The Autorité clears the acquisition of Kindred (Unibet) by La Française des Jeux, subject to separation between its monopoly and competitive activities, in particular with regard to brands

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Background

On 14 May 2024, La Française des Jeux notified the *Autorité de la concurrence* of its plan to acquire sole control of Kindred Group.

After examining the transaction, the *Autorité* has cleared the acquisition subject to conditions. To address the risks of harm to competition identified, FDJ has entered into behavioural remedies.

The parties to the transaction

La Française des Jeux and its various subsidiaries form the FDJ group (hereinafter "FDJ"). FDJ is active primarily in the games of chance and gambling sector. In France, the group has exclusive rights to organise and manage lottery games at points of sale and online, and to offer sports betting games at points of sale. FDJ is licensed for its online sports betting and online poker activities.

Kindred Group (hereinafter "Kindred") heads an international group active in the games of chance and gambling sector, primarily in Europe. In France, through

SPS Betting France, the group offers online sports betting, online horse race betting and online poker under the Unibet brand.

Activities of the parties prior to the transaction:

		FDJ	Kindred
horse race betting	online		
	at points of sale		
sports betting	online		
	at points of sale	monopoly	
lottery (draw games and scratch cards)	online	monopoly	
	at points of sale	monopoly	
poker	online		
	in private clubs		

Competitive analysis

The proposed transaction would take place a few months after FDJ strengthened its position in the online betting sector with the acquisition of ZEturf. The merger brought FDJ into the online horse race betting market, the only market in the online gambling sector in which the group was not yet present, and increased its market share in online sports betting.

The *Autorité* cleared the ZEturf transaction in Decision 23-DCC-191 of 15 September 2023, subject to FDJ complying with a number of commitments. The merger was likely to give rise to risks of harm to competition through

conglomerate effects, given the nexus between FDJ's monopoly activities and ZEturf's online sports and horse race betting activities. The commitments, which essentially aim to separate FDJ's monopoly activities from the competitive activities marketed by FDJ following the acquisition of ZEturf, are currently being implemented.

Given Kindred's activity in the related markets of online sports and horse race betting and online poker, the *Autorité de la concurrence* considers that the acquisition of sole control of Kindred is likely to present the same types of conglomerate risks as those identified in the examination of the ZEturf transaction.

However, the commitments made in September 2023, which apply to the online horse race betting, online sports betting and online poker activities marketed in France by FDJ following the ZEturf transaction, do not include Kindred's activities and are therefore not sufficient to offset the risks raised by the new transaction.

As a result, while taking into account the provisions of the ongoing commitments, the *Autorité* considers that the Kindred acquisition entails the risk of FDJ commercially linking Unibet's online horse race betting, online sports betting and online poker offers with its monopoly games (lottery, sports betting at points of sale). The new entity could be tempted to create links between the monopoly games offered by FDJ and the games offered by the target by promoting online sports and horse race betting and online poker to monopoly game players, deploying commercial offers encouraging monopoly game players to play online horse race and sports betting and online poker, maintaining confusion between the customer paths of monopoly game players and online horse race and sports betting players and online poker players, and using a single customer account for all the games offered.

The commitments

To mitigate the risks raised, FDJ undertakes to apply and supplement the commitments made in September 2023 in connection with the clearance of the acquisition of ZEturf (Decision 23-DCC-191 of 15 September 2023).

In addition, in response to comments made by third parties during market tests, FDJ has made a new brand separation commitment, whereby all competitive games will eventually be marketed under one or more brands specific to competitive games and not sharing a common root or logo with the FDJ or Parions Sport Point de Vente brands or any other brand under which FDJ markets its monopoly games in France.

In light of the commitments made by FDJ, the *Autorité* cleared the transaction following the phase 1 examination.

Conglomerate effects

Conglomerate effects are likely to occur when the new entity expands or strengthens its presence in markets that are different from those in which the entity is active, but whose connectedness may allow the entity to increase its market power.

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on the acquisition of sole control of Kindred Group by La Française des jeux

See the full text of the decision (in French)

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