

# Completed acquisitions by Medivet Group Limited of multiple independent veterinary businesses

## Decision that undertakings might be accepted

**ME/7022/22, ME/7048/23, ME/7049/23, ME/7050/23, ME/7051/23, ME/7053/23,  
ME/7055/23, ME/7056/23, ME/7057/23, ME/7058/23, ME/7059/23, ME/7060/23**

The CMA's decision under section 73A(2) of the Enterprise Act 2002 that undertakings might be accepted, given on 2 June 2023. Full text of the decision published on 14 June 2023.

**Please note that [X] indicates figures or text which have been deleted or replaced in ranges at the request of the parties for reasons of commercial confidentiality.**

## Introduction

1. Between 27 September 2021 and 1 September 2022, Medivet Group Limited (**Medivet**) completed the purchases of the following independent veterinary businesses (the **Targets**):
  - (a) All Creatures Clinic Limited (**All Creatures**);
  - (b) Barton Companion Animal Services Limited (**Barton**);
  - (c) I T Kalogera (Holdings) Limited, including its subsidiary I T Kalogera Limited (t/a Brockwell Vets) (**Brockwell Vets**);
  - (d) The assets and business of the veterinary practice under the name 'Caddy Veterinary Surgery/Practice' (**Caddy Country**);
  - (e) E Street Limited (t/a Elizabeth Street Veterinary Clinic) (**Elizabeth Street**);
  - (f) Ferring Street Vets Limited (**Ferring Street**);

- (g) Fitzalan House Veterinary Practice Limited (**Fitzalan House**);
  - (h) The Hackney Vet Ltd (**The Hackney Vet**);
  - (i) The assets and business of the veterinary practice under the name Iffley Vets (**Iffley Vets**);
  - (j) The Oxford Cat Clinic Limited (**Oxford Cat Clinic**);
  - (k) The assets and businesses of the veterinary practices under the name The Vet on Richmond Hill & The Vet in St Margaret's (**The Vet on Richmond Hill & St Margaret's**); and
  - (l) The Vet Station Limited (**The Vet Station**).
2. Together these transactions are referred to as the **Mergers**. Each of the Targets are independent veterinary practices located in areas across England and Northern Ireland. They all supply first opinion veterinary services to small animals (**Small Animal Services**) and some also supply out of hours services to small animals (**Small Animal OOH Services**).
  3. Medivet is a private limited company which is the wholly owned subsidiary of Hecate Holdco Limited (UK) (**Hecate Holdco**) and indirectly held by CVC Capital Partners VIII (A) L.P., CVC Capital Partners VIII Associates L.P. and CVC Capital Partners Investment Europe VIII L.P., being funds managed by CVC Capital Partners VIII Limited (**CVC Capital**) (together with Medivet, Hecate Holdco, CVC Capital Partners VIII (A) L.P., CVC Capital Partners VIII Associates L.P. and CVC Capital Partners Investment Europe VIII L.P., the **Acquirer Group**).
  4. On 18 May 2023, the Competition and Markets Authority (**CMA**) decided under section 22(1) of the Enterprise Act 2002 (the **Act**) that it is or may be the case that each of the Mergers constitutes a relevant merger situation that have resulted or may be expected to result in a substantial lessening of competition (**SLC**) within a market or markets in the United Kingdom (the **SLC Decisions**).
  5. On the date of the SLC Decisions, the CMA gave notice pursuant to section 34ZA(1)(b) of the Act to the Acquirer Group of the SLC Decisions. However, the CMA did not refer the Mergers for phase 2 investigations pursuant to

section 22(3)(b) on the date of the SLC Decisions in order to allow the Acquirer Group the opportunity to offer undertakings to the CMA in lieu of such references for the purposes of section 73(2) of the Act.

6. Pursuant to section 73A(1) of the Act, if a party wishes to offer undertakings for the purposes of section 73(2) of the Act, it must do so within the five working day period specified in section 73A(1)(a) of the Act. Accordingly, on 25 May 2023, the Acquirer Group offered undertakings to the CMA for the purposes of section 73(2) of the Act in relation to each of the Mergers.
7. The CMA now gives notice, pursuant to section 73A(2)(b) of the Act, to the Acquirer Group that it considers that there are reasonable grounds for believing that the undertakings offered, or a modified version of them, might be accepted by the CMA under section 73(2) of the Act and that it is considering the offers.

