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Novartis AG by GSK

## CCP approves acquisition of global vaccines business

ISLAMABAD: The Competition Commission of Pakistan (CCP) has approved acquisition of the global vaccines business (excluding influenza business except in China) of Novartis AG by GlaxoSmithKline (GSK) after concluding the Phase II review of the pre-merger application and receiving commitments to address competition concerns.

CCP initiated the Phase II review of the pre merger application received from GSK in November 2014 under Section 11 of the Competition Act, 2010 to determine whether the merger situation is likely to substantially prevent or lessen competition in the relevant market.

GSK and Novartis are the two main players in the vaccine business. The overlap was detected in the Meningococcal (ACWY) vaccine, which is used against Neisseria Meningitidis, a bacterium that causes meningitis, meningococemia, septicemia, and rarely carditis, septic arthritis, or pneumonia, which both GSK and Novartis market in Pakistan through their products, Menveo of Novartis and Mencevax of GSK.

GSK's Mencevax vaccine has the largest market share of 85.53 percent while Novartis's Menveo has only 14.47 percent market share. Sanofi Pasteur is the only fresh entrant in the market starting its Menactra vaccine in the later part of 2014.

Competition Concerns: The proposed acquisition raised competition concerns that after

acquiring the market share of Novartis, GSK would further strengthen its dominant position in the market for Meningococcal (ACWY) vaccine, with a possibility of price increase or control over supply. It is pertinent to mention here that new entry or expansion in relation to Meningococcal (ACWY) vaccine products requires substantial investment in research and development, which is evident from the fact that it took many years before a new entrant like Sanofi Pasteur could enter the relevant market in Pakistan. Moreover, the effectiveness of each vaccination programme differs in terms of age usage and duration of protection, therefore, it is important to have all meningococcal (ACWY) vaccinations available in the market.

Remedies/Conditions: After holding a hearing on the matter on February 20, 2015 by the CCP full bench chaired by Vadiyya Khalil, Chairperson and including Dr Joseph Wilson, Mueen Batlay, Dr Shahzad Ansar and Ikramul Haq Qureshi, Members CCP concluded the Phase II review and directed GSK to take the following measures:

i. GSK will ensure reliable availability of its vaccine (Meneveo) in Pakistan.

ii. GSK will divest its worldwide MenACWY vaccine business to a suitable purchaser, who will be an independent third-party vaccines supplier with the capability to maintain and continue to develop the divested business as a viable and active

competitive product line, as committed by GSK to the European Commission on 21 January 2015.

iii. GSK will enter into an agreement with a third-party purchaser within a period of six months from the receipt of the EU clearance decision. An independent divestiture trustee, who will be appointed by the European Commission, will have the mandate to sell the Divestment Business at no minimum price within another six months. iv. The purchaser must have an established presence in distribution channels used in the vaccine business in Pakistan.

The Commission will assess the effects of the transaction on the relevant market after one year from the date of the closing of the transaction under Section 11(13) of the Act. The applicant was directed to file an update report with the Registrar of the Commission every three months until the divestment is complete.

CCP issued its No Objection Certificate to GSK for the proposed acquisition on 20 February 2015 with the above structural remedies.

In another pre-merger application, CCP approved the acquisition of the business relating to a portfolio of oncology products (excluding manufacturing) by Novartis AG (Novartis) from GlaxoSmithKline Plc (GSK).

The transaction was taken to a Phase II review in early November 2014 and was concluded on February 09, 2015.—  
PR

# CCP okays biggest acquisition in vaccine business

## Our correspondent

ISLAMABAD: After imposing certain conditions for doing business in Pakistan, the Competition Commission of Pakistan (CCP) has granted approval to the biggest acquisition worth multi-billion dollars in the global vaccine business.

It is the biggest acquisition approval granted by the CCP for allowing the company to do business in Pakistan since its inception.

The CCP approved acquisition of the global vaccines business (excluding influenza business except in China) of Novartis AG by GlaxoSmithKline (GSK)

after concluding the Phase II review of the pre-merger application and receiving commitments to address competition concerns.

GSK is buying Novartis' vaccines, excluding influenza, for \$5.25 billion plus potential milestone payments of up to \$1.8 billion and ongoing royalties.

The CCP initiated the Phase II review of the pre-merger application received from GSK in November 2014 under Section 11 of the Competition Act, 2010, to determine whether the merger situation is likely to substantially prevent or lessen competition in the relevant market.

GSK and Novartis are the two main players in the vaccine busi-

ness. The overlap was detected in the Meningococcal (ACWY) vaccine, which is used against *Neisseria Meningitidis*, a bacterium that causes meningitis, meningococemia, septicemia, and rarely carditis, septic arthritis, or pneumonia, which both GSK and Novartis market in Pakistan through their products, Menveo of Novartis and Mencevax of GSK.

