

Completed acquisition by Rentokil Initial plc of MPCL Ltd (formerly Mitie Pest Control Ltd)

Decision on relevant merger situation and substantial lessening of competition

ME/6784-18

The CMA's decision on reference under section 22(1) of the Enterprise Act 2002 given on 12 April 2019. Full text of the decision published on 21 May 2019.

Please note that [X] indicates figures or text which have been deleted or replaced in ranges at the request of the parties or third parties for reasons of commercial confidentiality.

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SUMMARY

1. As a result of documents executed on 29 and 30 September 2018, Rentokil Initial plc (**Rentokil**) acquired the pest control business of Mitie Pest Control Ltd (since renamed MPCL Ltd (**MPCL**)) (the **Merger**). Rentokil and MPCL are together referred to as the **Parties**.
2. The Competition and Markets Authority (**CMA**) believes that it is or may be the case that each of Rentokil and the pest control business of MPCL (the **MPCL Pest Control Business**) is an enterprise; that these enterprises have ceased to be distinct as a result of the Merger; and that the share of supply test is met. The four-month period for a decision on whether to make a reference, as extended, has not yet expired. The CMA therefore believes that it is or may be the case that a relevant merger situation has been created.
3. The Parties overlap in the supply of pest control services in the UK to commercial customers. Pest control services consist of both preventative and reactive action to prevent damage from animals and insects, such as rodents, mice and wasps.
4. The Parties and their competitors have many types of customer, including public and private sector organisations in various industries. The CMA found that larger customers with premises across the whole or a large part of the UK (**national customers**) primarily use a single pest control provider and that only a few pest control service providers are active on a national basis. The CMA has therefore assessed the impact of the Merger in the supply of pest control services to national customers in the UK.
5. At a local level, the CMA found that the Parties face sufficient constraints as there are a number of competitors present in each of Rentokil's catchment areas.
6. At a national level, the CMA found that all sources of evidence (shares of supply, switching data, internal documents and third party views) consistently identified Rentokil, MPCL, Ecolab and Pestokill as the main suppliers of pest control services to national customers. The Merger therefore has led to a reduction of four to three competitors, with the leading player in the market, Rentokil, merging with the third largest player. The Parties are mainly constrained by the other two national players, with other competitors exercising less of a constraint at a national level. Although the CMA has found that national customers multisource to some extent from local/regional pest control suppliers, it has not received evidence of widespread, large scale multisourcing from, or switching away, to these providers. While these competitors may impose some constraint on the Parties, the CMA believes

that there is insufficient evidence to conclude that these competitors will offset the competitive effects of the Merger, either individually or in aggregate.

7. The CMA therefore believes that the Merger gives rise to a realistic prospect of a substantial lessening of competition (**SLC**) as a result of horizontal unilateral effects in the supply of pest control services to national customers in the UK.
8. The CMA is therefore considering whether to accept undertakings under section 73 of the Enterprise Act 2002 (the **Act**). Rentokil has until 23 April 2019 to offer an undertaking to the CMA that might be accepted by the CMA. If no such undertaking is offered, then the CMA will refer the Merger pursuant to sections 22(1) and 34ZA(2) of the Act.

ASSESSMENT

Parties

9. Rentokil is a global hygiene service and commercial pest control provider. In the UK, Rentokil offers a number of services, including pest control, property care, healthcare waste collection, washroom services and specialist hygiene services (eg deep cleaning). The turnover of Rentokil in 2018 was £2.2 billion worldwide and £[redacted] in the UK.
10. MPCL is a UK provider of pest control services primarily to commercial customers. Prior to the Merger, MPCL was part of the Mitie Group (ultimate parent Mitie Group plc) (**Mitie**), which is a UK strategic outsourcing and energy service provider. Mitie offers a variety of facilities management services, including engineering services, pest control, security, cleaning, property management and catering services (**FM services**). Mitie typically provides a range of FM services together through integrated facilities management contracts (**IFM Contracts**). The worldwide and UK turnover of MPCL in 2018 was approximately £[redacted].

Transaction

11. Prior to the Merger, MPCL provided pest control services to customers either on a stand-alone basis, or bundled with other services offered by Mitie under IFM Contracts.¹ These pest control services were provided by staff and assets associated with MPCL, collectively referred to as the **MPCL Pest Control**

¹ Pest control services provided under IFM Contracts are referred to as **IFM Pest Control Services**.

