
PRESS RELEASE

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PCC approves Sumitomo Heavy Industries Ltd.'s acquisition of FW Energie B.V.

The Philippine Competition Commission (PCC) has given the green light to the Sumitomo Heavy Industries, Ltd.'s acquisition of FW Energie B.V. on May 25, 2017.

Sumitomo Heavy Industries, Ltd. (SHI) is a corporation registered in Japan where it is the ultimate parent entity of the SHI and its subsidiaries collectively known as the SHI Group.

The Sumitomo Group proposed to purchase FW Energie B.V., a Dutch limited liability company, which has subsidiaries engaged in the circulating fluidized boiler business.

Fluidized bed boilers are part of a combustion technology that allows power plant operators to burn a wide range of fuels and are capable of generating electricity and steam.

The worldwide operations of the SHI Group involve the manufacturing and sale of various products such as power transmission equipment, injection molding machines, environmental facilities and plants, including circulating fluidized bed boilers, industrial machinery, and construction machinery.

In its Commission Decision, PCC's Mergers and Acquisitions Office (MAO) found that the transaction does not result in lessening of competition in its sector.

"The transaction does not result in substantial lessening in competition in the relevant market," the PCC said.

"No ability or incentives exists for the merged firm to raise prices or engage in foreclosure of its technology license," PCC added.

PCC also finds that sufficient post-acquisition competitive constraints on the merged firm remain in the market.

Merger and acquisition deals that reach the threshold of at least Php1 billion are required by the Philippine Competition Act to notify at the PCC, the country's anti-trust body. PCC is mandated under the Philippine Competition Act to review mergers

and acquisitions to ensure that these deals will not prejudice the interest of the consumers.

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