## **The undertakings offered**

8. Under section 73 of the Act, the CMA may, instead of making a reference, and for the purpose of remedying, mitigating or preventing the SLC concerned or any adverse effect which has or may have resulted from it or may be expected to result from it, accept from such of the merger parties concerned as it considers appropriate, undertakings to take such action as it considers appropriate.
9. The SLC Decisions found that each of the Mergers gives rise to a realistic prospect of an SLC in various local areas in England and Northern Ireland (together, the **SLC Areas**) as a result of horizontal unilateral effects in relation to the supply of:
  - (a) Small Animal Services; and
  - (b) for Elizabeth Street and Iffley Vets, Small Animal OOH Services.
10. The SLC Areas are listed in Annex 1.
11. To address these SLCs, the Acquirer Group has offered to give undertakings in lieu of a reference to divest the assets of the following businesses:
  - (a) All Creatures;

- (b) Barton;
- (c) Brockwell Vets;
- (d) Elizabeth Street;
- (e) Ferring Street;
- (f) The Hackney Vet;
- (g) Iffley Vets;
- (h) The Oxford Cat Clinic;
- (i) The Vet on Richmond Hill & St Margarets; and
- (j) The Vet Station,

together, referred to as the **Divestment Businesses** (also listed in Annex 1).

12. To address the SLC in relation to Caddy Country, the Acquirer Group has offered to give undertakings in lieu of a reference to reconstitute and divest the Caddy Country business (together with the undertakings described in paragraph 11, the **Proposed Undertakings**). The Acquirer Group proposes to reconstitute Caddy Country (referred to as the **Reconstituted Caddy Country Business**) in its original premises (or an equivalent site) with its original assets including the ex-vendor or an equivalent vet.
13. The Acquirer Group submitted that each of the Divestment Businesses and the Reconstituted Caddy Country Business will be transferred by way of asset sales, including all the core assets required for them to operate as independent, standalone businesses, including (but not limited to): staff, fixed assets, original branding and customer lists. The Acquirer Group submitted that asset sales, rather than share sales, are appropriate because Medivet's [X] has been to [X] and therefore [X] rather than [X]. Structuring the sales as asset purchases therefore avoids interposing a separate, unnecessary, reorganisation step whereby assets are put under the ownership of a different corporate entity so they can be sold via a share purchase agreement.
14. For each of the Divestment Businesses and the Reconstituted Caddy Country Business, the Acquirer Group has offered to enter into an asset purchase

agreement with a buyer approved by the CMA, conditional only on CMA approval, before the CMA finally accepts the Proposed Undertakings (**Upfront Buyer Condition**).

15. While the Acquirer Group submits that no transitional service arrangements will be required, Medivet will provide appropriate transitional services agreements to the extent such services are required by the CMA-approved upfront buyers (the **Divestment Buyers**). Medivet will also offer assistance to the Divestment Buyers in finding third-party providers of support services, if requested.

### **The CMA's provisional views**

16. The CMA considers that undertakings in lieu of a reference are appropriate when they are clear-cut and capable of ready implementation. The CMA's starting point when assessing undertakings is to seek an outcome that restores competition to the level that would have prevailed absent the merger.<sup>1</sup>

#### *Resolution of CMA's competition concerns*

17. The CMA has reasonable grounds to believe that the Proposed Undertakings, or a modified version of them, might be acceptable as a suitable remedy to the SLCs identified by the CMA, given that they entail the entire divestment of each of the twelve businesses acquired by Medivet, with the exception of Fitzalan House, which does not need to be divested in light of Medivet's offer to divest Ferring Street.<sup>2, 3</sup> As such, the Proposed Undertakings would restore the competitive constraint provided by the Targets on Medivet (and vice versa) that would otherwise be lost in the SLC Areas as a result of the Mergers.
18. Specifically with regards to Caddy Country, the CMA believes that the reconstitution and divestment of Caddy Country will result in two competing

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<sup>1</sup> *Mergers remedies (CMA87)*, December 2018, Chapter 3 (in particular paragraphs 3.27, 3.28 and 3.30).

