

Anticipated acquisition by Portman Healthcare (Group) Limited of Dentex Healthcare Group Limited

Summary of the CMA's decision on relevant merger situation and substantial lessening of competition

1. The Competition and Markets Authority (**CMA**) has found that Portman Healthcare (Group) Limited (**Portman**)'s anticipated acquisition of Dentex Healthcare Group Limited (**Dentex**) (the **Merger**) gives rise to a realistic prospect of a substantial lessening of competition (**SLC**) in the provision of private and NHS dental treatments in certain local areas, and in relation to competition between dental practices for NHS orthodontic contracts tendered in one regional area. Portman and Dentex are together referred to as the **Parties** or the **Merged Entity**.
2. Portman and Dentex are two of a relatively small number of large corporate dental groups active in the UK and are currently the fourth and fifth largest corporate groups in the UK (by number of practices). Portman currently operates 209 dental practices in the UK and Dentex currently operates 149 dental practices in the UK. Both Parties have grown in recent years, partly via acquisitions. They focus on providing private dental treatments, but both also provide NHS dental treatments to patients.
3. The CMA assessed the potential impact of the Merger on competition for patients of private and NHS dental treatments at the local and national level. Dental practices also compete to win contracts to provide NHS treatments, which are tendered by NHS Integrated Care Boards (**ICBs**) for the geographic area for which they have commissioning responsibility. The CMA therefore also assessed the potential impact of the Merger on competition for such NHS contracts.
4. At the local level, the CMA considered the impact of the Merger on competition in the areas surrounding each of the Parties' dental practices (six miles for NHS dental treatments and eight miles for private dental treatments). The CMA considered that competition concerns would arise in any local area where the Parties overlap and would have a combined share of (i) 35% or more of NHS dental treatments, or (ii) 30% or more of sites offering private treatments, provided in each case the Merger gives rise to an increase in the Parties' combined share of at least 5%.

5. The CMA found that the Merger would not give rise to competition concerns in most local areas in which the Parties operate. The CMA did, however, find a realistic prospect of an SLC in relation to the provision of:
 - (a) NHS orthodontic treatments in two local areas, being the areas within six miles of Portman's Truro Smile Clinic and Dentex's River Truro practice, in Truro (Cornwall); and
 - (b) private dental treatments in seven local areas, being the areas within eight miles of:
 - (i) Portman's Abbey Mead and Dentex's Harwood dental practices in Tavistock (Devon);
 - (ii) Portman's Moor Dental and Dentex's Devon Dental Centre of Excellence dental practices, in Ashburton (Devon); and
 - (iii) Dentex's Trimdon, Spennymoor and Bowburn dental practices, in the Durham/Spennymoor area.
6. The CMA is therefore concerned that service levels may be worse compared to what they would be without the Merger in the local areas listed above, and that prices for some private dental treatments may rise compared to what they would be without the Merger.
7. At the national level, the CMA did not find competition concerns. While the Parties are the fourth and fifth largest chains in the UK, the CMA examined their position among national, corporate dental groups and found that the Parties have a low combined share of supply. The Merged Entity would face competition from several large national corporate dental groups, some of which are considerably larger than the Merged Entity.
8. In relation to competition for NHS contracts, the CMA found that under their existing contracts the Parties would have a near monopoly in NHS contracts to supply orthodontic treatments within the geographic boundary of the NHS ICB for Cornwall & Isles of Scilly. The CMA found that the Parties have faced limited competition from third parties in previous tenders for NHS orthodontic contracts in this area and were likely to face weak competition in future tenders. The CMA therefore considered that the Merger would give rise to a realistic prospect of an SLC in relation to competition for NHS orthodontic contracts within the Cornwall & Isles of Scilly ICB. The CMA is concerned that future bids for NHS orthodontic tenders in this ICB may offer a lower quality of service and/or fewer additional services than it would without the Merger.
9. The Parties accepted that the test for reference to an in-depth investigation was met in relation to the areas in which the CMA identified competition concerns. The Parties waived their right to certain procedural steps, including a case review

meeting, and requested that the CMA proceed directly to a consideration of undertakings in lieu of a reference to an in-depth investigation (ie remedies). The CMA accepted this request.

10. The CMA is therefore considering whether to accept undertakings under section 73 of the Enterprise Act 2002 (the **Act**). The Parties have indicated that they intend to propose remedies that might be acceptable to the CMA, and have until 10 February 2023 to do so. If no such undertaking is offered, then the CMA will refer the Merger pursuant to sections 33(1) and 34ZA(2) of the Act.