



BEFORE THE
COMPETITION COMMISSION OF PAKISTAN

IN THE MATTER OF
FIRST PHASE REVIEW

ACQUISITION OF SHAREHOLDING OF SPEED
(PRIVATE) LIMITED BY HABIB BANK LIMITED.

CASE: 766/Merger-CCP/15

Commission

Ms. Vadiyya Khalil
Chairperson

Mr. Shahzad Ansar
Member

Mr. Ikram Ul Haque Qureshi
Member





ORDER

I Background

- 1 On 27 November 2015, the Competition Commission of Pakistan ("Commission") received a pre-merger notification pursuant to Regulation 3 of the Competition (Merger Control) Regulations 2007 (the "Merger Regulations") by which Habib Bank Limited, Pakistan ("HBL" or "Acquirer") intends to acquire _____ shares of Speed (Private) Limited ("SPL") by way of share subscription agreement. The Commission's review of the intended transaction is as under:

II Merger Parties

2 Acquirer

HBL is a banking company incorporated under the Companies Ordinance 1984 and is listed on Pakistan Stock Exchange (ex. Karachi Stock Exchange, Lahore Stock Exchange, and Islamabad Stock Exchange). The principal activities of the Acquirer include commercial banking and financial services in Pakistan and overseas. Total mark-up/return/interest and non-mark-up/interest income of HBL for the financial year ending 31 December 2014 remained more than PKR _____ and value of total assets remained PKR _____ for the same period.

3 Target

SPL is a private company incorporated in Pakistan. It is an exclusive authorized distributor of various luxury brands such as Tag Heuer SA and Oris SA from Switzerland, Nike and Timex from the United States and Charles & Keith and Pedro from Singapore in Pakistan. The scope of SPL's operations includes the launching, marketing, retail and distribution of watches and accessories, sportswear and footwear brands in Pakistan. Currently, SPL manages and operates 30 stores in the major cities of Pakistan. It distributes these products from brands under management to over 100 points of sale throughout Pakistan. SPL's total turnover for the financial year ending 30 June 2014 amounted to PKR _____ and the total value of the assets remained PKR _____ for the same period.

III Transaction

- 4 The transaction involves acquisition of _____ ordinary shares @ PKR _____ per share) of the issued and paid up capital of SPL by HBL in two tranches. Tranche A has been acquired which consists of _____ of the shareholding _____ ordinary shares), and Tranche B will consist of subscription of _____ of the shareholding _____ ordinary shares). The estimated cost of the intended merger is PKR _____

- 5 The intended merger meets the notification thresholds prescribed in the Merger Regulations 4(2) (a) (b) (c) & (d) by having acquirer's assets valuing more than PKR 300 million and combined assets being more than PKR 1 billion, and turnover of acquirer more than PKR 500 million and combined turnover being more than PKR 1 billion. The intended merger value exceeds 100 million and percentage of voting share to be acquired exceeds 10% of the total shareholding of the Target.



Handwritten signatures and initials

IV Relevant Market

Relevant product market

- 6 The relevant product market is import and retail/wholesale selling of various luxury and sports brands into Pakistan.

Relevant geographic market

7. The relevant geographic market for Target's products is determined to be the whole of Pakistan.

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


- 8 The competition assessment in Phase-I have resulted in the following findings:


- The intended merger involves acquisition of [redacted] shareholding in SPL. The Acquirer is a (listed) banking company, engaged in commercial banking and asset management related services in Pakistan and overseas.
- SPL is authorized distributor and retailer of Nike, Tag Heuer, Timex, Charles & Keith and Pedro. The products mainly involve import and sale of Sportswear (footwear, apparels, watches, equipments and accessories). In the relevant market, there are numerous importers and retailers (both documented and undocumented) selling similar branded goods as SPL all over the country e.g. Bata, Service, Adidas, Puma, Reebok, Timberland, Slazenger, Borjan, Nice West, Insignia, Stylo, Mocciani, Caanchi Lugari, Hb Leather, Sputnik, EBH, Rado, Tissot, Rolex, Omega, Wstar, Casio, Titan, Alba, Citizen, Seiko, among others.
- As noted above, the Merging Parties are operating in two distinct markets i.e. the Acquirer being active in the banking sector, and the Target is active in the import of, among others, footwear, watches, and apparels. Thus, there is no overlapping in their products.
- Post-merger there will be no change in the market share of the merging entities as they are active in distinct markets. The intended merger does not meet the presumption of dominance as is envisaged under section 2(1)(e) read with section 3 of the Act and is not likely to result in creation or strengthening of the dominant position.

VI Conclusion

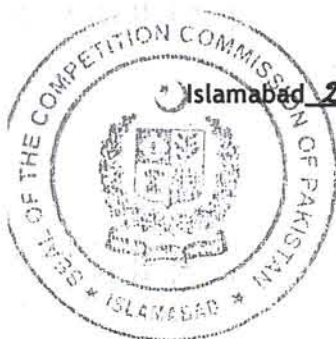
- 9 In conclusion, there is no evidence that the intended merger is likely to result in substantial lessening of competition by creating or strengthening of dominant position in the relevant market. The intended merger is hereby authorized under Section 31(1) (d) (i) of the Act.

- 10 It is so ordered.


(Shahzad Ansar)
Member


(Ikram Ul Haque Qureshi)
Member


(Vadiyya Khalil)
Chairperson



Islamabad 29th January, 2016