<sup>2</sup> As noted in the CMA's Phase 1 decision, the CMA found SLCs in Small Animal Services for both Fitzalan House and Ferring Street. However, in the local catchment areas around Fitzalan House and Ferring Street, both sites do not overlap with any Medivet sites other than Fitzalan House or Ferring Street (as relevant). As such, both SLCs would be resolved by divesting either Fitzalan House or Ferring Street.

<sup>3</sup> See Endnote.

practices in the local area. The CMA also believes that the Reconstituted Caddy Country Business will provide a competitive constraint to Medivet Randalstown and provide an alternative option for customers because:

- (a) Medivet will ensure the Reconstituted Caddy Country Business will be staffed by [redacted], similar to the staffing at Caddy Country pre-acquisition. Medivet has committed to [redacted] in order to [redacted], including its [redacted];
  - (b) Medivet has maintained the serviceable equipment acquired as part of the acquisition and would replace any items no longer in a serviceable condition;
  - (c) Medivet will transfer Caddy Country's customer list to the Divestment Buyer, and will work with the Divestment Buyer to [redacted] to encourage the transfer of customers back to the Reconstituted Caddy Country Business. Medivet has committed to [redacted], and will provide the Divestment Buyer with [redacted]. Medivet will report to the CMA on the outcome of these efforts during the divestment period;
  - (d) Medivet will endeavour to reconstitute the business at the former Caddy Country site, which was operating as a veterinary business less than one year ago and [redacted]. Medivet has committed to [redacted] and to the extent it becomes clear that the original site is not available, Medivet will [redacted];
  - (e) Medivet will finish reconstituting the site, including the fit-out, [redacted] and provision of staff, prior to the CMA consulting on the Proposed Undertakings. Medivet has committed to [redacted]; and
  - (f) Medivet will provide to the CMA evidence of [redacted], and evidence demonstrating the viability of the reconstituted site prior to the CMA consulting on the Proposed Undertakings.
19. The CMA also currently believes the reconstitution and divestment of Caddy Country is an acceptable remedy given the particular circumstances of this case. Firstly, the Acquirer Group submitted that the Reconstituted Caddy Country Business will be an effective competitor compared to the Medivet site in the catchment area (which operates as only a satellite, consult-only site, with no permanent vets and reduced opening times). Secondly, initial feedback from potential purchasers that the Acquirer Group provided to the CMA is that the Reconstituted Caddy Country Business may be particularly

attractive as it is suited to providing both Small Animal Services and veterinary services to large animals (and has done so in the past), which may be attractive to the local customer base.

20. Accordingly, the CMA currently believes that the Proposed Undertakings are capable of amounting to a sufficiently clear-cut and effective resolution of the CMA's competition concerns.

*Capable of ready implementation*

21. The CMA believes at this stage that the Proposed Undertakings are capable of ready implementation. In particular, the Proposed Undertakings include all the core assets of the Divestment Businesses required for them to operate as independent, standalone businesses including (but not limited to) staff, fixed assets, original branding, customer lists and leases,<sup>4</sup> which are necessary to continue to viably supply the relevant veterinary services. The CMA understands that each of the asset sales would constitute an attractive package as a result of their customer base, staff, properties, equipment and locations. Based on the latest financial information provided to the CMA by Medivet, each of the Divestment Businesses are profitable or have the ability to become profitable under new ownership. Although the Targets currently require Medivet to provide support functions (such as finance, IT and HR services), the CMA understands that the Divestment Businesses can be sold as standalone businesses, as these support functions can be replicated by a suitable purchaser(s) and key operational decisions are made locally at Target level.
22. The CMA also believes at this stage that the Proposed Undertakings in relation to Caddy Country are capable of ready implementation. In particular, the Acquirer Group has set out a reasonable timeline for the reconstitution and sale of Caddy Country including all the core assets required for it to operate as an independent, standalone business, including but not limited to fixed assets (including a property), original branding, staffing and its customer list.<sup>5</sup> Medivet has provided [redacted] as evidence showing the Acquirer Group will

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<sup>4</sup> Medivet will work with third party landlords to secure their consent to assign the applicable leases. Medivet submitted that it has [redacted]. Should [redacted].