GSK's Mencevax vaccine has the largest market share of 85.53% while Novartis's Menveo has only 14.47% market share. Sanofi Pasteur is the only fresh entrant in the market starting its Menactra vaccine in the later part of 2014.



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## **CCP approves acquisition of global vaccine business by GSK from Novartis**

**ISLAMABAD (Staff Reporter):** The Competition Commission of Pakistan (CCP) has approved acquisition of the global vaccines business (excluding influenza business except in China) of Novartis AG by GlaxoSmithKline (GSK) after concluding the Phase II review of the pre-merger application and receiving commitments to address competition concerns. CCP initiated the Phase II review of the pre merger application received from GSK in November 2014 under section 11 of the Competition Act, 2010 to determine whether the merger situation is likely to substantially prevent or lessen competition in the relevant market.

Mergers & acquisitions

# CCP conditionally approves GSK's acquisition of Novartis' vaccine trade

Anti-trust watchdog wants strong network of distributors

SHAHBAZ RANA  
 ISLAMABAD

The Competition Commission of Pakistan (CCP) has conditionally approved acquisition of Swiss drug-maker Novartis's vaccine business by its British rival GlaxoSmithKline (GSK), amid concerns over impact of the merger on prices of drugs in Pakistan.

The anti-trust watchdog sanctioned the merger on the same conditions that both GSK and Novartis accepted during its review in front of the European Commission and the United States regulator. However, CCP added two new conditions that GSK will ensure a strong network of distributors and availability of drugs in the local market.

GSK is acquiring the vaccine business, excluding influenza

vaccines, from Novartis under a share purchase agreement valuing \$5.25 billion. The potential milestone payments of \$1.8 billion and ongoing royalties are over and above this cost.

The order was passed by a five-member bench, headed by the CCP Chairperson Vadiyaa Khalil. In September last year, GSK had filed an application seeking approval for acquisition of the vaccines business from Novartis.

In January, the European Commission (EC) has also cleared the acquisition as well as the proposed creation of a new entity combining the consumer health activities of GSK and Novartis.

Both entities are active worldwide in research, manufacturing and supply of pharmaceuticals, vaccines and consumer health products. GSK will acquire Novartis' global human vaccines business, except the influenza vaccines business and both companies will combine

FULLY CONSUME

100%

will be the market share of GSK for Meningococcal vaccines in Pakistan after the merger with Novartis

their global consumer health business in a new entity, which will be controlled by GSK.

The CCP had concerns that GSK is a dominant player in the relevant product market of meningococcal meningitis vaccines and the acquisition would strengthen its dominant position in the relevant market, which would raise competition concern in Pakistan.

They said the only overlapping product between the merger parties is meningitis vaccines, which both these companies market in

Pakistan. The merger will substitute Mencevax of GSK with Menveo of Novartis.

After holding a hearing, CCP directed GSK to ensure reliable availability of Meneveo in Pakistan. GSK will divest its worldwide MenACWY vaccine business to a suitable purchaser, which will be an independent third-party vaccines supplier with the capability to maintain and continue to develop the divested business as a viable and active competitive product line, as committed by GSK to the EC. GSK will also enter into an agreement with a third-party purchaser within a period of six months from the receipt of the EU clearance decision, said the CCP.

An independent divestiture trustee, which will be appointed by the EC, will have the mandate to sell the divestment business within another six months. GSK has already agreed to these conditions in front of the EC.

CCP will assess the effects

of the transaction on the relevant market after one year from the date of the closing transaction. GSK was also directed to file an update report with the registrar of the commission every three months until the divestment is complete.

In another pre-merger application, the CCP also approved the acquisition of the business relating to a portfolio of oncology products (excluding manufacturing) by Novartis. Novartis was acquiring the oncology product business in return of \$16 billion.

According to CCP, in 2013, GSK was the largest player in the market for Meningococcal vaccines having a market share of 85.53%, which is much above the market power threshold of 40%. After the merger, GSK will have a 100% market presence in Pakistan. Recently, a third player, Sanofi Pasteur, began selling its products but the latest market share data was not available.



# CCP approves acquisition of global vaccine business

Staff Report

**ISLAMABAD:** Competition Commission of Pakistan (CCP) has approved acquisition of global vaccines business (excluding influenza business except in China) of Novartis AG by GlaxoSmithKline (GSK) after concluding phase II review of pre-merger application and receiving commitments to address competition concerns.

CCP initiated phase II review of pre merger application received from GSK in November 2014 under section 11 of Competition Act, 2010 to determine whether the merger situation was likely to substantially prevent or lessen competition in relevant market.

