

Penta-group could acquire pharmacies

Since the approved concentrations are based on contracts that were concluded before the acquisition moratorium, which was introduced to the pharmacy market in July 2010, the decision of the Hungarian Competition Authority (Gazdasági Versenyhivatal – GVH) is also based on the law, which was in force at the time concerns.

The GVH granted FarmFaro Kft. that belongs to the Penta-group led by the Central European investment group: the Penta Investment Limited, to acquire sole control of the following undertakings: Patika Profi Gyógyszertár Működtető Kft.(Patika Profi Kft.), Plaza Patika Invest Kft., Patika Invest Kft. The above-mentioned undertakings all belong to the Patika Profi-group.

Penta-group, which generally invests into operating undertakings, is mainly active in the food industry sector in Hungary. As regards the pharmacy chains, the group of undertakings only actuates pharmacies abroad, namely in the Czech Republic, in Poland and in Slovakia. Patika Profi Kft., which was obtained by the transaction, operates a pharmacy chain including 45 pharmacies that are located mainly in Tesco hypermarkets.

Plaza Patika Invest Kft. and Patika Invest Kft. exclusively provide services to Patika Profi Kft. These are inter alia the followings: renting and actuating of real estate, designing pharmacies etc.

The GVH investigated the market of retail distribution of medicines and the market of the supply of medicines, because the other activities pursued by the undertakings would obviously not restrict competition. Since FarmFaro Kft. was not present on the market of retail trade of medicines, neither on the market of wholesale trade of medicines prior to the transaction, the GVH came to the conclusion that it is unlikely that the approved transaction would harmfully affect competition.

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The GVH also granted FarmFaro Kft. to acquire sole control of DrogerMed Kft., which is pursuing its activity as a holding company.

Undertakings operating under the control of DrogerMed Kft. have 41 pharmacies throughout Hungary.

The investigation followed the same procedure as in the case of the above-mentioned acquisition, thus the GVH scrutinised the retail distribution market and the supply market of medicines. At the end of the market investigation the GVH firstly concluded that with

the pharmacies acquired by the transaction the FarmFaro Kft. only possesses a less than 5% market share on the Hungarian wholesale market of medicine distribution. Secondly, the GVH took also into consideration that the market share and the number of the pharmacies possessed by FarmFaro Kft. doubled after the acquisition on the market of retail trade of medicines, but it will remain still under 5%. In those cities, where the group of undertakings are both present (Gyöngyös, Nagykanizsa, Esztergom, Szombathely, Békéscsaba, Győr, Szeged, Pécs, Veszprém, Budapest), their post-transaction market share does not exceed 20%. There are also towns, where the market share does not even reach 10%. To sum up all the above-mentioned, the GVH came to the conclusion that the transaction will not put any harmful affects on economic competition.

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