



MEDIA RELEASE

10 January 2022

CCCS Consults on the Proposed Acquisition by Parker-Hannifin Corporation of Meggitt PLC

1. The Competition and Consumer Commission of Singapore (“**CCCS**”) is inviting public feedback on the proposed acquisition (the “**Proposed Transaction**”) by Parker-Hannifin Corporation (“**Parker**”) of 100 per cent of the issued and to be issued shares of Meggitt PLC (“**Meggitt**”) (collectively, the “**Parties**”).
2. CCCS accepted the notification by Parker for a decision on the Proposed Transaction on 24 December 2021. CCCS is now assessing whether the Proposed Transaction, if carried into effect, would infringe section 54 of the Competition Act 2004, which prohibits mergers that have resulted, or may be expected to result, in a substantial lessening of competition within any market in Singapore.

The Parties

Parker

3. Parker, a publicly traded company incorporated in Cleveland, Ohio, United States of America, is listed on the New York Stock Exchange. Parker manufactures motion and control technologies and systems, and provides precision engineered solutions for a variety of mobile, industrial and aerospace markets. In particular, Parker’s aerospace systems business division (“**Parker Aerospace**”) produces hydraulic, fuel, pneumatic and electro-mechanical systems and components for the aerospace manufacturing industry.
4. Parker Aerospace’s business activities in Singapore primarily relate to the sale of a range of Parker Aerospace products to original equipment manufacturers (“**OEM**”), as well as aftermarket sales of its aerospace products and the supply of aftermarket maintenance, repair and overhaul services for Parker Aerospace products.

Meggitt

5. Meggitt, a public limited company headquartered in Ansty Park, United Kingdom, is listed on the London Stock Exchange. Meggitt is the parent company of the Meggitt Group whose principal activities are the design and manufacture of high-performance components and sub-systems for the aerospace and defence sectors and selected energy applications.
6. Meggitt's business activities in Singapore primarily relate to providing maintenance, repair and overhaul services for a range of Meggitt aerospace products in the region. Meggitt also provides a small amount of aftermarket services for products produced by third parties.

The Proposed Transaction

7. The Proposed Transaction primarily concerns the aerospace systems industry that produces various systems and components for the aerospace manufacturing industry, which are typically used in commercial, military and general aviation aircrafts, rotorcrafts and other related aerospace equipment. Parker submitted that the Proposed Transaction enhances the future prospects of the merged entity within the global aerospace and defence industries and provides a stronger value proposition for customers given that the Parties complement each other across a diverse portfolio of products, systems, capabilities, technologies and customer types.
8. Parker submitted that the Parties overlap in various aerospace activities globally but only have a minor overlap in their aerospace activities in Singapore. In Singapore, both parties overlap in OEM sales for aerospace sensors and also generate aftermarket sales for aircraft wheels and brakes, utility actuators, aerospace sensors and aerospace pneumatic valves. The Parties also have a minor overlap for aerospace seals, though Parker's sales in Singapore are limited to OEM sales and Meggitt's sales are limited to aftermarket sales.
9. In view of the above, Parker submitted that the relevant markets are in the global supply of:
 - a) utility actuators;
 - b) aircraft wheels and brakes;
 - c) aerospace pneumatic valves;
 - d) aerospace sensors; and
 - e) seals and small sub-components for aircrafts,

collectively, the "**Relevant Markets**".

10. Parker has submitted that the Proposed Transaction will not result in a substantial lessening of competition in Singapore for the following reasons:
- a) The Parties' product ranges are largely complementary. While the Parties have some capabilities in similar product areas, these are not functional substitutes in some cases.
 - b) The Parties will continue to compete with a number of large, diversified aerospace companies in the relevant markets which will continue to act as an effective competitive constraint on the merged entity following the Proposed Transaction, providing customers with a range of alternative sources of supply.
 - c) Customers generally have the knowledge and expertise to make well-informed comparisons of alternatives available in the Relevant Markets, which facilitates the process of switching between alternative suppliers.
 - d) The Parties' key customers are large, sophisticated and powerful companies that are able to exercise significant negotiating leverage and employ a combination of strategies to discipline components suppliers.
 - e) No vertical competition concerns arise in this context as the Parties are not major suppliers to each other or to downstream aerospace component competitors.

Public Consultation

11. CCCS is inviting public feedback on the Proposed Transaction. The closing date for submissions is 24 January 2022, 5 p.m.
12. More information on the public consultation can be accessed and downloaded from the CCCS website at www.cccs.gov.sg under the section "[Public Consultation](#)". If the submission or correspondence contains confidential information, please also provide CCCS with a non-confidential version of the submission or correspondence.

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About the Competition & Consumer Commission of Singapore

The Competition and Consumer Commission of Singapore (“**CCCS**”) is a statutory board of the Ministry of Trade and Industry. CCCS administers and enforces the Competition Act 2004 which empowers CCCS to investigate and adjudicate anti-competitive activities, issue directions to stop and/or prevent anti-competitive activities and impose financial penalties. CCCS is also the administering agency of the Consumer Protection (Fair Trading) Act 2003 which protects consumers against unfair trade practices in Singapore. Our mission is to make markets work well to create opportunities and choices for business and consumers in Singapore.

For more information, please visit www.cccs.gov.sg.

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