10 July 2013: Food Retail

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The Autorité de la concurrence clears, subject to commitments, the acquisition of sole control of Monoprix by Casino
Casino undertakes to divest 55 shops in Paris and 3 in the French *département* of Var and in Corsica



> *Version française*

The Autorité de la concurrence has cleared, subject to commitments, the acquisition of sole control of Monoprix SA (hereinafter "Monoprix") by Casino Guichard Perrachon (hereinafter "Casino"). Casino already holds 50% of Monoprix's share capital, the remaining 50% having previously been owned by Galeries Lafayette.

The projected merger was notified on 7 January 2013, and the merger filing requirements were satisfied on 6 February 2013. After a first phase of examination of the deal, the Autorité considered that it was liable to raise competition concerns and decided to open an in-depth examination phase on 12 March 2013.

As a reminder, in an opinion issued in January 2012 at the request of the City of Paris, the Autorité de la concurrence noted at the time that the Paris food retail market was highly concentrated, since the Casino group owned a significant market share (See Opinion 12-A-01 and the related Press Release of 11 January 2012).

The Autorité's examination of the merger sought the views of professionals in the food retail sector through a wide consultation, which included discussions

with competing operators in the sector. Following a thorough examination, catchment area by catchment area, the Autorité considered that the transaction would be likely to harm competition in a certain number of areas. To address these concerns, Casino submitted several commitments proposals, and these were improved in the course of a discussion process that proved to be both cooperative and constructive. The final version of these commitments, dated 8 July 2013, removes all of the competition concerns previously raised by the Autorité.

The Autorité identified fifty problematic catchment areas

Even though Casino had already acquired a joint control of Monoprix, the Autorité considers that the withdrawal of Galeries Lafayette from the share capital led to a change in the competition situation, to the extent that Casino can now set Monoprix's pricing policy with complete autonomy.

The acquisition of sole control of Monoprix thus reinforces the position of the Casino Group in the market, by giving significant market shares in 47 catchment areas in Paris, together with 3 areas located in the *département* of Var (1 in Saint-Tropez) and in Corsica (2 in Bastia).

Regarding Paris, the Autorité took account in its analysis of the specific nature of food retailing markets and the shopping habits of the inhabitants of Paris. It took account, in particular, of the smaller size of households and their very low car ownership rate, as well as the smaller size of supermarkets, compared with those in the other regions of France. It also took account of the competition pressure from hypermarkets in the inner suburbs of Paris, for which some of the customer base comes from Paris.

To remove the risks of restricting competition, Casino has undertaken to divest a substantial group of retail outlets in the various areas in question

Casino has undertaken to divest or, in the case of affiliated shops, to cancel affiliation contracts for a certain number of shops in each catchment area concerned. The shops in question are under the following brand names:

Franprix, Monop', Casino, Leader Price, Petit Casino, Casino Shopping and Spar.

These measures make it possible to maintain balanced competition by restricting Casino's share in the retail space of the catchment area to a maximum of 50% or by removing the additional market share created by the acquisition of Monoprix.

In total, Casino has committed to divest retail outlets in the areas concerned to restore balanced competition conditions (a market share not to exceed 50% or the removal of the additional market share created by the merger). To this effect, Casino has committed to divest 55 food retail outlets in Paris and 3 in the other areas outside the Paris region (or, where relevant, to cancel affiliation contracts).

For ten years, Casino will be prohibited from acquiring direct or indirect influence over all or part of the assets transferred. An independent trustee will be responsible for ensuring that these commitments are fully complied with.

The commitments are designed to provide the consumers concerned with a competitive and diversified offer for their food shopping.

> List of catchment areas in the city of Paris where retail outlets will have to be divested

> The full text of the decision will soon be published on the Autorité's internet site

This press release translated into English is for information purposes only. Only the Decision in French is deemed authentic.

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