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PRESS RELEASE**

PCC approves AC Logistics' acquisition of Air 21 shares

The Philippine Competition Commission (PCC) has approved the proposed acquisition by AC Logistics Holdings Corporation (AC Logistics) of controlling interest in Air 21 Holdings Inc (Air 21 Holdings).

The takeover is the first transaction submitted for voluntary merger review by the parties under the Bayanihan To Recover As One Act period with the increased thresholds of P50 Billion. The transaction, however, would have also qualified for regular review under pre-Bayanihan threshold conditions.

In its Commission Decision, the PCC found that the proposed acquisition does not result in substantial lessening of competition in relevant markets within the logistics sector. This is due to substantial competitive constraints exerted by other market players in this sector nationwide.

Customers of the relevant services were also found to engage with multiple service providers, demonstrating competition in the industry in terms of price and service quality.

As operations by AC Logistics and Air 21 Holdings were found to overlap in some markets, PCC's review looked into the competition effects in the *national* markets of domestic courier and messengerial services; domestic air, sea, and road freight forwarding; nationwide or regional market for trucking services; general warehousing and storage services in *Luzon*, and cold storage services in *Metro Manila* and *Southern Luzon*.

In its analysis, the PCC Mergers and Acquisitions Office found that the merging parties would not result in dominant market position given its resulting market shares in the relevant markets.

The parties were also found to have no increased ability nor incentive to engage in anti-competitive foreclosure, such as exclusively supplying its own downstream customers or restricting its services to other downstream markets or players. PCC also deemed it was unlikely for the transaction to effectively limit access of other players to a significant customer base in the same relevant markets.



Conversion shares

In this proposed transaction, AC Logistics entered into an Exchange Note Agreement for Conversion Shares with Air 21 Holdings, its owner Mr. Alberto D. Lina, and its eight (8) logistics companies in the network, subject to certain conditions.

The Conversion Shares will result in *at least* 60-percent stake in Air 21 Holdings, which in turn controls (i) Airfreight 2100 Inc., (ii) Air 2100 Inc., (iii) LGC Logistics Inc., (iv) Cargohaus Inc., (v) U-Freight Phils. Inc., (vi) U-Ocean Inc., (vii) Waste & Resources Management Inc., and (viii) Integrated Waste Management Inc.

AC Logistics is the logistics arm of Ayala Corporation, while Air 21 Holdings with a logistics network offering door-to-door service deliveries, international and domestic freight forwarding, and warehousing and waste logistics management.

As the country's antitrust authority, PCC is mandated under the Philippine Competition Act to review mergers, acquisitions, and joint ventures of firms across all sectors that meet the threshold to ensure that these deals do not harm the interest of consumers.

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