GSK and Novartis are the two main players in vaccine business. The overlap was detected in

Meningococcal (ACWY) vaccine, which is used against Neisseria Meningitidis, a bacterium that causes meningitis, meningococemia, septicemia and rarely carditis, septic arthritis or pneumonia, which both GSK and Novartis market in Pakistan through their products-Meneveo of Novartis and Mencevax of GSK.

GSK's Mencevax vaccine has largest market share of 85.53 percent while Novartis's Meneveo has only 14.47 percent market share. Sanofi Pasteur is the only fresh entrant in market starting its Menactra vaccine in the later part of 2014.

**Competition Concerns:** The proposed acquisition raised competition concerns after acquiring market share of Novartis, GSK would further strengthen its dominant position in market for ACWY vaccine, with a possibility of price

increase or control over supply.

New entry or expansion in relation to ACWY vaccine products requires substantial investment in research and development, which is evident from the fact it took many years before a new entrant like Sanofi Pasteur could enter relevant market in Pakistan.

Moreover, effectiveness of each vaccination programme differs in terms of age usage and duration of protection, therefore it is important to have all ACWY vaccinations available in market.

**Remedies/conditions:** After holding a hearing on matter on February 20, 2015 by CCP full bench chaired by Vadiyya Khalil Chairperson including Dr Joseph Wilsonm, Mueen Batlay, Dr Shahzad Ansar and Ikram Ul Haq Qureshi members CCP concluded phase II review and directed GSK to take measures and to ensure reli-

able availability of its vaccine (Meneveo) in Pakistan. Besides GSK will divest its worldwide MenACWY vaccine business to a suitable purchaser, who will be an independent third-party vaccines supplier with capability to maintain and continue to develop the divested business as a viable and active competitive product line, as committed by GSK to European Commission (EC) on January 21, 2015.

GSK will enter into an agreement with a third-party purchaser within a period of 6 months from receipt of European Union clearance decision. An independent divestiture trustee, who will be appointed by EC will have the mandate to sell divestment business at no minimum price within another 6 months.

The purchaser should have an established presence in distribution channels used in the vaccine

business in Pakistan.

Commission will assess effects of transaction on the relevant market after one year from date of closing of the transaction under Section 11 (13) of the Act.

The applicant was directed to file an update report with Registrar of Commission every three months until divestment was completed.

CCP issued its No Objection Certificate to GSK for proposed acquisition on February 20, 2015 with said structural remedies.

In another pre-merger application, CCP approved acquisition of business relating to a portfolio of oncology products (excluding manufacturing) by Novartis AG (Novartis) from GlaxoSmithKline Plc (GSK). The transaction was taken to a phase II review in early November 2014 and was concluded on February 9, 2015.

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Business

10 HOURS AGO BY INP

The Competition Commission of Pakistan (CCP) has approved acquisition of the global vaccines business (excluding influenza business except in China) of Novartis AG by GlaxoSmithKline (GSK) after concluding the Phase II review of the pre-merger application and receiving commitments to address competition concerns.

The CCP initiated the Phase II review of the pre-merger application received from GSK in November 2014 under Section 11 of the Competition Act, 2010, to determine whether the merger situation is likely to substantially prevent or lessen competition in the relevant market.

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# *The Frontier Post*

e-Business

26 February 2015

## Global vaccines business CCP approves acquisition

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ISLAMABAD (APP): The Competition Commission of Pakistan (CCP) on Wednesday approved acquisition of global vaccines business (excluding influenza business except in China) of Novartis AG by GlaxoSmithKline (GSK) after concluding the Phase II review of the pre-merger application and receiving commitments to address competition concerns.

According to a CCP press release issue here, it initiated the Phase II review of the pre merger application received from GSK in November 2014 under section 11 of the Competition Act, 2010 to determine whether the merger situation is likely to substantially prevent or lessen competition in the relevant market.

GSK and Novartis are the two main players in the vaccine business. The overlap was detected in the Meningococcal (ACWY) vaccine, which is used against Neisseria Meningitidis, a bacterium that causes meningitis, meningococemia, septicemia, and rarely carditis, septic arthritis, or pneumonia, which both GSK and Novartis market in Pakistan through their products, Menveo of Novartis and Mencevax of GSK.

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The Commission will assess the effects of the transaction on the relevant market after one year from the date of the closing of the transaction under Section 11(13) of the Act. The applicant was directed to file an update report with the Registrar of the Commission every three months until the divestment is complete.

CCP issued its No Objection Certificate to GSK for the proposed acquisition on 20 February 2015 with the above structural remedies.