



Australian
Competition &
Consumer
Commission

GPO Box 3131 Canberra ACT 2601
23 Marcus Clarke Street Canberra ACT
tel: (02) 6243 1111 fax: (02) 6243 1199
www.accc.gov.au

NEWS RELEASE

ACCC ACCEPTS METCASH UNDERTAKING PAVING WAY FOR HOME TIMBER BID

The Australian Competition and Consumer Commission will not oppose a bid from Metcash (ASX: MTS) to acquire rival hardware wholesaler Home Timber & Hardware (HTH) from Woolworths (ASX: WOW) after accepting a court-enforceable undertaking from Metcash.

In response to ACCC concerns, Metcash proposed an undertaking stipulating it would not restrict independent hardware stores from acquiring products from non-Metcash sources, nor would it favour its own hardware stores over nearby independent stores.

The ACCC has accepted this undertaking as a condition for allowing the bid to proceed.

The ACCC has considered responses from a broad range of hardware businesses to the undertaking, its ability to enforce it, and ultimately, the impact of the proposed acquisition on the multi-billion dollar hardware industry.

“The decision not to oppose this bid was finely balanced and one the ACCC has given deep consideration to,” ACCC Chairman Rod Sims said.

“We looked at the competition issues surrounding Metcash acquiring its only rival full-service wholesaler. We received significant feedback from independent retailers. The majority were supportive of the bid, but we also took on board feedback from others who expressed some genuine concerns.”

“Bunnings is a large, powerful retailer that is present in most local markets, which will indirectly constrain Metcash’s wholesale operations – a factor we also took into consideration,” Mr Sims said.

“We decided to accept Metcash’s undertaking, which should provide independent retailers with the ability to bypass Metcash by using buying groups or negotiating directly with manufacturers. This should also facilitate entry by any new wholesaler that may emerge,” Mr Sims said.

“Metcash has also undertaken not to discriminate against independent hardware retailers in favour of its own stores.”

An independent auditor, who will report to the ACCC, will ensure Metcash is meeting its obligations outlined in the undertaking. Metcash will also be required to give retailers plain-English information on its obligations. Retailers can contact the ACCC if they have concerns about Metcash’s compliance with the undertaking.

Retailers trading under the Home Timber & Hardware, Thrifty-Link, True Value Hardware or Mitre 10 banners can decide to leave those brands and establish themselves as an unbannered, independent retailer. The undertaking prevents Metcash from ‘locking out’ existing or new wholesalers from supplying those retailers.

Please see the ACCC's public register for more information.

Background

Woolworths is currently conducting a sale process for the HTH and Masters hardware and home improvement business. Metcash is considering acquiring HTHG and is participating in that sale process. The ACCC has accepted this undertaking as a condition for allowing the deal to proceed, should Woolworths decide to accept Metcash's bid.

Further background information is available in: Q and A: Metcash's proposed acquisition of Home Timber & Hardware

Review timeline

6 May 2016	ACCC review started
20 May	Closing date for initial submissions
29 June	Decision date postponed to allow the ACCC to consider an undertaking proposed by Metcash
5 July	ACCC started consultation on the proposed undertaking
12 July	Closing date for submissions on the proposed undertaking
21 July	ACCC announced it would not oppose the proposed acquisition

Media inquiries

ACCC Media 1300 138 917

MR 131/16

21 July 2016