Business.²ⁱ MPCL had direct contracts with customers for the provision of stand-alone pest control services, but was not used as a direct contracting entity for IFM Contracts.

12. On 29 September 2018, Rentokil Initial UK Limited (part of the Rentokil Initial Group) and Mitie Limited (part of Mitie) signed a 'Preferred Supplier Agreement' (the **PSA**) for the provision by Rentokil of pest control services to certain customers of Mitie who enter into IFM Contracts with Mitie Limitedⁱⁱ (referred to as **IFM Customers**).³
13. On 30 September 2018, Rentokil Initial 1927 PLC (part of the Rentokil Initial Group) and Mitie Limited signed and completed a sale and purchase agreement (the **SPA**) for the Rentokil Initial Group to acquire 100% of the issued share capital of MPCL.
14. The PSA and SPA are hereafter jointly referred to as the **Transaction** or the **Merger**. Mitie did not conduct a tender process in respect of the Transaction.

Jurisdiction

15. In the context of a completed transaction, a relevant merger situation is created where two or more enterprises have ceased to be distinct within the statutory period for reference and either the share of supply test or the turnover test set out in the Act is satisfied.⁴

Enterprises ceasing to be distinct

16. The Act defines 'enterprise' as 'the activities, or part of the activities, of a business'. 'Business' 'includes a professional practice and includes any other undertaking which is carried on for gain or reward or which is an undertaking

² Specifically, the MPCL Pest Control Business comprised

- (i) brand and corresponding IP rights and goodwill;
- (ii) a number of stand-alone or non-IFM Contracts legally held by MPCL;
- (iii) an informal right to provide pest-control services to all Mitie customers with an IFM contract which required these services and did not explicitly express a preference to be served by another pest control provider;
- (iv) Staff, formally employed by a separate Mitie entity but serving all of the contracts (IFM contracts and stand-alone);
- (v) equipment (eg bait boxes, traps, other pest control products);
- (vi) leased MPCL head office in Cheltenham;
- (vii) vans, formally leased by a different Mitie entity, but made available to MPCL for the purposes of serving stand-alone and IFM contracts; and
- (viii) the generation of distinct commercial revenue from pest control activities which was attributed to a single legal entity – MPCL.

³ On the same date, the same entities also entered into a preferred supplier agreement for the provision by Rentokil of washroom hygiene, floor care and textile care services to Mitie.

⁴ Section 23 of the Act.

in the course of which goods or services are supplied otherwise than free of charge'.⁵

17. The CMA's merger guidance on its jurisdiction and procedure confirms that the CMA will have regard to the substance of the arrangement under consideration rather than merely its legal form when making a judgement as to whether or not the activities of a business, or part of a business, constitute an enterprise under the Act.⁶
18. The CMA believes that, as a result of the Transaction, the enterprises of Rentokil and the MPCL Pest Control Business have ceased to be distinct, as all of the MPCL Pest Control Business assets (see footnote 2 above) were transferred to Rentokil, except for a very limited number of functions.⁷

Enterprises

19. Rentokil submitted that the PSA is not part of the relevant merger situation because it is a stand-alone contract which was not conditional on the SPA, and that Rentokil would have entered into the PSA without the SPA or vice versa. Rentokil also argued that the PSA does not constitute an enterprise.
20. The CMA believes that the MPCL Pest Control Business constitutes a single enterprise active in the supply of pest control services to standalone and IFM Customers and that, post-Merger, Rentokil can carry on Mitie's previous business activities associated with the provision of pest control services to Mitie's customers. More specifically:
 - (a) Staff and assets associated with the MPCL Pest Control Business which transferred to Rentokil pursuant to the SPA served both IFM Contracts and stand-alone contracts prior to the Merger.⁸
 - (b) The transfer of MPCL to Rentokil under the SPA triggered a TUPE transfer of employeesⁱⁱⁱ which were serving both IFM Contracts and non-IFM Contracts,⁹ which indicates that the business transferred constitutes

⁵ Section 129(1) and (3) of the Act.

⁶ [Mergers: Guidance on the CMA's jurisdiction and procedure](#), paragraph 4.7.

⁷ For instance, Vans and certain ancillary support functions were not transferred and continued to be provided by Mitie under a Transitional Services Agreement (TSA) until such time as MPCL makes its own arrangements.

