator sourcing, ancillary sourcing, packaging, storage, distribution and other logistics services. Thermo Fisher offers its products and services through six main brands in Singapore (and globally),

namely: (i) Thermo Scientific, (ii) Applied Biosystems, (iii) Invitrogen, (iv) Unity Lab Services, (v) Fisher Scientific, and (vi) Patheon.

PPD

5. PPD's provides clinical development services, i.e. services that support pharmaceutical and biotech companies (also referred to as "sponsors") in the organisation and evaluation of clinical trials as a Contract Research Organisation ("**CRO**"). CROs offer customised services, covering certain aspects of clinical testing such as biostatistics, clinical data management, clinical trial monitoring, clinical trial project management, global clinical supplies, regulatory affairs, pharmacovigilance, consulting and medical writing. Sponsors outsource these activities to CROs while remaining ultimately responsible for the pharmaceutical products under development. In addition, PPD operates a small number of laboratories where it offers a range of testing services, including bioanalytical, biomarker, central laboratory, Good Manufacturing Practice and vaccine science services. PPD has a central laboratory in Singapore, which receives, tests and stores human samples that are related to clinical trials.
6. In Singapore, PPD provides its services through the following main brands: (i) Accelerated Enrolment Solutions, (ii) Evidera, (iii) PPD, and (iv) Synexus.

The Proposed Transaction

7. The Proposed Transaction will involve Thermo Fisher acquiring 100% of the shareholding of PPD such that PPD will be a wholly-owned subsidiary of Thermo Fisher.
8. Thermo Fisher has submitted that the Parties do not provide any overlapping goods and services in Singapore. However, the Parties have identified a vertical link between them in respect of the upstream supply of clinical trial supply storage, distribution and other logistics services, and the downstream supply of CRO services. The Parties have also identified actual and potential vertical links between them for the supply of clinical trial comparator sourcing services, clinical trial ancillaries sourcing services and clinical trial packaging services (collectively, the "**Relevant Upstream Services**"). Thermo Fisher submitted that the precise definition of the relevant markets is not necessary because it is their view that the Proposed Transaction does not give rise to competition concerns.
9. In this regard, Thermo Fisher submitted that the Proposed Transaction will not result in a substantial lessening of competition in Singapore because:

- a) The Proposed Transaction will not result in any coordinated or non-coordinated effects as there are no horizontal overlaps between the Parties.

- b) The vertical links between the Parties will not give rise to foreclosure concerns as the merged entity will have no ability or incentive to engage in anti-competitive customer or input foreclosure. In particular,
 - (1) **No customer foreclosure:** PPD is a small player in the market for CRO services in Singapore. Therefore, even if it sourced all logistics services for clinical trials from Thermo Fisher, other logistics suppliers can still offer their services to many other CROs and pharmaceutical and biotech companies.

 - (2) **No input foreclosure:** In respect of the vertical link relating to the supply of clinical trial supply storage, distribution and other logistics services, Thermo Fisher would not have the ability to foreclose PPD's competitors because Thermo Fisher faces strong competition from several logistics providers, including global logistics companies (UPS, DHL, etc.), such that competing CROs in Singapore have many alternative viable options. The Proposed Transaction also does not create the incentive for Thermo Fisher to foreclose PPD's competitors because PPD accounts for only a small amount of Thermo Fisher's sales of supply storage, distribution and logistics services in Singapore. Therefore, Thermo Fisher would risk suffering significant losses and its potential gains would be minimal and speculative if it engaged in foreclosure strategies.

In respect of the actual and potential vertical links relating to the Relevant Upstream Services, Thermo Fisher would not have the ability to foreclose PPD's competitors because of its modest market shares and competition from several global competitors, such that competing CROs would still have plenty of viable alternatives. Thermo Fisher is also an insignificant supplier of Relevant Upstream Services in Singapore. Further, Thermo Fisher would not have an incentive to foreclose PPD's competitors due to PPD's relatively modest position in the market for CRO services and Thermo Fisher may risk suffering significant losses if it were to engage in foreclosure strategies. Any foreclosure strategy by Thermo Fisher will also fail because

of Thermo Fisher's limited sales of Relevant Upstream Services to CROs globally, the in-house capabilities of sponsors and CROs, the access of CROs to sub-contractors and the relative ease of switching suppliers for the Relevant Upstream Services.

Public Consultation

10. CCCS is inviting public feedback on the Proposed Transaction. The closing date for submissions is 22 October 2021, 5 p.m.
11. More information on the public consultation can be accessed and downloaded from the CCCS website at www.cccs.gov.sg under the section "[Public Consultation](#)". If the submission or correspondence contains confidential information, please also provide CCCS with a non-confidential version of the submission or correspondence.

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About the Competition & Consumer Commission of Singapore

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 (Cap. 50B) 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 (Cap. 52A) 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 business and consumers in Singapore.

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

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