

Completed acquisitions by Medivet Group Limited of multiple independent veterinary businesses

NOTICE UNDER PARAGRAPH 2(1) OF SCHEDULE 10 TO THE ENTERPRISE ACT 2002 (THE ACT) – CONSULTATION ON PROPOSED UNDERTAKINGS IN LIEU OF REFERENCE PURSUANT TO SECTION 73 OF THE ACT.

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

INTRODUCTION

1. Between 27 September 2021 and 1 September 2022, Medivet Group Limited (**Medivet**) acquired 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, the transactions listed above 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 Act that it is or may be the case that each of the Mergers constitutes a relevant merger situation¹ that has 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**). The text of the SLC Decisions is available on the CMA webpage.²
 5. On 25 May 2023, the Acquirer Group offered undertakings in lieu of reference to the CMA for the purposes of section 73(2) of the Act in relation to each of the 12 Mergers (the **UIL Offer**).
 6. On 2 June 2023, the CMA gave notice to the Acquirer Group, pursuant to section 73A(2)(b) of the Act, 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 Acquirer Group's offers (the **UIL Provisional Acceptance Decisions**).

THE UNDERTAKINGS OFFERED

7. As set out in the SLC Decisions, the CMA found that each of the Mergers gives rise to a realistic prospect of an SLC in one or more local areas in England and Northern

¹ Pursuant to section 25(4) of the Act the four-month period mentioned in section 24 of the Act is extended while the CMA is seeking undertakings in lieu of reference.

² See [Medivet Group Limited / multiple independent veterinary businesses merger inquiries - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/medivet-group-limited-multiple-independent-veterinary-businesses-merger-inquiries).

Ireland (together, the **SLC Areas**) as a result of horizontal unilateral effects in relation to the supply of:

- (a) Small Animal Services;
- (b) for the Elizabeth Street and Iffley Vets Mergers, Small Animal OOH Services.

8. The SLC Areas are listed in Annex 1.

9. To address the SLC in relation to Caddy Country, the UIL Offer included an undertaking to reconstitute and divest the Caddy Country business. Medivet has therefore reopened Caddy Country (referred to as the **Reconstituted Caddy Country Business**) and is in the process of reconstituting it to the satisfaction of the CMA in its original premises with its original (or equivalent replacement) assets and including the services of the ex-vendor and lead vet.

10. As set out in the UIL Provisional Acceptance Decisions, the UIL Offer also included to divest the assets of the following businesses as viable and standalone businesses (the **Divestment Businesses**):

- (a) All Creatures;
- (b) Barton;
- (c) Brockwell Vets;
- (d) the Reconstituted Caddy Country Business;
- (e) Elizabeth Street;
- (f) Ferring Street;
- (g) The Hackney Vet;
- (h) Iffley Vets;
- (i) Oxford Cat Clinic;
- (j) The Vet on Richmond Hill & St Margaret's; and
- (k) The Vet Station.

11. The text of the 11 undertakings is available on the CMA webpages (the **Proposed Undertakings**).³ A full list of sites that would be divested is included in Annex 1.

³ See [Medivet Group Limited / multiple independent veterinary businesses merger inquiries - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/medivet-group-limited-multiple-independent-veterinary-businesses-merger-inquiries).

12. The UIL Offer included for Medivet to enter into transitional service arrangements (**TSAs**) (if required by the divestment purchasers) for up to [3<] months in order to ensure the continuity of the operations of the Divestment Businesses post-divestiture. Medivet submitted that no TSAs are likely to be required [3<], but this decision will be left to the purchaser.
13. The UIL Offer included that Medivet would enter into an agreement for the sale and purchase of each of the Divestment Businesses with an identified buyer, approved by the CMA, before the CMA finally accepts the Proposed Undertakings. Medivet has therefore proposed the following (the **Upfront Buyers**):
 - (a) DNA Vetcare Limited (**DNA Vetcare**) as the upfront buyer of All Creatures, Barton, Elizabeth Street, Ferring Street, The Hackney Vet, Iffley Vets, The Vet on Richmond Hill & St Margaret's, and the Vet Station.
 - (b) Drumrainey Veterinary Services (**DVS**) as the upfront buyer of the Reconstituted Caddy Country Business.
 - (c) Jenny Kalogera, former owner of Brockwell Vets, and William Chandler, a veterinary surgeon (**Jenny Kalogera and William Chandler**) as the upfront buyers of Brockwell Vets.
 - (d) Melanie Weatherall, practice manager at Oxford Cat Clinic, and Chris Weatherall, a business manager in the medical industry (**Melanie Weatherall and Chris Weatherall**) as the upfront buyers of Oxford Cat Clinic.
14. Each of these agreements will be conditional on acceptance by the CMA of the Proposed Undertakings, including approval of the Upfront Buyers as the buyers of the Divestment Businesses.