⁸ Mitie confirmed that, before the Transaction, products used solely in the provision of pest control services (whether IFM Pest Control Services or non-IFM Pest Control Services) were procured/owned by MPCL, including bait boxes, traps and other pest control products. As at 29 September 2018, Mitie estimated that assets of £[REDACTED] in value were used in connection with the servicing of IFM Contracts and assets of £[REDACTED] in value were used in connection with the servicing of non-IFM Contracts. All assets (tangible and intangible) owned by MPCL as at 30 September 2018 transferred with MPCL to Rentokil.

⁹ A small number of employees who had been exclusively involved in serving IFM contracts were also TUPE transferred pursuant to the PSA.

an enterprise. The application of these Regulations is generally regarded by the CMA as a strong factor in favour of a finding that the business transferred constitutes an enterprise.¹⁰

(c) Pre-Merger, the MPCL Pest Control Business had an (informal) right to serve Mitie's IFM Customers which was effectively transferred to Rentokil as a result of the PSA.^{iv} Post-Merger, Rentokil (via MPCL) now provides non-IFM Pest Control Services to (former) Mitie customers and Rentokil provides the IFM Pest Control Services to Mitie's IFM Customers pursuant to the PSA (save for limited exceptions, such as where customers explicitly express a preference to be served by another provider). Therefore, under the PSA and SPA, Rentokil has gained the ongoing pest control workflow of the MPCL Pest Control Business including the performance of the IFM Pest Control Services until [✂].

21. The CMA has also considered the substance of the Transaction over its legal form. The mere fact that the transfer of the MPCL Pest Control Business has been effected via two legal agreements (the SPA and the PSA) rather than a single agreement does not negate the conclusion that the MPCL Pest Control Business constitutes an enterprise.

22. The CMA believes that the PSA and SPA were commercially and substantively inter-conditional and therefore intended by both Rentokil and Mitie to effect the transfer of a whole enterprise.

23. The CMA has taken into account the characterisation of the nature and purpose of the Transaction by Mitie and Rentokil:

(a) Mitie told the CMA that the PSA was discussed from the outset of the negotiations with Rentokil and that if Mitie had not sold MPCL, Mitie would not have outsourced the IFM Pest Control Services. Mitie further explained that it made sense to have the same counter party for both MPCL and the PSA. The CMA believes that this indicates that:

(i) Mitie saw the MPCL Pest Control business as a single whole, capable of serving both non-IFM and IFM customers;

(ii) As a result of its sale of MPCL, Mitie would lose its ability to provide pest control services to IFM customers and that it needed to replicate the support it had previously had from MPCL;

¹⁰ [Mergers: Guidance on the CMA's jurisdiction and procedure](#), paragraph 4.8.

- (iii) An agreement regarding the provision of IFM Pest Control Services to IFM Customers was a necessary and related part of the Transaction and that the Transaction would not have gone ahead absent this.
- (b) Notwithstanding Rentokil's submissions to the CMA, that it would have entered into the PSA without the SPA, Rentokil's internal communications also indicate that Rentokil considered the PSA and SPA as achieving one aim, ie the transfer of the MPCL Pest Control Business as a whole, and considered that the agreements were the most convenient mechanism to effect that transfer.¹¹ The CMA believes that these communications indicate that the PSA and SPA were simply two legal agreements designed to effect the transfer of one overall enterprise.
24. The CMA has also taken into account the parallel timing and interrelated nature of discussions and negotiations of the PSA and SPA. The CMA notes that a disagreement about the PSA during the negotiation phase led to a delay of the whole Transaction, which provides a further indication that that the SPA and PSA were interlinked.¹²
25. The CMA also notes that the valuation of the MPCL Pest Control Business during the Transaction negotiations and the consideration paid in the Transaction appears to have been assessed on a holistic basis, which included the combined revenues generated from IFM Customers and other customers.¹³
26. Accordingly, the CMA believes, for the reasons set out above, that the MPCL Pest Control Business is an enterprise within the meaning of section 129 of the Act.

Ceasing to be distinct

27. Rentokil submitted that, even if the PSA constitutes an enterprise, it does not constitute a relevant merger situation. This is because the IFM Contracts

¹¹ For example, an internal Rentokil email from [REDACTED] states as follows [REDACTED]

¹² Emails from Mitie to Rentokil exchanged in early September 2018 indicate that Mitie had concerns regarding the terms and scope of a draft PSA provided by Rentokil. The CMA considers that these emails indicate that the PSA formed an integral part of the Transaction noting in particular that the difficulties articulated in those emails in relation to reaching agreement on the terms of the PSA had direct implications for the Transaction timing.

