

## REFERENCE RELATING TO THE ANTICIPATED MERGER BETWEEN J SAINSBURY PLC AND ASDA GROUP LTD

### Notice of provisional findings made under Rule 11.3 of the Competition and Markets Authority Rules of Procedure<sup>1</sup>

1. On 19 September 2018, the Competition and Markets Authority (CMA), made a reference to its chair for the constitution of a Group of CMA Panel Members (the Inquiry Group)<sup>2</sup> in accordance with [section 33](#) of the Enterprise Act 2002 (the Act), regarding the anticipated merger between, J Sainsbury Plc (Sainsbury's) and Asda Group Ltd (Asda), part of Walmart Inc. (Walmart) (together known as 'the Parties'), and requiring it to report within a period ending on 5 March 2019. This period was subsequently extended until 30 April 2019 under [section 39\(3\)](#) of the Act.

#### Provisional findings

2. The Inquiry Group appointed to consider this reference has made the following provisional findings on the statutory questions it has to decide pursuant to [section 36\(1\)](#) of the Act:
  - (a) arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation; and
  - (b) the creation of that situation may be expected to result in a substantial lessening of competition:
    - (i) within every local market for the supply of groceries in supermarkets in which one or both of the Parties are present in the UK;
    - (ii) within 629 of the local markets for supply of groceries in supermarkets where both Parties are present in the UK (as listed in Chapter 17 of the provisional findings report);

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<sup>1</sup> See [Rules of procedure for merger, market and special reference groups \(CMA17\)](#).

<sup>2</sup> Under [Schedule 4](#) to the Enterprise and Regulatory Reform Act 2013.

- (iii) within every local market for the supply of groceries in convenience stores in which an Asda convenience store is present in the UK;
  - (iv) within 65 of the local markets for the supply of groceries in convenience stores where both Parties are present in the UK (as listed in Chapter 17 of the provisional findings report);
  - (v) within every local market for the supply of online delivered groceries in which one or both of the Parties are present in the UK;
  - (vi) within 290 of the local markets for the supply of online delivered groceries in which both Parties are present in the UK (as listed in Chapter 17 of the provisional findings report);
  - (vii) within 108 local markets for the supply of online delivered groceries in which both Parties and Tesco are present in the UK (as listed in Chapter 17 of the provisional findings report); and
  - (viii) within 132 local markets for the supply of fuel in which both Parties operate petrol filling stations in the UK (as listed in Chapter 17 of the provisional findings report).
3. The Inquiry Group's reasons are set out in full in the provisional findings report, which is attached to this Notice, and are summarised in the summary of the provisional findings report (see note below).

### **The next steps**

- 4. Anyone wishing to comment on the provisional findings is now invited to provide the Inquiry Group with their reasons in writing as to why these provisional findings should not become final (or, as the case may be, should be varied).
- 5. These reasons should be received by the Project Manager on behalf of the Inquiry Group no later than **Wednesday 13 March 2019**.
- 6. The Inquiry Group will have regard to any such reasons in making its final decisions on the statutory questions and any consequential actions. However, the Inquiry Group shall not be obliged to take into account reasons which are provided after the deadline specified in paragraph 5 above.
- 7. The Inquiry Group is also publishing a Notice of Possible Remedies which will set out the actions which it considers might be taken by the CMA to remedy the substantial lessening of competition and resultant adverse effects provisionally identified.

Stuart McIntosh

*Inquiry Group Chair*

20 February 2019

*Note:* A copy of this Notice and the summary of the provisional findings report will be placed on the CMA website on 20 February 2019. The CMA proposes to publish the provisional findings report on its website on the same day or shortly thereafter. The published version of the provisional findings report will not contain any information which the Inquiry Group considers should be excluded from the report, having regard to the three considerations set out in [section 244](#) of the Act. These omissions are indicated by [✂].

Comments should be made by email to [SainsburysAsda@cma.gov.uk](mailto:SainsburysAsda@cma.gov.uk) or in writing to:

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