



MEDIA RELEASE

30 January 2018

CCS Approves Instant Coffee and Milk Tea Mixes Merger involving Jacobs Douwe Egberts Holdings Asia NL B.V. and OldTown Berhad

1. The Competition Commission of Singapore (“**CCS**”) has cleared the proposed acquisition by Jacobs Douwe Egberts Holdings Asia NL B.V. (“**JDE Asia**”) of the entire issued and outstanding share capital of OldTown Berhad (“**OT**”) (“**Proposed Transaction**”). The Proposed Transaction will result in Jacobs Douwe Egberts B.V. (“**JDE**”) acquiring sole control over OT, as JDE Asia is its wholly-owned subsidiary. CCS concluded that the Proposed Transaction, if carried into effect, will not lead to a substantial lessening of competition in the supply of instant coffee mixes and instant milk tea mixes for in-home sales¹ in Singapore.

2. JDE is a global coffee company that owns various brands in over 27 countries across Europe, Latin America and Australia. JDE also owns Super Group Pte. Ltd. (“**SG**”), which manufactures and sells over 160 instant food and beverage products, including instant tea and coffee. OT is a publicly-listed company on Bursa Malaysia, and is active in (i) the manufacturing of coffee and other beverages; (ii) the marketing and sales of coffee and other beverages in points of distribution globally; and (iii) the operation of retail cafes under the “OldTown White Coffee” brand.

3. The JDE group of companies (“**JDE Group**²”) and OT (collectively, “**the Parties**”) overlap in the supply of (i) instant coffee mixes and (ii) instant milk tea mixes for in-home sales in Singapore. There is also a marginal overlap between the Parties in the supply of instant coffee mixes for out-of-home sales³ in Singapore. However, in view of the negligible presence of the Parties in the supply of instant coffee mixes for out-of-home sales in Singapore, CCS’s assessment has focused on the markets for the supply of (i) instant coffee mixes and; (ii) instant milk tea mixes for in-home sales in Singapore (collectively, the “**Relevant Markets**”).

¹ In-home sales refer to sales to end-consumers through retailers and other means.

² The JDE Group comprises entities such as JDE, JDE Asia and Super Group Pte. Ltd.

³ Out-of-home sales refer to sales to businesses.

4. In examining the impact of the Proposed Transaction on the Relevant Markets, CCS conducted a public consultation and sought feedback from intermediate customers (i.e. retailers), corporate end-customers and other competing suppliers of instant coffee mixes and instant milk tea mixes in Singapore.
5. After reviewing JDE's submissions and the feedback received, CCS concluded that the Proposed Transaction, if carried into effect, will not infringe the prohibition in the Act against anti-competitive mergers.
6. In clearing the Proposed Transaction, CCS found that:
 - a. The Parties face competition from a number of suppliers in the market for the supply of instant coffee mixes for in-home sales in Singapore as there are multiple brands of instant coffee mixes for consumers to choose from, such as Nescafé, Gold Roast, and Alicafé. Retailers generally stock different brands of instant coffee products depending on the end-consumer demand. In particular, Nestlé is a significant competitor to the Parties for the supply of instant coffee mixes, including 3-in-1 instant coffee mixes. Likewise, the Parties face strong competition from other suppliers (e.g., Unilever) in the market for the supply of instant milk tea mixes for in-home sales in Singapore.
 - b. Barriers to entry and expansion are relatively low in the Relevant Markets. The time taken for potential entrants to enter the markets appears relatively short. Existing suppliers do not currently face capacity constraints and would be able to increase their production in response to an increase in demand.
 - c. The larger intermediate customers generally have some negotiation power with the suppliers of instant coffee mixes and instant milk tea mixes, and may be able to exercise bargaining power over the merged entity post-Transaction.
7. CCS issued its clearance decision on the Proposed Transaction to JDE and informed OT on 30 January 2018.
8. More information on the clearance decision for the Proposed Transaction will be made available under ["Public Register – Mergers & Acquisitions"](#) on the CCS website in due course.

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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.

For media clarifications, please contact:

Ms. Grace Suen
Senior Assistant Director
International and Strategic Planning Division
Competition Commission of Singapore
Email: grace_suen@ccs.gov.sg
DID: 6325 8216/ 9835 8601

Ms. Loy Pwee Inn
Senior Assistant Director

International and Strategic Planning Division
Competition Commission of Singapore
Email: loy_pwee_inn@ccs.gov.sg
DID: 6325 8313