

MERGER BETWEEN LADBROKES PLC AND CERTAIN BUSINESSES OF GALA CORAL GROUP LIMITED

Notice of consent for Gala Coral Group Limited to take certain actions under the undertakings accepted by the Competition and Markets Authority on 18 July 2016

1. On 11 January 2016, the Competition and Markets Authority ('CMA') made a reference (the 'Reference') to its chair in accordance with section 33(1) of the Enterprise Act 2002 (the 'Act') for the constitution of a Group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013 to investigate and report on the proposed merger between Ladbrokes plc ('Ladbrokes') and certain businesses of Gala Coral Group Limited ('Gala Coral') ('the Transaction').
2. The Reference has not been finally determined.
3. On 18 July 2016, the CMA accepted undertakings from Ladbrokes and Gala Coral in accordance with section 80(2) of the Act for the purpose of preventing pre-emptive action ('the Interim Undertakings'). The terms defined in the Interim Undertakings have the same meaning in this notice.
4. On 26 July 2016, the CMA published its report entitled 'Ladbrokes and Coral: A report on the anticipated merger between Ladbrokes plc and certain businesses of Gala Coral Group Limited' (the Report). The Report concluded that the Transaction may be expected to result in a substantial lessening of competition (SLC) within 642 local markets in Great Britain for the supply of gambling products in local betting offices (LBOs); and within the market for the supply of gambling products in Great Britain, as a result of the aggregated loss of competition at the local level.
5. The Report also concluded that a divestiture, to one or more suitably qualified up-front purchasers, of a Ladbrokes or a Coral LBO in each of the 642 local markets where an SLC had been identified would be effective and proportionate in remedying, mitigating or preventing the SLC and any resulting adverse effect (noting that it may be possible for divestiture of one or more LBOs to solve the SLC in more than one local market).
6. On 6 September 2016, Gala Coral requested the CMA's consent to take action which would otherwise constitute a contravention of the requirement in

paragraph 5(i) of the Interim Undertakings which provides that Gala Coral shall procure that at the Relevant LBOs the software and hardware platforms of the Coral business remain essentially unchanged except for routine changes and maintenance. The reason for this request is that Coral would like to move to using the same platform for [redacted] in order that the merged entity is able to use a single platform once the Transaction has completed.

7. Gala Coral stated that certain steps need to take place before completion of the Transaction in order that the merged entity would have a functioning [redacted] immediately post-merger. These steps are:

(a) [redacted]; and

(b) [redacted].

8. Gala Coral also informed the CMA that the change would have no impact on the way that the LBOs are operated. Further, it stated that there would be complete separation of the Coral and Ladbrokes data and platforms until the merger would have completed. This would not, therefore, in its view result in any pre-merger integration of information technology.

9. After due consideration of the information received from Gala Coral, the CMA hereby gives its consent under Section 80(2B) of the Act for the actions described above which would otherwise constitute a contravention of the requirement in paragraph 5(i) of the Interim Undertakings, subject to ongoing oversight from the Monitoring Trustee.

Signed by authority of the CMA

Martin Cave
Inquiry Chair
6 September 2016