



**BEFORE THE  
COMPETITION COMMISSION OF PAKISTAN**

**IN THE MATTER OF**

**FIRST PHASE REVIEW**

**ACQUISITION BY SANOFI OF THE CONSUMER  
HEALTHCARE BUSINESS OF BOEHRINGER  
INGELHEIM GROUP OF COMPANIES**

**CASE: 811/Merger-CCP/2016**

Commission

Mr. Shahzad Ansar  
**Member**

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Mr. Ikram Ul Haque Qureshi  
**Member**

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# ORDER

## I. Background

1. The Competition Commission of Pakistan ("Commission") is in receipt of a pre-merger application ("Application") dated 4<sup>th</sup> May 2016 (received by the Commission on 5<sup>th</sup> May 2016) sent by M/s. Sanofi ("Sanofi" or "Acquirer") notifying the Commission of the acquisition, by Sanofi, of the Consumer Health Care ("CHC") business of Boehringer Ingelheim group of companies ("BI" or "Target") pursuant to a sale and purchase agreement whereby BI's CHC would be transferred to Sanofi in exchange for Sanofi's animal health business, i.e., Merial.

## II. Merger Parties

### Acquirer:

2. Sanofi is a publically listed company, headquartered in Paris, France. Its shares are traded on Euronext and the New York Stock Exchange. Sanofi is active in the research, development, manufacture and sale of healthcare products, and is organized around three principal activities: (i) Pharmaceuticals, (ii) human vaccines and (iii) animal health.
3. Sanofi generated a total worldwide turnover of EUR [REDACTED] (approximately PKR [REDACTED]) for the financial year ending December 31<sup>st</sup>, 2015. Total assets were approximately EUR [REDACTED] (approximately PKR [REDACTED]) for the same period.

### Target:

4. BI is an independent family-owned business headquartered in Ingelheim, Germany, and is active worldwide on the development, production, distribution and marketing of pharmaceutical products such as prescription products, CHC products, biopharmaceuticals and animal health products.
5. BI generated a worldwide turnover of approximately EUR [REDACTED] (approximately PKR [REDACTED]) for the financial year ending December 31<sup>st</sup>, 2015, and its total assets amounted to approximately EUR [REDACTED] (approximately PKR [REDACTED]) for the same period.



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### **III. Transaction**

6. In the proposed transaction, Sanofi will acquire the CHC business of BI through a sale and purchase agreement, whereby BI's CHC would be transferred to Sanofi in exchange for Sanofi's animal health business, Merial.
7. BI's CHC value is estimated to be EUR [REDACTED] (approximately PKR [REDACTED]), which is the transaction value in this case.
8. The transaction meets the notification thresholds prescribed in Regulation 4(2) (a), (b) & (c) of the Competition (Merger Control) Regulations, 2007, by having combined assets more than PKR one billion, combined turnover more than PKR one billion. The transaction relates to the acquisition of assets valued at more than PKR one hundred million.

### **IV. Relevant Market**

9. The relevant geographic market is Pakistan.
10. The relevant product market in this case is defined as that of the manufacture and distribution of pharmaceutical products.
11. In Pakistan, BI has granted Merck (Pvt.) Ltd ("Merck") the license to manufacture certain medicines. Of these medicines, there is an overlap between Sanofi and Merck in one product. Buscopan, which is marketed by Merck has a market share of [REDACTED]%. Its close substitute, No SPA S.A, is manufactured by Sanofi, with a market share of [REDACTED]%. Post transaction, Sanofi may decide to continue licensing the product to Merck, or withdraw the license. In the event that Sanofi decides to withdraw the rights granted to Merck under the license, and replace Buscopan with its own No SPA S.A, its market share will increase by [REDACTED]%, which does not represent a significant competition concern.

### **V. Findings of the Phase I investigation on the competition assessment**

12. The Acquirer is a publically listed company headquartered in Paris, France. It is active in the research, development, manufacture and sale of pharmaceuticals, human vaccines and animal health. The Target is an independent family-owned business headquartered in Ingelheim, Germany, and is active in the development, production, distribution and marketing of pharmaceutical products, such as prescription products, biopharmaceuticals and animal health products.



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13. In the proposed transaction, Sanofi will acquire the CHC business of BI through a sale and purchase agreement, whereby BI's CHC business would be transferred to Sanofi in exchange for Sanofi's animal health business, Merial.
14. The transaction does not meet the presumption of dominance as determined under Section (2) (1) (e) read with Section 3 of the Competition Act, 2010.
15. 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.
16. It is so ordered.



(Shahzad Ansar)  
**Member**



(Ikram Ul Haque Qureshi)  
**Member**



Islamabad the 30<sup>th</sup> June 2016