

1 February 2017: Professional Cleaning and Hygiene Products

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The *Autorité de la concurrence* clears the acquisition of Anios by Ecolab, subject to conditions

Parties to the operation

On 25 October 2016, Ecolab notified the *Autorité de la concurrence* of its intention to take sole control of Anios. The American group Ecolab is a global leader in water, hygiene and energy technologies and services. Anios is a major participant in the professional hygiene and disinfection market, especially in the French healthcare sector. The activities of the parties overlap regarding the manufacture and marketing of professional hygiene and cleaning products, particularly detergents and disinfection agents, which they sell primarily under their own brands.

Risks of price increases for cleaning products marketed to the pharmaceutical and cosmetics industries

After consulting active customers and competitors in the markets impacted by this transaction and examining the data submitted by Ecolab, the *Autorité* considered that the planned acquisition would significantly strengthen Ecolab's presence in the market for distribution of cleaning products to the pharmaceutical and cosmetics industries in France. The *Autorité* assesses that the new entity will have a major position in this market, leaving competitors - particularly cleaning product manufacturers - unable to exert sufficient competitive pressure to prevent potential price increases after the transaction. Surveyed customers highlighted, among other things, the absence of credible alternatives to the parties' products in this market.

A risk of significantly decreased competition in the market for cleaning products for the healthcare sector and industrial laundry detergents for hospitals

Furthermore, the *Autorité* considered that the new entity would be able to strengthen its position in other markets, leveraging Anios's large share in the market for distribution of cleaning products to healthcare professionals in France. By linking or bundling the sale of products manufactured by Anios with its own products or services, Ecolab could have indeed developed an offering that healthcare professionals, and hospitals and clinics in particular, would have been unable to decline. This leverage would have significantly decreased competition in the market for cleaning products for hospitals and clinics, as well as other markets involving the supply of products and services to such customers, particularly industrial laundry detergents, a market in which Ecolab is an active participant.

Commitments proposed by Ecolab

To prevent the risk of decreased competition identified in the market for distribution of cleaning products to the pharmaceutical and cosmetics industries, Ecolab has undertaken to dispose of its customer portfolio to a competitor, and refrain from selling to said customers for a period of five years. If requested by the purchaser, Ecolab will enter into an exclusive licensing agreement entitling it to manufacture, market and sell products concerned by the disposal for a period of 10 years. This commitment removes Ecolab from this market in France, and consequently does not strengthen the new entity.

To prevent the risks of linked or bundled sales involving Anios products for healthcare professionals and other products and services provided by Ecolab, Ecolab agrees not to engage in such sales involving products concerned by the aforementioned markets for a period of five years, renewable once.

Compliance with all the aforementioned undertakings will be monitored by an independent agent approved by the *Autorité*.

Reasons that led the *Autorité* to approve the operation, subject to commitments

In cases where the *Autorité* considers that a market concentration operation is liable to generate risks to competition, the parties can, at any stage of the assessment, propose commitments that address the competition issues identified by the *Autorité*. If commitments considered to adequately remedy the identified problems are forthcoming, the *Autorité* may approve the planned operation after the initial phase of its investigation, with no need to conduct a subsequent in-depth examination (in the light of which the board of the *Autorité* may issue a decision to either approve, approve subject to commitments or block the proposed transaction). In this case, the *Autorité* considered that the commitments proposed by Ecolab were proportionate and sufficient for it to approve the transaction after the initial phase of its investigation.

> To consult the full text of decision 17-DCC-12

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