



**BEFORE THE
COMPETITION COMMISSION OF PAKISTAN**

IN THE MATTER OF

FIRST PHASE REVIEW

**ACQUISITION OF VALVE AND CONTROL SEGMENT OF PENTAIR
PLC VALUING \$ BY EMERSON ELECTRIC CO.**

CASE: 836/MERGER-CCP/16

Commission

Ms. Vadiyya Khalil
Chairperson

Mr. Shahzad Ansar
Member



ORDER

I Background

- 1 Emerson Electric Co ("Emerson" or "Acquirer") through its authorized representative submitted a pre-merger application (the "Application") to the Competition Commission of Pakistan (the "Commission") dated 07.09.2016 (received on 09.09.2016), notifying the acquisition of Valve and Control segment of Pentair Plc ("Pentair" or "Target") valuing _____ by Emerson, along with the necessary documents and a bank draft of Rs.1,500,000 as processing fee applicable under Regulation 5(6) of the Competition (Merger Control) Regulations, 2007 ("Merger Regulations").

The case is examined as under.

II Merger Parties

Acquirer

- 2 Emerson was founded in 1890 in St. Louis, Missouri. The company is industrial tool manufacturer engaged in the manufacturing of control valves and actuators used in multiple type of machines, it is present in Pakistan through its subsidiary. Total turnover of Emerson for the year ending on 30.09.2015 was \$ _____ (PKR _____ approximately) and value of total assets remained \$ _____ (PKR _____ proximately) for the same period.

Target

- 3 Pentair is a multinational diversified industrial company incorporated in 1966 in Ireland. The company is industrial tool manufacturer engaged in the manufacturing of control valves, Isolation Valves actuators, Tank Production Products and Valves Instrumentation used in multiple type of machines, it is present in Pakistan through its subsidiary. Total turnover of Pentair for the year ending on 31.12.2015 was \$ _____ (PKR _____ approximately) and the value of total assets remained \$ _____ (PKR _____ approximately) for the same period.

III Transaction

- 4 The envisaged merger involves the acquisition of Valves and Controls segment of Pentair by Emerson at a consideration of \$ _____ (PKR _____ approximately).
- 5 The transaction meets the notification thresholds prescribed in Regulation 4(2)(a)(b)&(c) of the competition (Merger Control) Regulations, as acquirer's assets valuing more than PKR 300 Million and combined assets of the merging entities being more than PKR 1.0 Billion rupees. Turnover of acquirer more than PKR 500 million and combined turnover being more than PKR 1.0 billion.



[Handwritten signature]

IV **Relevant Market:**

6 The relevant market in this case is defined as Control Valves and the Actuators a part of industrial tools. Control valves are used for valves used to control process conditioning such as flow, pressure, temperature and liquid level by fully or partially opening or closing while Actuators are mechanical devices used to automate the opening of a valve.

7 The Relevant Geographic market is Pakistan.

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

8 The competition assessment in Phase I has resulted in the following finding:

The Acquirer- Emerson is engaged in manufacturing of control valves and Actuators while the target- Valves and Control (Vulcan), a segment of Pentair, is provider of the Control Valves, Isolation Valves, Actuators, Tank Protection Products and Valve Instrumentation,. However, the common products of the merger parties is Control Valves, and Actuators. In Control Valves the acquirer is having _____ market share while the target is having _____ market share, post merger market share will move to _____ in 2nd common product- Actuators, the Acquirer is having _____ market share while the target is having _____ market share, post merger the market share will move to _____. In both the cases market share will remain below the threshold limit of 40% of the total market. Thus post merger 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 (the "Act").

V **Conclusion**

9 Therefore the proposed transaction is hereby authorized under Section 31(1) (d)(i) of the Act

10 It is so ordered.



(Vadiyya Khalil)
Chairperson



(Shahzad Ansar)
Member



Islamabad, the 17th, October 2016.