

COMPLETED ACQUISITION BY JLA NEW EQUITYCO LIMITED THROUGH ITS SUBSIDIARY VANILLA GROUP LIMITED OF WASHSTATION LIMITED

Notice of Acceptance of Final Undertakings pursuant to section 82 of the Enterprise Act 2002

1. On 18 May 2017, JLA New Equityco Limited (**JLA**), acting through its subsidiary Vanilla Group Limited (**Vanilla**), acquired the whole of the issued share capital of Washstation Limited (**Washstation**) (**the Merger**).
2. On 13 December 2017, the Competition and Markets Authority (**CMA**) made an Initial Enforcement Order (**the IEO**), pursuant to section 72 of the Enterprise Act 2002 (**the Act**), for the purposes of preventing pre-emptive action.
3. On 16 April 2018, the CMA made a reference, pursuant to section 22 of the Act, to determine, pursuant to section 35 of the Act:
 - (a) whether a relevant merger situation has been created; and
 - (b) if so, whether the creation of that situation has resulted, or may be expected to result, in a substantial lessening of competition in any market or markets in the United Kingdom (**UK**) for goods or services.
4. On 8 May 2018, the CMA gave directions to JLA and Vanilla, pursuant to paragraph 10 of the IEO, to appoint a monitoring trustee to support any action or, as the case may be, any remedial action which may be required to maintain the Washstation business (as defined in the IEO) as a viable business, and to monitor compliance with the IEO.
5. On 8 May 2018, the CMA gave directions to JLA and Vanilla, pursuant to paragraph 10 of the IEO, to appoint a hold separate manager, to ensure that the Washstation business operates as a viable and competitive business, separately from and independently of the JLA business, in accordance with paragraphs 4 and 5 of the IEO.
6. On 11 October 2018, the CMA published a report (**the Final Report**) concluding that:

- (a) the completed acquisition by JLA of Washstation has resulted in the creation of a relevant merger situation;
 - (b) the creation of that situation has resulted, or may be expected to result, in a substantial lessening of competition (**SLC**) in the market for the supply of managed laundry services to higher education customers under vend share agreements in the UK;
 - (c) the CMA should take action to remedy the SLC and the adverse effects that may be expected to result from it;
 - (d) the divestiture of the business for the supply of managed laundry services to higher education customers under vend share agreements in the UK carried on by Washstation (**the Divestment Business**), in accordance with paragraphs 10.65 to 10.78 of the Final Report, is an effective and proportionate remedy to the SLC and the resulting adverse effects the CMA has found; and
 - (e) undertakings should be given to the CMA or, where undertakings are not agreed, an order should be made to give effect to the remedy identified by the CMA in chapter 10 of the Final Report (**the Remedy**), namely, the divestiture of the Divestment Business.
7. The CMA has reached agreement with JLA and Vanilla as to the terms of the Final Undertakings for the purpose of remedying, mitigating or preventing the SLC it has identified and the adverse effects that may be expected to result from it.
 8. On 19 November 2018, the CMA gave [notice of a proposal to accept Final Undertakings](#) on its website. No representations were received.
 9. On 11 December 2018, JLA and Vanilla gave the CMA Final Undertakings, giving effect to the CMA's decisions as published in its Final Report and which are in the same terms as those consulted on.
 10. The CMA, under section 82 of the Act, now accepts those Final Undertakings as given by JLA and Vanilla. A copy of the Final Undertakings is attached. The Final Undertakings now come into force and the reference is finally determined.
 11. The Final Undertakings may be varied, superseded or released by the CMA under section 82(2) of the Act.
 12. This Notice and a non-confidential version of the Final Undertakings will be published on the CMA website. The CMA has excluded from the non-

confidential version of the Final Undertakings information which it considers should be excluded, having regard to the considerations set out in section 244 of the Act. These omissions are indicated by [X].

Signed by authority of the CMA

Stuart McIntosh
Inquiry Chair
13 December 2018