



**BEFORE THE
COMPETITION COMMISSION OF PAKISTAN**

IN THE MATTER OF

FIRST PHASE REVIEW

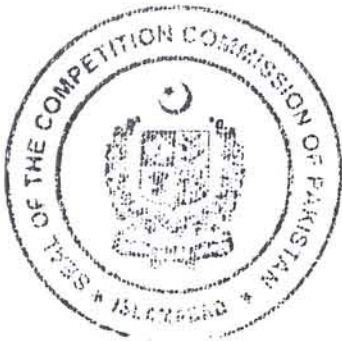
**ACQUISITION OF SHAREHOLDING OF M/S ENGRO FOODS
LIMITED BY M/S FRIESLANDCAMPINA PAKISTAN HOLDING B.V.**

CASE: 821/Merger-CCP/16

Commission

Ms. Vadiyya S. Khalil
Chairperson

Mr. Mueen Batlay
Member



ORDER

I Background

- 1 On 13th July 2016, FrieslandCampina Pakistan Holding B.V. ("**FCPH**" or "**Acquirer**") through their authorized representative submitted a pre-merger application (the "**Application**"), notifying and seeking the approval of the Competition Commission of Pakistan (the "**Commission**") for the acquisition of [redacted] of paid up and issued share capital of Engro Foods Limited ("**Engro Foods**" or "**Target**"). The Application was submitted along with the necessary information and applicable processing fee in accordance with the provisions of the Competition Act, 2010 (the "**Act**") and the Competition (Merger Control) Regulations, 2007 (the "**Merger Regulations**"). The Commission's review of the proposed transaction is as under:

II Merger Parties

Acquirer

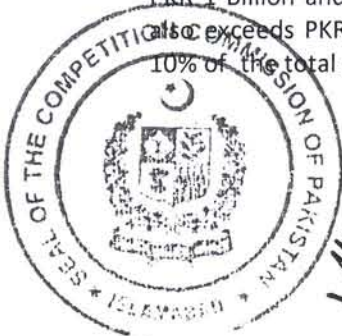
- 2 FCPH was incorporated in Netherlands as an investment holding company in May 2016. It is a wholly owned subsidiary of FrieslandCampina International Holding B.V and its ultimate parent company is Royal FrieslandCampina N.V which are both incorporated in Netherlands. Total assets of Royal FrieslandCampina N.V as on 31st December 2015 amounted to Euro [redacted] (approximately PKR [redacted]) while its reported revenue was Euro [redacted] (approximately PKR [redacted]) for the above mentioned period.

Target

- 3 Engro Foods, now a public listed company, was established as a fully owned subsidiary of Engro Corp in 2005, incorporated in Pakistan and got its listing in Pakistan Stock Exchange (then Karachi Stock Exchange) in 2011 under the name of EFOODS. Engro Corp currently holds [redacted] shareholding in Engro Foods. The company in general, is currently engaged in the manufacturing, processing and marketing of dairy products ice cream and frozen desserts with a diversified portfolio of brands which have now become household names in Pakistan. Total assets of Engro Foods as on 31st December 2015 stand at PKR [redacted] while its reported turnover for the above mentioned period is PKR [redacted]

III Transaction

- 4 The proposed transaction entails the acquisition by the Acquirer of [redacted] shareholding in Engro Foods from Engro Corporation Limited (the "**Seller**"). The value of the transaction is deemed to be approximately Euro [redacted] (equivalent to PKR [redacted])
- 5 The transaction meets the notification thresholds as prescribed in Regulation 4(2)(a), (b), (c) & (d) of the Merger Regulations, with the combined assets of the parties being more than PKR 1 Billion and combined turnover being more than PKR 1 Billion. The transaction value also exceeds PKR 100 million and the percentage of voting shares to be acquired exceeds 10% of the total shareholding of the Target.



IV Relevant Market:

6 The relevant Product market in this case is the Dairy Products, Ice Cream and Frozen Desserts market with numerous players operating in Pakistan.

7 The Relevant Geographic market is Pakistan.

V Findings of the Phase I investigation on the competition assessment

The competition assessment in Phase I have resulted in the following finding:

8 The proposed transaction would result in acquisition of shareholding of Engro Foods by FCPH. Post-transaction, the Acquirer will achieve at least of the issued and paid-up share capital of Engro Foods (and hence controlling interest).

9 The proposed transaction is for the purposes of potential investment, expansion of products and entry into the Pakistani market.

10 The relevant market has a number of participants with varying market shares in different product segments. Engro Foods` market share in the relevant market ranges from to in different product segments. Currently the Acquirer has no presence in the relevant product market in Pakistan.

11 Post-transaction, there will be no change in the market dynamics of the relevant market in Pakistan as no competitor will be affected by the intended acquisition.

12 The proposed transaction relates to an acquisition and is not likely to result in the creation or strengthening of a dominant position in the relevant market. The intended merger does not meet the presumption of dominance as determined under Section (2) (1) (e) read with Section 3 of the Act.

VI Conclusion

13 In conclusion, there is no evidence that suggests a substantial lessening of competition by the creation or strengthening of a dominant position in the relevant market. The proposed transaction is hereby authorized under Section 31(1) (d) (i) of the Act.

14 It is so ordered.



(Vadiyya S. Khalil)
Chairperson



(Mueen Batlay)
Member



Islamabad August 24, 2016 .