



BEFORE THE
COMPETITION COMMISSION OF PAKISTAN

FIRST PHASE REVIEW

In the matter of acquisition of M/s. Mead Johnson Nutrition
Company by M/s. Reckitt Benckiser Group Plc.

CASE: 871/Mergers/CCP/17

Commission

Ms. Vadiyya Khalil
Chairperson



Mr. Ikram Ul Haque Qureshi
Member

I. THE BACKGROUND

1. On February, 13th 2017, the Competition Commission of Pakistan (the "Commission") received a pre-merger application (the "Application") from M/s. Reckitt Benckiser Group Plc ("RBGP", the "Applicant" or the "Acquirer") notifying the Commission of its proposed acquisition of M/s. Mead Johnson Nutrition Company ("MJNC" or the "Target") pursuant to a Merger Agreement (the "Agreement") under the Competition (Merger Control) Regulation, 2017 (the "Merger Regulations").

II. THE PARTIES

The Acquirer:

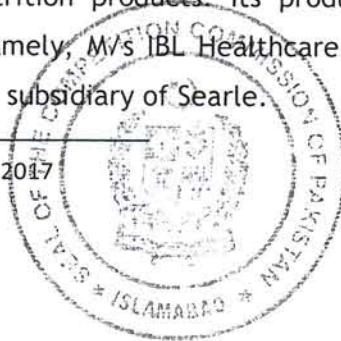
2. The Acquirer is a publicly listed company incorporated under the laws of England and Wales headquartered in Berkshire, the United Kingdom. Its shares are traded on the London Stock Exchange. The company is principally engaged in the manufacture of consumer health and hygiene products and is active in Pakistan through its subsidiary, Reckitt Benckiser Pakistan Limited ("RBPL"), which is also engaged in the manufacture and distribution of health and hygiene products.
3. The Acquirer generated GBP _____ (approximately PKR _____) in revenue for the financial year ended December 31st, 2015, while its assets were GBP _____ (approximately PKR _____) for the same period.
4. RBPL generated PKR _____ in sales in the financial year ended December 31st, 2015, while its assets were PKR _____ for the same period.

The Target:

5. The Target is a publicly listed company incorporated under the laws of Delaware, the United States of America, whose shares are traded on the New York Stock Exchange. The company is engaged in the manufacture, marketing, and distribution of infant and children's nutrition products. Its products are sold in Pakistan through a third party distributor namely, M/s IBL Healthcare Limited (IBLHL), which is a public limited and a wholly owned subsidiary of Searle.

¹ As at 17th, February 2017

² Ibid



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6. MJNC generated USD [redacted] (approximately PKR [redacted]) in revenue in the financial year ended December 31st, 2015, while its assets stood at USD [redacted] (approximately PKR [redacted]), for the same period.

III. THE TRANSACTION

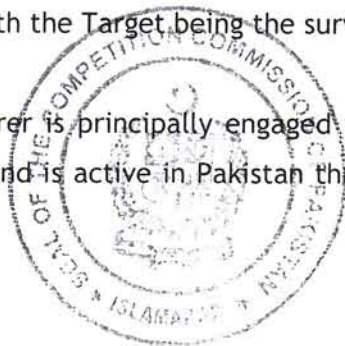
7. As per the Application, RBGP intends to acquire [redacted] shareholding in MJNC pursuant to the Merger Agreement, whereby MJNC will eventually become a subsidiary of RBGP. The transaction cost is USD [redacted] (approximately PKR [redacted]).
8. The transaction meets the thresholds prescribed in Regulation 4 (2) (a), (b), (c) and (d) of the Merger Regulations as the assets of the undertakings are greater than PKR 1 billion, and the annual turnovers of the undertakings are greater than PKR 1 billion. The transaction relates to the acquisition of assets of a value greater than PKR 100 million, whereas the shares to be acquired are greater than 10%.

IV. THE RELEVANT MARKET

9. The Target is engaged in manufacturing and distribution of infant formula and children's nutrition products, the relevant product market has been identified as the "manufacture and distribution of infant formula and children's nutrition products".
10. The Target's products are available nationwide, through IBLHL, and the conditions of competition are sufficiently homogeneous across the country. Therefore, the relevant geographic market consists of the entire Pakistan.

V. FINDINGS OF THE PHASE I COMPETITION ASSESSMENT

11. The transaction involves the acquisition of [redacted] shareholding of the Target by the Acquirer. Post-transaction, RBGP will incorporate a subsidiary into which the Target will merge, with the Target being the surviving entity and a subsidiary of the Acquirer.
12. The Acquirer is principally engaged in the manufacture of consumer health and hygiene products and is active in Pakistan through its subsidiary, RBPL. The Target is engaged in



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the manufacture, marketing, and distribution of infant and children's nutrition products. As identified above, the Target's products are sold in Pakistan through IBLHL.

13. The Acquirer is not active in the relevant product market. As of 2016, the size of the relevant product market in terms of revenue in Pakistan was PKR _____ While the Target's share was PKR _____ which translates to a market share of _____

14. In view of the above, the transaction is not likely to result in the creation or strengthening of a dominant position in the relevant market and does not meet the presumption of dominant position as determined under Section 2 (1) (e) read with Section 3 of the Competition Act, 2010 (the "Act").

VI. CONCLUSION

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

16. It is so ordered.



(Vadiyya Khalil)
Chairperson



(Ikram Ul Haque Qureshi)
Member



March 2017