



DETERMINATION OF MERGER NOTIFICATION M/20/002 KYANITE INVESTMENT HOLDINGS PTE LTD / KEPPEL CORPORATION

Section 21 of the Competition Act 2002

Proposed acquisition by Kyanite Investment Holdings Pte Ltd. of sole control of Keppel Corporation Limited.

Dated 26 February 2020

Introduction

1. On 7 February 2020, in accordance with section 18(1)(a) of the Competition Act 2002, as amended (the “Act”), the Competition and Consumer Protection Commission (the “Commission”) received a notification of a proposed acquisition whereby Temasek Holdings (Private) Limited (“Temasek”), through its indirect wholly-owned subsidiary Kyanite Investment Holdings Pte. Ltd. (“Kyanite”) (collectively the “Acquirer”), would acquire sole control of Keppel Corporation Limited (“Keppel”) (the “Proposed Transaction”).
2. Keppel is an existing Temasek portfolio company. As of 21 October 2019, the Acquirer held a c. 20.45% direct interest in Keppel.

The Proposed Transaction

3. The Proposed Transaction is to be implemented pursuant to a pre-conditional partial offer for c. 30.55% of Keppel shares, increasing the aggregate direct interests of the



Acquirer in Keppel from c. 20.45% to 51%, thereby resulting in the acquisition by the Acquirer of sole control of Keppel.

4. Keppel will remain listed on the Singapore stock exchange following implementation of the Proposed Transaction.

The Undertakings Involved

The Acquirer

5. Temasek is an investment company headquartered in Singapore. Temasek's portfolio includes companies which operate in financial services, telecommunications, media and technology, transportation and logistics, industrials, consumer, real estate, energy, life sciences and agribusiness.
6. A list of companies in which Temasek has a [...] in the State is provided below in Table 1.

Table 1: Companies in which Temasek has a [...] in the State	
Company Name	Description of Activity
[...]	[...]
[...]	[...]
[...]	[...]
[...]	[...]
[...]	[...]
[...]	[...]



Table 1: Companies in which Temasek has a [...] in the State	
Company Name	Description of Activity
[...]	[...]
[...]	[...]

Source: Based on information provided to the Commission by the parties.

7. For the most recent financial year, companies owned and controlled by Temasek generated worldwide turnover of €[...], of which approximately €[...] was generated in the State.

The Target

8. Keppel has been a Temasek portfolio company since [...] until 1980 when Keppel's shares were floated on the Singapore stock exchange. As noted in paragraph 2 above, as of 21 October 2019, the Acquirer held a c. 20.45% direct interest in Keppel.
9. Keppel's business interests are organised into four divisions that focus largely on Singapore and elsewhere in Asia: (i) infrastructure; (ii) investments; (iii) offshore and marine; and (iv) property.
10. Keppel indirectly owns two data centres in the State, Keppel DC Dublin 1 and Keppel DC Dublin 2. Both of Keppel's data centres provide colocation services¹ and are owned and managed by Keppel DC REIT.

¹ In paragraph 6 of Case M.7678 *Equinix/Telecity*, the European Commission defined the provision of colocation services as follows: "Data centres are dedicated facilities (sometimes purpose-built) in which companies house and operate IT equipment that supports their business (such as servers and data storage). Data centres usually have uninterrupted power supply and offer an environment with highly controlled temperature and humidity in order to ensure optimal performance of the stored IT equipment. Data centres also often have robust on-site security. Customers of data centres pay a recurring fee for renting floor space in the data centre to install their IT equipment and also pay for the use of power in the building. This type of services is also typically referred to as "colocation services", because several customers use the same data centre," available at: https://ec.europa.eu/competition/mergers/cases/decisions/m7678_1392_5.pdf.



11. For the most recent financial year, the worldwide turnover of Keppel was approximately €[...], €[...] of which was generated in the State.

Rationale for the Proposed Transaction

12. The parties state in the notification:

"[...] Temasek nevertheless believes there is inherent long-term value in Keppel's businesses, so has decided to increase the aggregate the direct interests of Kyanite and Temasek in Keppel to 51% and to work with Keppel's board of directors to undertake a comprehensive strategic review of its business with the objective of creating sustainable value for all shareholders."

Third Party Submissions

13. No submission was received.

Competitive Analysis

Horizontal Overlap

14. The Commission defines markets to the extent necessary depending on the particular circumstances of a given case. In this instance, it is not necessary for the Commission to define precise relevant product and geographic markets as the Proposed Transaction does not raise competition concerns in any potential market in the State.
15. The parties informed the Commission of two instances where the parties overlap in the supply of goods or services in other jurisdictions, but in each instance only one of the parties has activities in the State:
- i. Temasek is active in the supply of hotel accommodation [...]. Keppel is not active in the supply of hotel accommodation in the State, [...].
 - ii. As noted in paragraph 10 above, Keppel is active in the provision of colocation services in the State. Temasek is not active in this sector in the State. [...].
16. None of the companies owned and controlled by Temasek are currently involved in the same business activities in which Keppel are active in the State, i.e. the provision of



colocation services. Similarly, Keppel are not engaged in any of the business activities in which companies owned and controlled by Temasek in the State are active, i.e. the supply of hotel accommodation.

17. In light of the above, the Commission considers that the Proposed Transaction does not raise any horizontal competition concerns in the State.

Vertical Relationship

18. The parties informed the Commission that there is no vertical relationship between Temasek and Keppel in the State. The Commission has not identified any vertical relationship between the parties in the State. On this basis, the Commission considers that the Proposed Transaction does not raise any vertical competition concerns in the State.

Conclusion

19. In light of the above, the Commission considers that the Proposed Transaction will not substantially lessen competition in any market for goods or services in the State.

Ancillary Restraints

20. No ancillary restraints were notified.



Determination

The Competition and Consumer Protection Commission, in accordance with section 21(2)(a) of the Competition Act 2002, as amended, has determined that, in its opinion, the result of the proposed acquisition whereby Temasek Holdings (Private) Limited, through its indirect wholly-owned subsidiary Kyanite Investment Holdings Pte Ltd., would acquire sole control of Keppel Corporation Limited, will not be to substantially lessen competition in any market for goods or services in the State, and, accordingly, that the acquisition may be put into effect.

For the Competition and Consumer Protection Commission

Brian McHugh
Member
Competition and Consumer Protection Commission