CMA ASSESSMENT

15. The CMA currently considers that, subject to responses to the consultation required by Schedule 10 of the Act, the Proposed Undertakings will resolve the SLCs identified in the SLC Decisions in a clear-cut manner; i.e., the CMA currently does not have material doubts about the overall effectiveness of the Proposed Undertakings or concerns about their implementation.⁴ This is because the Proposed Undertakings would address the SLCs in all areas identified in the SLC Decisions, and as such would restore the competitive constraint provided by the Divestment Businesses on Medivet (and vice versa) that would otherwise have been lost as a result of the Mergers.

⁴ [Merger remedies \(CMA87\)](#), December 2018, Chapter 3, paragraph 3.28.

16. The SLC identified in relation to the Fitzalan House Merger was caused by Medivet's acquisitions of both Fitzalan House and Ferring Street. Accordingly, the Proposed Undertakings would address this SLC through the divestment of Ferring Street.
17. While some of the Targets consist of multiple sites,⁵ each of the Divestment Businesses include the entire Target business, and as such the CMA believes the Proposed Undertakings would restore competition in a clear-cut manner.
18. While Caddy Country had previously closed on 25 August 2022, with Medivet not acquiring the physical premises, it has now been reconstituted and re-opened as a viable and standalone business on 17 July 2023. While the CMA is continuing to monitor the reconstitution of the Caddy County practice, the CMA currently considers, based on the progress to date, that the Reconstituted Caddy Country Business will restore the competitive constraint provided by Caddy Country on Medivet before the Merger, and will provide an alternative option for customers because:
 - (a) it has been reopened at the same site from which Caddy Country operated pre-Merger;
 - (b) it has all the relevant equipment acquired as part of the Merger;
 - (c) it has access to Caddy Country's pre-Merger customer list and Medivet are continuing to take steps to encourage customers of the pre-acquisition Caddy Country practice to return to the Reconstituted Caddy Country Business;
 - (d) it is currently operational and providing Small Animal Services to customers, with staffing equivalent to its pre-Merger operations; and
 - (e) DVS, the proposed purchaser, has agreed with the former lead vet and vendor of Caddy Country to continue working at the Reconstituted Caddy Country Business in a consultancy role.
19. The CMA also considers that the Proposed Undertakings would be capable of ready implementation, because the Divestment Businesses are each standalone businesses and include all assets that enabled each Divestment Business to viably operate and compete with Medivet prior to the Mergers and, with the exception of Caddy Country, since the implementation of Initial Enforcement Orders on 21 December 2022.
20. Although the Targets currently require Medivet to provide support functions (such as finance, IT and HR services), the available evidence indicates that the Divestment

⁵ All Creatures, Ferring Street, Fitzalan House, Iffley Vets, Oxford Cat Clinic, and The Vet on Richmond Hill & St Margaret's.

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 (ie at Target level).

21. The Upfront Buyer Condition means that, in relation to each Merger, the CMA would only accept the Proposed Undertakings after Medivet has entered into an agreement with a nominated buyer that the CMA considers to be suitable. The CMA considers that an Upfront Buyer Condition is necessary for each of the Divestment Businesses because of certain risks relating to the proposed divestiture packages, including the fact that 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.

Suitability of the proposed purchasers

22. In approving a purchaser, the CMA's starting position is that it must be confident without undertaking a detailed investigation that the proposed purchaser will restore pre-merger levels of competition. The CMA therefore seeks to ensure that:
- (a) the acquisition by the purchaser remedies, mitigates or prevents the SLC concerned and any adverse effect resulting from it;
 - (b) the proposed purchaser is independent of and unconnected to the merging parties;
 - (c) the proposed purchaser has the necessary financial resources, expertise, incentive and intention to maintain and operate the divested business as an effective competitor in the marketplace;
 - (d) the proposed purchaser is reasonably expected to obtain all necessary approvals, licences and consents from any regulatory or other authority; and
 - (e) the acquisition by the proposed purchaser does not itself create an SLC within any market or markets in the UK.⁶
23. Subject to the responses to this consultation, and having regard in particular to the criteria set out in paragraph 22 above, the CMA currently considers each Upfront Buyer to be a suitable purchaser of the relevant Divestment Business(es) for the following reasons:
- (a) The CMA currently considers that the acquisition by each Upfront Buyer of the relevant Divestment Business(es) would, in each case, remedy, mitigate or prevent the SLC(s) concerned and any adverse effect resulting from them, achieving as comprehensive solution as is reasonable and practicable. This

⁶ [CMA87](#), paragraph 5.21.

is because each of the acquisitions would allow the relevant Divestment Business(es) to continue competing against Medivet in the same way it did before the Merger(s).