¹³ For example, an internal Rentokil email of [REDACTED] sets out assumptions of the Rentokil's offer of [REDACTED] to Mitie on the same date, with [REDACTED] attributed to the 'M bundled pest business and washrooms tender' and a value of [REDACTED] was attributed to the 'rest of the business'. The CMA notes that the overall consideration ultimately paid under the SPA did not vary materially from this (at £40 million), which suggests that the MPCL IFM Pest Control Services continued to play a role in the SPA consideration and that the Transaction was valued as a whole.

In September 2018, Mitie proposed [REDACTED]. In support of its proposal, Mitie referred to overall revenues of £[REDACTED] and a portfolio value forecast of £[REDACTED] which the CMA understands, based on internal Mitie communications, included both expected revenues from IFM and non-IFM Pest Control Services.

covered by the PSA contracts have not ceased to be distinct with Rentokil (as Mitie continues to have control over service provision by Rentokil under the PSA) and the PSA is in essence an outsourcing arrangement with a relatively short-term contract duration of [X] years.

28. The CMA believes that the enterprises of the MPCL Pest Control Business and Rentokil have ceased to be distinct. The CMA believes that Rentokil has gained control over the MPCL Pest Control Business through the acquisition of MPCL via a share sale and through the PSA. More specifically in relation to the PSA:
- (a) The PSA allows Rentokil to replicate the rights that the MPCL Pest Control Business had prior to the Transaction to supply pest control services to IFM Customers. The extent to which Mitie exercises control over the service provision by Rentokil to such customers is limited in a number of ways under the terms of the PSA.
 - (b) The PSA transfers to Rentokil the performance of pest control services under current and, for a [X]-year period, future IFM Contracts. While the duration of the PSA arrangement is time-limited in respect of future IFM Contracts, the CMA notes that this is no different to a situation in which customer contracts are transferred pursuant to a merger in other contexts.
 - (c) The CMA observes that, as a result of the PSA, an overwhelming majority of Mitie's existing IFM Customers transferred the provision of their pest control services under IFM Contracts to Rentokil, rather than deciding to negotiate a new contract with a different supplier. The CMA therefore believes that customer would have perceived that the pest control services previously operated by MPCL had been taken over by Rentokil.
29. Accordingly, for the reasons set out above, the CMA believes that, as a result of the Transaction, it is or may be the case that the enterprises of Rentokil and the MPCL Pest Control Business have ceased to be distinct.¹⁴

Share of supply test and statutory period for reference

30. The Parties overlap in the supply of pest control services to commercial customers in the UK, with a combined share of supply of [60-70]% (increment [10-20]%) based on turnover as regards pest control services provided to

¹⁴ Even if the SPA and the PSA were not treated as a single transaction, it is open to the CMA to rely on section 27(5) of the Act to treat as having occurred simultaneously a series of transactions or successive events within a two-year period between the same parties where a person acquires control of an enterprise.

national and multi-regional¹⁵ customers. The CMA therefore believes that the share of supply test in section 23 of the Act is met.

31. The Merger completed on 30 September 2018 and the CMA was first informed about it on 1 October 2018, the date on which the Parties also made the Merger public. The four-month deadline for a decision under section 24 of the Act is 25 May 2019, following extensions under section 25(2) of the Act.
32. The CMA therefore believes that it is or may be the case that a relevant merger situation has been created.
33. The initial period for consideration of the Merger under section 34ZA(3) of the Act started on 18 February 2019 and the statutory 40 working day deadline for a decision is therefore 12 April 2019.

Procedure

34. The Merger was considered at a Case Review Meeting.¹⁶

Counterfactual

35. The CMA assesses a merger's impact relative to the situation that would prevail absent the merger (ie the counterfactual). For completed mergers, the CMA generally adopts the pre-merger conditions of competition as the counterfactual against which to assess the impact of the merger. However, the CMA will assess the merger against an alternative counterfactual where, based on the evidence available to it, it believes that, in the absence of the merger, the prospect of these conditions continuing is not realistic, or there is a realistic prospect of a counterfactual that is more competitive than these conditions.
36. Although Rentokil did not expressly state what the relevant counterfactual should be, Rentokil's submissions to the CMA that the PSA is independent of and separate to the SPA might imply that Rentokil considers that the PSA should be considered to exist in the counterfactual, ie it would have been entered into absent the Merger. However, the CMA believes that this is not appropriate. Mitie did not market or actively tender the PSA and there is evidence of commercial inter-conditionality between the SPA and PSA. Therefore, the CMA also believes that the most competitive realistic

¹⁵ Ie customers that are active in eight or more regions in the UK. See further paragraph 55.

