



MEDIA RELEASE

4 September 2014

CCS ISSUES CLEARANCE DECISION ON PROPOSED MERGER BETWEEN HOLCIM LTD. AND LAFARGE S.A.

1. The Competition Commission of Singapore (“CCS”) has cleared the notification for decision in relation to the proposed merger between Holcim Ltd. and Lafarge S.A. (“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 involves a merger between Holcim and Lafarge worldwide. The Transaction will result in Holcim acquiring Lafarge’s entire issued share capital and Holcim will be renamed LafargeHolcim.
3. In Singapore, Holcim Singapore manufactures and supplies ready-mix concrete to customers. Ready-mix concrete¹ is generally supplied to customers in the construction industry which may be used on various types of building and construction projects. Holcim Singapore also imports grey cement² which is a raw material used for ready-mix concrete and dry-mix mortar production. Similarly, Lafarge Singapore imports and supplies grey cement to third-parties in Singapore. Lafarge, through its subsidiary and joint venture partner, manufactures and supplies ready-mix concrete in Singapore.
4. For the purposes of the merger assessment, CCS has determined that Holcim and Lafarge compete in (i) the market for the manufacture and supply of ready-mix concrete in Singapore and (ii) the market for the regional supply of grey cement to Singapore. CCS notes that there is no manufacture of grey cement in Singapore. Due to the bulk nature of grey cement, close to 100% of grey cement is sourced regionally from countries like Japan, China, Taiwan and Korea.

¹ Ready-mix concrete is manufactured by mixing cement with aggregates, water and other additives at a central plant or in a mobile batching plant

² Grey cement is derived from a single intermediate product called clinker. Clinker is produced by firing in a rotary kiln a mixture of crushed limestone and clayey raw material at approximately 1450 degrees Celsius. Clinker is then ground or milled with gypsum or other additives like fly ash or blast furnace slag into a fine powder to obtain grey cement.

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:
 - a. While the Parties are major players in overseas markets such as Europe, they are not the largest market players in Singapore. CCS found that there is significant localised competition in the relevant overlapping markets in Singapore;
 - b. CCS had received feedback that there are alternative suppliers which have the capacity to meet any additional demand and is able to constrain any exercise of market power by the merged Parties. Customers would be able to switch to these alternative suppliers without substantial switching costs;
 - c. Customers are able to exercise countervailing buyer power due to the significant volume they purchase from suppliers; and
 - d. The nature of the local market, with multiple suppliers including smaller players, makes it more difficult, post-merger, for players in the relevant markets to coordinate their behaviour to raise prices, or reduce quality or output.
6. Therefore, in light of the information above, CCS has assessed that the Transaction is unlikely to lead to substantial lessening of competition within any market in Singapore and accordingly unlikely to infringe the section 54 prohibition.
7. 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>.

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 clarification, please contact
Ms. Lim Le-Anne
Senior Assistant Director
Strategic Planning Division
Competition Commission of Singapore
Email: lim_le-anne@ccs.gov.sg
DID: 6325 8304

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