Mergers: Commission approves acquisition of Sigma-Aldrich by Merck, subject to conditions.

Brussels, 15 June 2015

The European Commission has approved the proposed acquisition of Sigma-Aldrich by Merck under the EU Merger Regulation. Both companies are active world-wide in the life science sector. The decision is conditional on the divestment of certain Sigma-Aldrich assets, including manufacturing assets in Germany, the rights to certain brands and a sales force. The Commission had concerns that the merged entity would have faced insufficient competitive pressure from the remaining players in the markets for certain laboratory chemicals, with a risk of price rises. The commitments offered by the companies address these concerns.

The Commission's investigation

The Commission focused its investigation on the main product areas where Merck and Sigma-Aldrich currently compete, namely: bioscience products, raw materials for pharmaceutical production and laboratory chemicals.

The investigation showed that the two companies' activities are largely complementary with regard to bioscience products and raw materials for pharmaceutical production, and that a number of important competitors will remain active on these markets after the takeover, including multinational companies such as Thermo Fisher and Avantor.

However, the Commission's investigation revealed some concerns for certain laboratory chemicals. In particular, the investigation showed that concerns could arise in the markets forsolvents and inorganicsused in laboratories by companies and research centres. This is because for these products Merck and Sigma-Aldrich:

- are the two leading suppliers in Europe;
- have two of the broadest product portfolios, which include high quality products and well-recognised brands; and
- have efficient channels to reach customers, in a market that is characterised by a fragmented customer base.

The combination of all these elements would have led to the loss of an important competitive force in the supply of solvents and inorganics following the merger. The Commission found that the remaining players would have been unable to sufficiently constrain the merged entity to avoid a risk of price rises.

Commitments

In order to address the Commission's competition concerns, the two companies offered a comprehensive remedies package, covering all the main steps in the manufacture, supply and distribution of these products. In particular, the commitments include:

- divestment of Sigma's manufacturing assets in Seelze (Germany), where most of the solvents and inorganics sold by Sigma in Europe are manufactured;
- divestment of brands and trademarks such as Fluka, Riedel-de-Haen and Hydranal on a worldwide basis;
- granting a temporary license to the Sigma-Aldrich brand for the supply of solvents and inorganics in the European Economic Area (EEA); and
- transfer of customer information and a solution to ensure a temporary channel to the market.

Following an extensive market test with customers and competitors of Merck and Sigma-Aldrich, the companies offered improvements to their initial proposal. In light of the market test, the Commission found that the improved commitments address the identified competition concerns and concluded that the proposed transaction, as modified by the commitments, would raise no competition concerns. The decision is conditional upon full compliance with the commitments.

The transaction was notified to the Commission on 21 April 2015.

Companies and products

Merck, based in Germany, is a pharmaceutical and chemical company. For the present case, the Commission analysed particularly its Merck Millipore division, which focuses on developing, producing and selling tools and products for the life sciences industry. Merck operates in 66 countries worldwide, generates an annual turnover of more than € 10 billion and has approximately 38 000 employees.

Sigma-Aldrich is a US-based company active in the development, production and sale of life science tools and services as well as chemicals, analytical reagents and products for laboratories. Sigma-Aldrich has operations in 37 countries worldwide, generates an annual turnover of more than € 2 billion and employs approximately 9 000 people.

Merger control rules and procedures

The Commission has the duty to assess mergers and acquisitions involving companies with a turnover above certain thresholds (see Article 1 of the Merger Regulation) and to prevent concentrations that would significantly impede effective competition in the EEA or any substantial part of it.

The vast majority of notified mergers do not pose competition problems and are cleared after a routine review. From the moment a transaction is notified, the Commission generally has a total of 25 working days to decide whether to grant approval (Phase I) or to start an in-depth investigation (Phase II). This deadline is extended to 35 working days in case remedies are submitted by the Parties, such as in this case.

More information will be available on the competition website, in the Commission's public case register under the case number M.7435.

IP/15/5194

Press contacts:

Ricardo CARDOSO (+32 2 298 01 00)
Carolina LUNA GORDO (+32 2 296 83 86)

General public inquiries: Europe Direct by phone 00 800 67 89 10 11 or by email