¹⁶ See [Mergers: Guidance on the CMA's jurisdiction and procedure](#) (CMA2), January 2014, from paragraph 7.34.

counterfactual is one where MPCL continued to compete independently of Rentokil ie the pre-Merger conditions of competition.

Background

37. Pest control services consist of both preventative and reactive action to prevent damage from animals and insects. According to an industry report, the majority of pest control relates to damage prevention from rodents and insects.¹⁷
38. Domestic customers usually purchase pest control on an ad-hoc basis (reactively), choosing whether to hire a professional firm or to purchase equipment (eg traps) and use their own labour.
39. Commercial customers purchase pest control services on both a 'contract' (preventive) and 'job' (reactive) basis, and tender or negotiate to choose a supplier and agree terms. Under a pest control service contract, one or more technicians visit the customers' premise(s) on a regular basis in order to check for common pests.¹⁸ When commercial customers require ad hoc work, not covered by the service contract, they generally use the provider they are contracted to, but this is not contractually required.¹⁹
40. Customers, and in particular national customers²⁰, told the CMA that the quality of the pest control services provided is an important factor. A competitor told the CMA that food industry customers in particular are conscious of the fact that a pest control problem could have serious reputational consequences and also could entail significant fines by the food safety and hygiene authorities.
41. The provision of pest control services is based primarily around single technicians visiting customers' sites in a vehicle. A firm's geographical coverage is therefore dependent on employing a network of operatives of sufficient density to serve customers' sites efficiently. Larger commercial customers may also require technologically advanced services, such as online client portals and intelligent pest management solutions, eg monitoring the customer premises non-stop.

¹⁷ Ibis report 2017.

¹⁸ Contracts can vary as regards the pests covered depending on the customer's need.

¹⁹ Customers told the CMA that they may check whether another supplier, including local suppliers, is willing to offer a substantially lower price if they are quoted a price that seems high by their contracted provider. Rentokil estimates that [70-90]% of its ad hoc work is gained through customers it has a service contract with, and MPCL estimates that [80-100]% of its ad hoc work is gained from its contracted customers. [50-70]% of Rentokil's revenues and [60-80]% of MPCL's revenues are gained through contract, rather than ad hoc, work.

²⁰ As discussed in further detail below, for the purposes of its assessment the CMA has identified national customers as those customers active in eight or more regions of the UK.

42. The UK pest control market is characterised by a large number of small pest control firms which are active at a local level. At a national level, the number of pest control providers is much more limited. The main national providers named by most third parties responding to the CMA's merger investigation were Rentokil, Ecolab, MPCL and Pestokill. In addition, various firms offer pest control services on a regional level, such as Rokill, Graham Pest Control and Safeguard.
43. There has in recent years been some consolidation of suppliers of pest control services. In 2011, the Office of Fair Trading (**OFT**) inquiry into Rentokil's acquisition of Connaught's pest control business mentioned seven main pest control competitors: Ecolab, Mitie, Cannon Hygiene, Pestokill, Green Compliance, Peter Cox and the company being acquired (Connaught).²¹ Rentokil has acquired four of these competing pest control suppliers (Cannon, Green Compliance, Peter Cox^y and Connaught) and the current investigation concerns the acquisition of the fifth (Mitie's pest control activities). Ecolab and Pestokill remain as independent competitors.

Frame of reference

44. Market definition provides a framework for assessing the competitive effects of a merger and involves an element of judgement. The boundaries of the market do not determine the outcome of the analysis of the competitive effects of the merger, as it is recognised that there can be constraints on merging parties from outside the relevant market, segmentation within the relevant market, or other ways in which some constraints are more important than others. The CMA will take these factors into account in its competitive assessment.²²

Product scope

45. The Parties overlap in the supply of pest services to domestic and commercial customers, although MPCL only supplies a very limited number of domestic customers.
- (a) Rentokil offers a complete range of pest control services, including rodent control, fly control, insect control and fumigation, as well as other forms of wildlife management such as bird control, both to domestic and commercial customers.