- (b) The evidence available to the CMA indicates that each Upfront Buyer (including its related entities) is independent of Medivet and does not appear to have any significant connection to Medivet that may compromise its incentives to compete with Medivet if it were to acquire the relevant Divestment Business(es).
- (c) The evidence available to the CMA indicates that each Upfront Buyer has both the capabilities and access to appropriate financial resources to acquire and operate the relevant Divestment Business(es) as an effective competitor. In particular:
 - (i) Each Upfront Buyer has provided evidence of relevant managerial, operational and technical expertise, including past experience of operating, and (for DNA Vetcare, DVS, Jenny Kalogera and William Chandler) owning a veterinary business. Melanie Weatherall is the practice manager at Oxford Cat Clinic, and has relevant experience managing and operating the practice.
 - (ii) Each Upfront Buyer has provided evidence of the necessary financial resources to acquire and operate the relevant Divestment Business(es), including that it has existing cashflows capable of financing the acquisition and supporting the ongoing development of the relevant Divestment Business(es) and its existing business from its projected turnover.
- (d) Each Upfront Buyer discussed its plans for the relevant Divestment Business(es) with the CMA and provided supporting material including financial projections. Each Upfront Buyer separately provided the CMA with details of its management plans and operational strategy, including the separation of the relevant Divestment Business(es) from Medivet. We consider these operational plans, financial projections, management plans and strategy indicate that each Upfront Buyer has the necessary understanding of the operational dynamics of the relevant Divestment Business(es), and is committed to operating as a viable competitor to Medivet and other competitors in each of the SLC areas (including in Small Animal OOH Services, where relevant).
- (e) The evidence available to the CMA indicates that the acquisition of the Divestment Businesses by the Upfront Buyers should not, in each case, create a realistic prospect of further competition concerns. With the exception of DNA Vetcare, there is no local overlap between the Divestment

Businesses and the relevant Upfront Buyer. DNA Vetcare has only one local overlap, with the Elizabeth Street site. Based on evidence provided by Medivet and DNA Vetcare, the CMA considers that this overlap is not significant enough to create a realistic prospect of further competition concerns. As such, the CMA believes there is no possibility of an SLC as a result of horizontal unilateral effects in any of the local areas. Nor are there any vertical links between the Upfront Buyers and Medivet that could give rise to competition concerns.

24. Therefore, subject to responses to this consultation, the CMA currently considers each of the Upfront Buyers to be a suitable purchaser of the relevant Divestment Business(es).

Proposed decision and next steps

25. For the reasons set out above, the CMA currently considers that the Proposed Undertakings and the purchase of (i) All Creatures, Barton, Elizabeth Street, Ferring Street, The Hackney Vet, Iffley Vets, The Vet on Richmond Hill & St Margaret's, and the Vet Station by DNA Vetcare, (ii) Reconstituted Caddy Country Business by DVS, (iii) Brockwell Vets by Jenny Kalogera and William Chandler, and (iv) Oxford Cat Clinic by Melanie Weatherall and Chris Weatherall are appropriate to remedy, mitigate or prevent the competition concerns identified in the SLC Decisions and form as comprehensive a solution to these concerns as is reasonable and practicable.
26. The CMA therefore gives notice that it proposes to accept the Proposed Undertakings in lieu of a reference of the Mergers for a phase 2 investigation. The text of the Proposed Undertakings is available on the CMA web page.⁷
27. Before reaching a decision as to whether to accept the Proposed Undertakings, the CMA invites interested parties to make their views known to it. The CMA will have regard to any representations made in response to this consultation and may make modifications to the Proposed Undertakings as a result. If the CMA considers that any representation necessitates any material change to the Proposed Undertakings, the CMA will give notice of the proposed modifications and publish a further consultation.⁸
28. Representations should be made in writing to the CMA and be addressed to:

Lily Xiao

⁷ See [Medivet Group Limited / multiple independent veterinary businesses merger inquiries - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/medivet-group-limited-multiple-independent-veterinary-businesses-merger-inquiries).

⁸ Under paragraph 2(4) of Schedule 10 to the Act.

Email: lily.xiao@cma.gov.uk

Deadline for comments: Monday 4 September 2023

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 1: 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