

# Britax Childcare Pty Ltd - proposed acquisition of BabyLove Products Pty Ltd

|                                |  |
|--------------------------------|--|
| <b>Type of assessment</b>      | Informal Review  |
| <b>Reference</b>               | 24273  |
| <b>Acquirer(s)</b>             | Britax Childcare Pty Ltd   |
| <b>Target(s)</b>               | BabyLove Products Pty Ltd  |
| <b>Industry</b>                | Child car restraints and wheeled products  |
| <b>Summary</b>                 | Britax Childcare Pty Ltd proposes to acquire BabyLove Products Pty Ltd. Both firms manufacture and supply child car restraints throughout Australia, and also import and distribute infant wheeled goods (strollers and prams) onto the Australian market.   |
| <b>Outcome of assessment</b>   | Not opposed  |
| <b>Total review days *</b>     | 80   |
| <b>Commenced public review</b> | 1 <sup>st</sup> May 2006   |
| <b>Date completed</b>          | 20 <sup>th</sup> September 2006  |
| <b>Market definition</b>       | <p>1) The market for child car restraints for ages up to 3 to 4 years old (type A, type B and type AB restraints) in Australia;</p> <p>2) The market for child booster seats for ages 3 to 7 years old (type BE and type E restraints) in Australia; and</p> <p>3) The market for infant wheeled goods (strollers and prams) in Australia.</p>   |
| <b>Competition analysis</b>    | <p>In relation to the market for child car restraints for ages up to 3 to 4 years old, the ACCC formed the view that in the high end segment of the market, Britax is the very clear leader. BabyLove is not a significant competitor in this segment, so the acquisition will only marginally increase Britax's share of sales. In the low and medium end segments, the bargaining power of large retail chains is relatively strong, and potential barriers to entry such as brand loyalty are less significant.</p> <p>In terms of the market for child booster seats for ages 3 to 7 years old, the ACCC formed the view that barriers to entry are not high, brand loyalty is not particularly significant and countervailing power</p> |

|                                   | <p>is relatively strong.</p> <p>In relation to the market for infant wheeled goods, the ACCC formed the view that there is a high level of imports (over 95 per cent), and supply is not heavily concentrated.</p> <p>After consideration of the information provided by market participants and other information before it, the ACCC formed the view that the proposed acquisition is unlikely to result in a substantial lessening of competition in the markets outlined above, and decided that it would not oppose the proposed acquisition.</p>  |             |              |                          |   |                          |                                 |                           |   |                            |  |                            |  |                           |   |                            |  |                            |  |                            |   |                              |   |                              |   |                                 |   |
|-----------------------------------|---|-------------|--------------|--------------------------|---|--------------------------|---------------------------------|---------------------------|---|----------------------------|--|----------------------------|--|---------------------------|---|----------------------------|--|----------------------------|--|----------------------------|---|------------------------------|---|------------------------------|---|---------------------------------|---|
| <p><b>Review<br/>timeline</b></p> | <table border="1"> <thead> <tr> <th data-bbox="512 622 584 651"><b>Date</b></th> <th data-bbox="954 622 1038 651"><b>Event</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="456 685 624 719">1<sup>st</sup> May 2006</td> <td data-bbox="644 667 1326 734">ACCC commences review under the Merger Review Process Guidelines.</td> </tr> <tr> <td data-bbox="456 748 624 781">5<sup>th</sup> May 2006</td> <td data-bbox="644 748 1110 781">ACCC commences market inquiries</td> </tr> <tr> <td data-bbox="456 795 571 862">19<sup>th</sup> May 2006</td> <td data-bbox="644 808 1326 842">Closing date for submissions from interested parties.</td> </tr> <tr> <td data-bbox="456 875 571 943">20<sup>th</sup> June 2006</td> <td data-bbox="644 889 1222 922">Proposed announcement of ACCC's findings</td> </tr> <tr> <td data-bbox="456 972 571 1039">21<sup>st</sup> June 2006</td> <td data-bbox="644 954 1302 1061">Proposed announcement delayed until early July to allow for provision of additional information.<br/>Timeline suspended</td> </tr> <tr> <td data-bbox="456 1090 624 1124">6<sup>th</sup> July 2006</td> <td data-bbox="644 1072 1286 1142">Proposed announcement delayed until mid July to allow for provision of additional information</td> </tr> <tr> <td data-bbox="456 1193 624 1227">11<sup>th</sup> July 2006</td> <td data-bbox="644 1155 1342 1263">Proposed announcement delayed until late July (delay requested by merger parties to allow for provision of additional information)</td> </tr> <tr> <td data-bbox="456 1292 624 1326">19<sup>th</sup> July 2006</td> <td data-bbox="644 1272 1286 1341">Additional material received from merger parties.<br/>Timeline recommenced.</td> </tr> <tr> <td data-bbox="456 1370 624 1404">27<sup>th</sup> July 2006</td> <td data-bbox="644 1355 1270 1424">ACCC publishes a Statement of Issues outlining preliminary competition concerns</td> </tr> <tr> <td data-bbox="456 1438 608 1505">10<sup>th</sup> August 2006</td> <td data-bbox="644 1438 1318 1507">Closing date for submissions from interested parties responding to the ACCC's Statement of Issues</td> </tr> <tr> <td data-bbox="456 1518 608 1585">30<sup>th</sup> August 2006</td> <td data-bbox="644 1518 1334 1588">Proposed announcement of ACCC's findings delayed to allow for further inquiries</td> </tr> <tr> <td data-bbox="456 1599 600 1706">20<sup>th</sup> September 2006</td> <td data-bbox="644 1615 1246 1684">ACCC announced that it would not oppose the acquisition</td> </tr> </tbody> </table> | <b>Date</b> | <b>Event</b> | 1 <sup>st</sup> May 2006 | ACCC commences review under the Merger Review Process Guidelines. | 5 <sup>th</sup> May 2006 | ACCC commences market inquiries | 19 <sup>th</sup> May 2006 | Closing date for submissions from interested parties. | 20 <sup>th</sup> June 2006 | Proposed announcement of ACCC's findings | 21 <sup>st</sup> June 2006 | Proposed announcement delayed until early July to allow for provision of additional information.<br>Timeline suspended | 6 <sup>th</sup> July 2006 | Proposed announcement delayed until mid July to allow for provision of additional information | 11 <sup>th</sup> July 2006 | Proposed announcement delayed until late July (delay requested by merger parties to allow for provision of additional information) | 19 <sup>th</sup> July 2006 | Additional material received from merger parties.<br>Timeline recommenced. | 27 <sup>th</sup> July 2006 | ACCC publishes a Statement of Issues outlining preliminary competition concerns | 10 <sup>th</sup> August 2006 | Closing date for submissions from interested parties responding to the ACCC's Statement of Issues | 30 <sup>th</sup> August 2006 | Proposed announcement of ACCC's findings delayed to allow for further inquiries | 20 <sup>th</sup> September 2006 | ACCC announced that it would not oppose the acquisition |
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| 20 <sup>th</sup> June 2006        | Proposed announcement of ACCC's findings  |             |              |                          |   |                          |                                 |                           |   |                            |  |                            |  |                           |   |                            |  |                            |  |                            |   |                              |   |                              |   |                                 |   |
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