



## **MEDIA RELEASE**

**13 October 2014**

### **CCS ISSUES CLEARANCE DECISION ON PROPOSED MERGER BETWEEN APPLIED MATERIALS INC. AND TOKYO ELECTRON LIMITED**

1. The Competition Commission of Singapore (“CCS”) has cleared the notification for decision in relation to the proposed merger between Applied Materials Inc. and Tokyo Electron Limited (collectively “the Parties”)(“the Transaction”). CCS has concluded that the Transaction, if carried into effect, will not infringe the section 54 prohibition of the Competition Act (Cap. 50B).
2. The Transaction is an all-stock transaction<sup>1</sup> and involves all of the business of the Parties worldwide. The Transaction will result in the creation of a new company, Eteris, valued at US\$29 billion (approximately S\$36.5 billion) which will be incorporated in the Netherlands and is expected to be dual listed on the NASDAQ and the Tokyo Stock Exchange.
3. The Parties are involved in the manufacture and supply of three main categories of equipment namely: semiconductor manufacturing equipment, display manufacturing equipment and solar panel manufacturing equipment. However, the only areas of overlap, worldwide, are in the supply of several different types of semiconductor manufacturing equipment. In Singapore specifically, the only overlapping product is for the manufacture and supply of dielectric etch (including bump) equipment<sup>2</sup>.
4. For the purposes of this merger assessment, CCS has determined that the relevant market of concern is the market for the worldwide manufacture and supply of dielectric etch (including bump) equipment(s) to Singapore (the “Relevant Market”).
5. After reviewing the Parties’ submissions and feedback from customers and competitors following a public consultation, CCS is of the view that the Transaction is unlikely to lead to substantial competition concerns in Singapore for the following reasons:

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<sup>1</sup> Each TEL shareholder will receive 3.25 shares of Eteris for every TEL share held; whereas each AMAT shareholder will receive 1 share of Eteris for every AMAT share held. After completion, AMAT and TEL shareholders will hold approximately 68% and 32% of Eteris shares respectively.

<sup>2</sup> Etching is the process of chemically removing material, or layers of material, during the wafer fabrication process. Dielectric etch and dielectric etch (including bump) are used interchangeably to refer to the general process of etching dielectric films in the semiconductor manufacturing process.

- a. The Parties are not the largest players in the supply of dielectric etch (including bump) equipment(s) in Singapore and notably the Parties' corresponding combined market share in the Relevant Market is less than 20%<sup>3</sup>;
  - b. There are a number of alternative suppliers worldwide which would be able to supply to Singapore; and
  - c. Customers are able to switch to these alternative suppliers without substantial switching costs, and which would constrain the Parties in the market for dielectric etch (including bump) equipment(s) post-Transaction.
6. Therefore, in light of the information received, CCS has assessed that the Transaction is unlikely to lead to substantial lessening of competition within the Relevant Market in Singapore and accordingly unlikely to infringe the section 54 prohibition.
7. The merger notification was received by CCS on 17 January 2014. CCS's assessment of the Transaction was put on hold on two separate occasions, pending the receipt of information and documents from the Parties. On 23 September, CCS notified the Parties of its decision within the 30 working days period for a Phase 1 review.
8. More information about the Transaction, including the Grounds of Decision for the clearance, can be found under "Public Register – Mergers & Acquisitions" on CCS's website - <http://www.ccs.gov.sg/content/ccs/en/Public-Register-and-Consultation/Public-Register/Mergers-and-Acquisitions.html>.

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<sup>3</sup> As set out in paragraph 5.15 of the *CCS Guidelines on the Substantive Assessment of Mergers*, CCS is generally of the view that competition concerns are unlikely to arise in a merger situation unless the merged entity will have a market share of 40% or more, or the merged entity will have a market share of between 20% to 40% and with a post-merger CR3 at 70% or more

### **About The Competition Commission of Singapore (CCS)**

CCS is a statutory board established under the Competition Act (Chapter 50B) on 1 January 2005 to administer and enforce the Act. It comes under the purview of the Ministry of Trade and Industry. The Act empowers CCS to investigate alleged anti-competitive activities, determine if such activities infringe the Act and impose suitable remedies, directions and financial penalties.

### **About the Section 54 Prohibition under the Competition Act & Merger Procedures**

Section 54 of the Act prohibits mergers that have resulted, or may be expected to result, in a substantial lessening of competition in Singapore.

CCS is generally of the view that competition concerns are unlikely to arise in a merger situation unless:

- The merged entity has/will have a market share of 40% or more; or
- The merged entity has/will have a market share of between 20% to 40% and the post-merger combined market share of the three largest firms is 70% or more

Merging entities are not required to notify CCS of their merger but they should conduct a self-assessment to ascertain if a notification to CCS is necessary. If they are concerned that the merger has infringed, or is likely to infringe, the Act, they should notify their merger to CCS. In such cases, CCS will assess the effect of the merger on competition and decide if the merger has resulted, or is likely to result, in substantial lessening of competition in Singapore. CCS will endeavour to issue a decision within 30 -120 working days, depending on case complexity.

In the event that CCS makes an unfavourable decision, CCS has the power to issue directions to remedy, mitigate or eliminate the adverse effects arising from the merger situation.

For more information, please visit [www.ccs.gov.sg](http://www.ccs.gov.sg)

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