

Acquisition by Ali Holding S.r.l. of Welbilt, Inc.

Decision on relevant merger situation and substantial lessening of competition

ME/6956/21

The CMA's decision on reference under section 33(1) of the Enterprise Act 2002 given on 9 June 2022.

SUMMARY

1. On 14 July 2021, Ali Holding S.r.l. (**Ali Group**) agreed to purchase the entire issued ordinary share capital of Welbilt, Inc. (**Welbilt**) (the **Merger**). Ali Group and Welbilt are together referred to as the **Parties** or, for statements referring to the future, the **Merged Entity**.
2. The Competition and Markets Authority (**CMA**) believes that it is or may be the case that each of Ali Group and Welbilt is an enterprise; that these enterprises will cease to be distinct as a result of the Merger; and that the share of supply test is met. Accordingly, arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation.
3. The Parties overlap in the supply of a number of commercial foodservice equipment products in the UK. In particular, the CMA has assessed the impact of the Merger in the supply of speed ovens and ice machines in the UK.
4. In relation to speed ovens, the Merged Entity would become the largest supplier of speed ovens in the UK, but the increment brought about by the Merger is relatively small and the evidence indicates that the Parties are not particularly close competitors. The CMA also found that the Merged Entity will continue to face strong competition from several other rival suppliers. These include current suppliers of speed ovens as well as new entrants that have recently launched a speed oven product or have concrete plans to enter within

5. the next year. The CMA believes that these constraints, taken together, are sufficient to ensure that the Merger does not give rise to a realistic prospect of a substantial lessening of competition (**SLC**) as a result of horizontal unilateral effects in relation to the supply of speed ovens in the UK.
6. In relation to ice machines, the Parties submitted that they believed that the Merger would give rise to a realistic prospect of an SLC arising from horizontal unilateral effects in the supply of ice machines in the UK. The Parties waived their normal procedural rights, including their right to an issues meeting and a discussion at a case review meeting, and requested that the case be fast tracked to the consideration of undertakings in lieu of a reference (**UILs**). In light of the Parties' acceptance that the test for reference is met, and the evidence available to the CMA in relation to competition, the CMA found that the Merger gives rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in relation to the supply of ice machines in the UK.
7. The CMA is therefore considering whether to accept undertakings under section 73 of the Enterprise Act 2002 (the **Act**). The Parties have until 16 June 2022 to offer undertakings that might be accepted by the CMA. If no such undertakings are offered, then the CMA will refer the Merger pursuant to sections 33(1) and 34ZA(2) of the Act.