



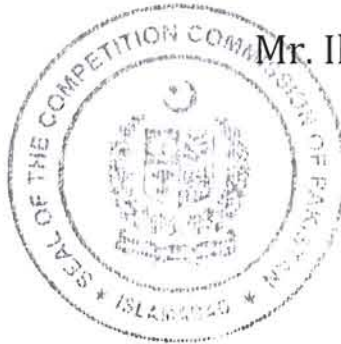
**BEFORE THE  
COMPETITION COMMISSION OF PAKISTAN**

**FIRST PHASE REVIEW**

**In the matter of acquisition of M/s. Abbott Medical Optics by  
M/s. Johnson & Johnson  
CASE: 863/Mergers/CCP/17**

Commission

Ms. Vadiyya Khalil  
**Chairperson**



Mr. Ikram Ul Haque Qureshi  
**Member**

## I. BACKGROUND

1. The Competition Commission of Pakistan ("**Commission**") is in receipt of a pre-merger application ("**Application**") sent by M/s. Johnson & Johnson ("**J&J**" or "**Acquirer**") regarding the proposed acquisition of \_\_\_\_\_ shares in M/s. Abbott Medical Optics ("**AMO**" or "**Target**") from AMO, by J&J. This acquisition is being undertaken indirectly through J&J's wholly owned subsidiary M/s. Chase LLC, pursuant to a Stock Purchase Agreement ("**Agreement**"). Post-transaction, AMO will become a subsidiary of J&J.

## II. PARTIES

### Acquirer:

2. J&J, the Acquirer, is an entity incorporated under the laws of the State of New Jersey, USA. Its principal activities in Pakistan, through its subsidiary Johnson & Johnson Pakistan (Pvt.) Limited ("**J&J Pakistan**"), are divided into three segments, namely Consumer, Pharmaceutical and Medical Devices.
3. J&J generated net global earnings of \_\_\_\_\_ (approximately PKR \_\_\_\_\_) as at January 3<sup>rd</sup> 2016, out of which PKR \_\_\_\_\_ were attributable to J&J Pakistan's net sales. J&J's global assets stood at USD \_\_\_\_\_ (approximately PKR \_\_\_\_\_) for the same period, out of which PKR ~~2.1 billion~~ are attributable to J&J Pakistan.

### Target:

4. AMO, the Target, is a corporation incorporated under the laws of the State of Delaware, USA. It is active globally and provides ophthalmic products to health care providers and patients in three principal categories, namely Cataract Surgery, Refractive Surgery and Consumer Eye.
5. AMO has no subsidiary, affiliates or licensees in Pakistan. Its activity in Pakistan is limited to providing devices used in Cataract and Refractive surgery, through which it generated USD \_\_\_\_\_ (approximately PKR \_\_\_\_\_) as at December 2016. It is important to note, however, that AMO does not directly supply these devices to the Pakistani market. These devices are supplied to Pakistani



<sup>1</sup> As at January 27<sup>th</sup> 2017

<sup>2</sup> Ibid.

<sup>3</sup> Ibid.

customers by M/s. Radiant Limited, an independent distributor sourcing these products from AMO Ireland, and reselling them in Pakistan under its own brand name.

6. AMO generated net global sales of USD [redacted] (approximately PKR [redacted]) in the financial year ended December 31<sup>st</sup> 2015. Its assets were USD [redacted] (approximately PKR [redacted]) for the same period.

### III. TRANSACTION

7. This is a foreign to foreign transaction.
8. As per the Application, J&J intends to acquire [redacted] shares in AMO through its wholly owned subsidiary Chase LLC. Post-transaction, AMO will be a subsidiary of J&J.
9. The consideration for this purchase is approximately USD [redacted] (approximately PKR [redacted]), which is the transaction value in this case.
10. The transaction meets the thresholds as prescribed in Regulation 4 (2) (a), (b), (c) and (d) of the Merger Regulations as the assets of the undertakings are greater than 1 billion rupees, and the annual turnovers of the undertakings are greater than 1 billion rupees. The transaction relates to acquisition of assets of a value greater than 100 million rupees, whereas the shares to be acquired are greater than 10%.

### IV. THE RELEVANT MARKET

11. Although the Target itself does not have any subsidiary, affiliates or licensee's in Pakistan, it does have a limited presence here in terms of providing devices used in ophthalmic surgery. For this reason, the relevant product market has been identified as that of devices used in Cataract and Refractive surgeries.



<sup>4</sup> Ibid.

<sup>5</sup> Ibid.

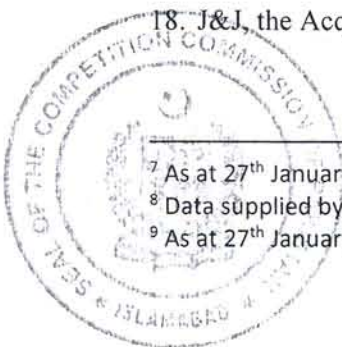
<sup>6</sup> As at 25<sup>th</sup> January 2017.

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12. Since the services that use such devices, i.e., ophthalmic surgery generally, and Cataract and Refractive surgeries specifically, are available nationwide, and the conditions of competition are sufficiently homogenous across the country, the relevant geographic market has been identified as Pakistan.
13. Through the provision of devices mentioned above, AMO generated USD [redacted] (approximately PKR [redacted]) in Pakistan, as at December 2016. Given that the size of the market for Cataract Surgery and Refractive Surgery in Pakistan is estimated to be USD [redacted] (approximately PKR [redacted]), this translates to a market share, of AMO, of approximately [redacted] in the relevant product market in Pakistan. This will remain unchanged post-transaction.
14. J&J is not active in the relevant product market.

**V. FINDINGS OF THE PHASE I INVESTIGATION ON  
COMPETITION ASSESSMENT**

15. This is a conglomerate transaction whereby J&J will acquire [redacted] shares in AMO, with AMO consequently becoming a subsidiary of J&J. This acquisition is being undertaken indirectly through J&J's wholly owned subsidiary M/s. Chase LLC. J&J's principal activities in Pakistan, through its subsidiary J&J Pakistan are divided into three segments, namely Consumer, Pharmaceutical and Medical Devices.
16. AMO, the Target, is active globally and provides ophthalmic products to health care providers and patients in three principal categories, namely Cataract Surgery, Refractive Surgery and Consumer Eye. AMO has no subsidiary, affiliates or licensees in Pakistan. Its activity in Pakistan is limited to devices used in Cataract and Refractive surgery through an independent distributor that rebrands AMO's devices and sells them under its own brand name.
17. AMO, indirectly through an independent distributor, has a market share of approximately [redacted] of the relevant market. This market share will remain unchanged post-transaction.
18. J&J, the Acquirer, is not active in the relevant product market.



<sup>7</sup> As at 27<sup>th</sup> January 2017

<sup>8</sup> Data supplied by Applicant.

<sup>9</sup> As at 27<sup>th</sup> January 2017.

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19. 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. It does not meet the presumption of dominance as determined under Section 2 (1) (e) read with Section 3 of the Competition Act, 2010 ("Act").

## VI. CONCLUSION

20. 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.

21. It is so ordered.

  
(Vadiyya Khalil)  
*Chairperson*

  
(Ikram Ul Haque Qureshi)  
*Member*