<sup>5</sup> Medivet is obliged under the Initial Enforcement Order and derogation granted by the CMA on 25 January 2023 to maintain the Caddy Country customer list and the serviceable equipment acquired as part of the Caddy Country acquisition and in its possession on 21 December 2022.



be able to meet this timeline. These include [§]. The CMA also currently believes that reconstitution is possible in a short timeframe given that the Caddy Country business was relatively small pre-Merger, involving only one FTE vet and a small premises with limited physical assets.

### *Upfront Buyer Condition*

23. The Upfront Buyer Condition means that the CMA will only accept the Proposed Undertakings after the Acquirer Group has entered into an agreement with a nominated buyer that the CMA considers to be suitable. It also means that, before acceptance, the CMA will consult publicly on the suitability of the nominated buyer, as well as other aspects of the Proposed Undertakings. The CMA considers that an Upfront Buyer Condition is necessary because:<sup>6</sup>
- (a) The Mergers have been completed for a significant period of time and the Divestment Businesses, though capable of being separated, are currently integrated into the Medivet business, including relying on Medivet for an array of support services. This gives rise to some composition risk. The reconstitution of Caddy Country will require the re-establishment of a viable business that is attractive to purchasers in a relatively short period of time. This gives rise to considerable composition risk.
  - (b) The divestiture process will take place against a backdrop of a severe shortage of vets and nursing staff in the industry, which might affect the Divestment Businesses' and the Reconstituted Caddy Country Business' ability to provide their services, particularly in a situation where the divestment process is prolonged. Given the uncertainty around which staff (including vets, nurses and support staff) will be retained with the Divestment Businesses and the Reconstituted Caddy Country Business, the competitive capability of these businesses may deteriorate pending the divestiture. This gives rise to some asset risk. In keeping with the position set out in its Remedies Guidance, the CMA therefore believes that it is particularly important that the Acquirer Group is motivated to

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<sup>6</sup> See [CMA 87](#), paragraphs 5.28–5.32, and [CMA2](#), paragraph 8.34.



achieve the sales swiftly to end its exposure to the possibility of a reference.<sup>7</sup>

### *Conclusion*

24. For these reasons, with respect to each of the Mergers, the CMA currently thinks that there are reasonable grounds for believing that the Proposed Undertakings, or a modified version of them, might be accepted by the CMA under section 73(2) of the Act.
25. The CMA's decision on whether ultimately to accept the Proposed Undertakings or refer any or all of the Mergers for a phase 2 investigation will be informed by, among other things, third-party views on whether the Proposed Undertakings are suitable to address the competition concerns identified by the CMA. In particular, before ultimately accepting the Proposed Undertakings, the CMA must be confident that the nominated buyer(s) is (or are) effective and credible such that, in each case, the competitive constraint provided by the relevant Target absent the relevant Merger is replaced to a sufficient extent.

### **Consultation process**

26. Full details of the undertakings offered will be published in due course when the CMA consults on the undertakings offered as required by Schedule 10 of the Act.<sup>8</sup>

### **Decision**

27. The CMA therefore considers that there are reasonable grounds for believing that the Proposed Undertakings offered by the Acquirer Group, or a modified version of them, might be accepted by the CMA under section 73(2) of the Act.
28. The CMA now has until 28 July 2023 pursuant to section 73A(3) of the Act to decide whether to accept the undertakings, with the possibility to extend this timeframe pursuant to section 73A(4) of the Act by an additional 40 working

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<sup>7</sup> [CMA 87](#), paragraph 5.29.

<sup>8</sup> [CMA2](#), paragraph 8.29.

days (to 25 September 2023) if it considers that there are special reasons for doing so. If no undertakings are accepted, the CMA will refer the Merger for a phase 2 investigation pursuant to sections 22(1) and 34ZA(2) of the Act.

**Sorcha O’Carroll**  
**Senior Director**  
**Competition and Markets Authority**  
**30 May 2023**

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ENDNOTE:

Following clarification from Medivet, Footnote 2 (on page 5) should read: “As noted in the CMA’s Phase 1 decision, the CMA found SLCs in Small Animal Services for both Fitzalan House and Ferring Street. However, in the local catchment areas around Fitzalan House there are no overlaps with any Medivet sites other than Ferring Street. As such, the Fitzalan SLC would be resolved by divesting Ferring Street.”

