



Competition Authority clears the way for Superquinn deal

The Competition Authority has cleared the proposed acquisition of Superquinn by Musgrave. Under the deal Musgrave would take control of Superquinn's supermarket business and some of its properties.

Following an intensive investigation the Competition Authority believes the deal will not substantially lessen competition in markets for goods or services in the State. The transaction was notified (under the Competition Act 2002) on 21 July 2011. The initial, or phase 1, assessment usually takes one month to carry out but in this case the Authority sought further information from the parties. This had the effect of extending the phase 1 period to 29 September 2011.

During its investigation the Authority looked at four possible problems that might arise as a result of the deal:

- Would the new entity be able to raise prices regardless of the reaction of its competitors and customers?
- Would consumers face higher prices and/or reduced output because of the actions of the new entity and its competitors?
- Could the deal be a strategy for Musgrave to discourage a new competitor from entering the market?
- Could the deal mean that the merged entity could force better terms from suppliers, causing them in turn to price discriminate against smaller retailers, harming consumers in the long term?

Based on a thorough investigation - which included research, a formal request for information from the parties, ongoing contact, obtaining the views of suppliers and competitors and on-site investigations - the Competition Authority takes the view that the transaction will not result in the problems identified.

The Authority will publish a public version of its determination outlining the reasons for the decision on its website no later than 27 November after allowing the parties the opportunity to request confidential information be removed.

For further information contact:

Clodagh Coffey,
Tel: 01 804 5406

Press Officer,
Mobile: 087 915 5406

The Competition Authority
email: cc@tca.ie



NOTES TO THE EDITOR

Musgrave is an Irish incorporated public company mainly active in the wholesale distribution of grocery and food products in the State, and also in the United Kingdom and Spain. In the State, Musgrave is active in the wholesale distribution of food and grocery products to a network of independently owned retail outlets which operate under the brands of Supervalu, Centra, Day Today and Daybreak. In addition, Musgrave operates a network of seven cash & carry outlets under the brand of Musgrave Marketplace in the State. Musgrave cash & carry outlets supply, at wholesale level, food and grocery products to customers such as independent grocery retailers and foodservice professionals such as caterers and restaurants.

Superquinn is an unlimited company incorporated in the State. Prior to being placed into receivership, Superquinn was owned by seven shareholders who acquired the company from the Quinn family in 2005. In the State, Superquinn is active in the retail sale of grocery goods. It operates 24 stores across the State, but the vast majority of its stores are in the Dublin area. 18 of the stores are supermarket format stores under the Superquinn brand and six of the stores are convenience format outlets under the Superquinn Select brand.

The Competition Authority is responsible for assessing acquisitions and mergers in the State which meet certain financial thresholds. Phase 1 assessment of a merger is usually a one month period. If the Authority requests further information from the parties involved, this effectively stops the clock until the information is received. The clock is then 'reset' for another period of one month. If a transaction is particularly complex and the Authority is unable to process the information or conclude its analysis within the statutory timeframe it is sometimes necessary to go to phase 2, which is a further three month period. 97% of all mergers are cleared within phase 1. This decision was the 29th transaction the Authority has cleared so far this year.

For further information contact:

Clodagh Coffey, Communications Manager, The Competition Authority
Tel: 01 804 5406 Mobile: 087 915 5406 email: cc@tca.ie