## ANNEX 1: SLC AREAS

**Table 1: Small Animal Services**

Merger	Centroid Owner	Centroid site name	Divestment Site
All Creatures	All Creatures	All Creatures (Medivet Chelsfield)	All Creatures
All Creatures	All Creatures	All Creatures (Medivet Locksbottom)	All Creatures
All Creatures	Medivet	Medivet Beckenham 24 Hour	All Creatures
All Creatures	Medivet	Medivet Biggin Hill	All Creatures
Barton	Barton	Barton (Medivet Barton Upon Humber)	Barton
Barton	Medivet	Medivet 24 Hour Swanland	Barton
Brockwell Vets	Medivet	Medivet 24 Hour Camberwell	Brockwell Vets
Caddy Country	Medivet	Medivet Randalstown	Reconstituted Caddy Country
Elizabeth Street	Elizabeth Street	Elizabeth Street (Medivet Belgravia Elizabeth St)	Elizabeth Street
Elizabeth Street	Medivet	Medivet 24 Hour Kensington	Elizabeth Street
Elizabeth Street	Medivet	Medivet Battersea	Elizabeth Street
Elizabeth Street	Medivet	Medivet Hyde Park	Elizabeth Street
Ferring Street	Ferring Street	Ferring Street (Medivet East Preston Sea Road)	Ferring Street
Ferring Street	Ferring Street	Ferring Street (Medivet Ferring Sea Lane)	Ferring Street
Ferring Street	Ferring Street	Ferring Street (Medivet Ferring Street)	Ferring Street
Ferring Street	Medivet	Medivet Worthing	Ferring Street
Fitzalan House †	Fitzalan House	Fitzalan House (Medivet Angmering)	Ferring Street
Fitzalan House †	Fitzalan House	Fitzalan House (Medivet East Preston)	Ferring Street
The Hackney Vet	Medivet	Medivet Dalston	The Hackney Vet
The Hackney Vet	Medivet	Medivet Stamford Hill	The Hackney Vet
The Hackney Vet	The Hackney Vet	The Hackney Vet (Medivet Hackney)	The Hackney Vet
Iffley Vets	Iffley Vets	Iffley Vets (Medivet Wheatley Roman Road)	Iffley Vets
Iffley Vets	Medivet	Medivet East Oxford	Iffley Vets
Iffley Vets	Medivet	Medivet Wheatley	Iffley Vets
Oxford Cat Clinic	Medivet	Medivet East Oxford	Oxford Cat Clinic
Oxford Cat Clinic	Medivet	Medivet Kidlington	Oxford Cat Clinic
Oxford Cat Clinic	Medivet	Medivet North Oxford	Oxford Cat Clinic
Oxford Cat Clinic	Oxford Cat Clinic	Oxford Cat Clinic (Medivet Botley Cat Clinic)	Oxford Cat Clinic
Oxford Cat Clinic	Oxford Cat Clinic	Oxford Cat Clinic (Medivet Marston Cat Clinic)	Oxford Cat Clinic

The Vet on Richmond Hill & St Margarets	Medivet	Medivet 24 Hour Richmond	The Vet on Richmond Hill & St Margarets
The Vet on Richmond Hill & St Margarets	Medivet	Medivet Old Isleworth	The Vet on Richmond Hill & St Margarets
The Vet on Richmond Hill & St Margarets	Medivet	Medivet Twickenham	The Vet on Richmond Hill & St Margarets
The Vet on Richmond Hill & St Margarets	The Vet on Richmond Hill & St Margarets	The Vet on Richmond Hill & St Margarets (Medivet St Margaret's Crown Road)	The Vet on Richmond Hill & St Margarets
The Vet Station	Medivet	Medivet Hemel Hempstead Marlowes	The Vet Station

**Table 2: Small Animal OOH Services**

Merger	Centroid owner	Centroid site name	Divestment site
Elizabeth Street	Medivet	Medivet 24 Hour Camberwell	Elizabeth Street
Elizabeth Street	Medivet	Medivet 24 Hour Richmond	Elizabeth Street
Elizabeth Street	Medivet	Medivet 24 Hour Kensington	Elizabeth Street
Elizabeth Street	Elizabeth Street	Elizabeth Street (Medivet Belgravia Elizabeth St)	Elizabeth Street
Iffley Vets	Iffley Vets	Iffley Vets (Medivet Oxford Iffley Road)	Iffley Vets