²¹ [OFT 2011 Rentokil/Connaught decision](#).

²² [Merger Assessment Guidelines](#), paragraph 5.2.2.

(b) MPCL is solely active in pest control in the UK and offers an integrated pest management service primarily to commercial customers. It offers a comprehensive range of pest control services, including rat, mice and other rodent control, bird control, insect and fly control, wildlife management and use of controlled atmosphere technology (heat treatments). Unlike Rentokil, MPCL is not active in the provision of fumigation services.

Segmentation by type of service

46. The Parties submitted that, in line with previous OFT decisions, it would be inappropriate to segment the market along the lines of different types of pest.
47. The evidence that the CMA has received in its merger investigation supports the Parties' view that there is a single frame of reference as regards pest control services, which is also in line with previous decisional practice.²³ The CMA considers that there might be a separate frame of reference for bird proofing services for local customers, but the CMA did not need to conclude on this, as no competition problems arise on a local level under any frame of reference.
48. In previous decisions,²⁴ the OFT found a separate frame of reference for fumigation services. As the Parties do not overlap in relation to fumigation services, the CMA did not have to conclude on whether this constitutes a separate frame of reference for the purposes of this investigation and therefore will not further discuss this frame of reference in this decision.

Segmentation by procurement type

49. As discussed in the Background Section above, pest control services are procured on both a 'contract' and 'ad hoc' basis.
50. In the OFT's 2003 review of the undertakings given by Rentokil in 1998, the OFT noted that domestic customers are more likely to procure pest control services on an ad hoc basis, and business customers more likely to use contracts. It also noted that regular visits are necessary for many business customers, especially those in food-related industries, and that services such as dealing with infestations and proofing work are bought on an ad hoc basis by all types of customer.²⁵

²³ See the [2003 report by the OFT](#) and the OFT [2011 Rentokil/Connaught decision](#).

²⁴ See the [2003 report by the OFT](#) and the OFT [2011 Rentokil/Connaught decision](#).

²⁵ See the [2003 report by the OFT](#).

51. Given that there are no supply-side barriers which would prevent any pest control provider from supplying its services on whatever basis it chooses, the CMA does not consider that it would be appropriate to segment the market on the basis of procurement type.

Customer segmentation

52. The CMA's Merger Assessment Guidelines provide that relevant markets can be defined for separate groups of customers 'if the effects of the merger on competition to supply a targeted group of customers may differ from its effects on other groups of customers and require separate analysis'.²⁶
53. In previous decisions, the OFT considered whether it would be appropriate to segment the market between different customer types because national account customers generally prefer to use the service of a well-known pest control company able to provide national coverage.²⁷ While the OFT did not conclude on the product frame of reference, it did note the existence of a range of evidence which supported this conclusion. In its recent phase 2 investigation of the Rentokil/Cannon merger, the CMA found that there was a distinct market for national and multi-regional customers in relation to washroom services because the requirements of these customers were similar and those customers required national coverage.²⁸ In that case, the CMA observed that the complexity of servicing a particular customer increases with the number of regions the customer requires services in. The CMA did not find it necessary to draw a sharp distinction between fully nationwide customers (eg in 11 or 12 regions) in the UK and multi-regional customers (eg in eight or nine regions in the UK) as the complexity and supplier choice between those two groups was similar.
54. The Parties submitted that it would be inappropriate to segment the pest control market further into national and multi-regional commercial customers on the one hand and other customers on the other. The Parties submitted that all customers (including national customers) are able to multisource pest control services. This means that locally active pest control firms could constrain national pest control firms as national customers have the option to use local providers where they choose. The Parties provided data on the current prevalence of multisourcing behaviour among their customers, arguing

²⁶ [Merger Assessment Guidelines](#), paragraph 5.2.28.

²⁷ See for example paragraph 18 of the [2003 report by the OFT](#) on the Review of Statutory Undertakings given by Rentokil Initial PLC and paragraphs 34-39 of the OFT [2011 Rentokil/Connaught decision](#).

²⁸ See paragraphs 6.64-6.83 of the [CMA report on the completed acquisition by Rentokil Initial plc of Cannon Hygiene Ltd of 25 January 2019](#).

that if Rentokil attempted to raise prices or degrade quality after the Merger, other customers would be willing to multisource as well.

55. The CMA has considered whether the requirements and conditions of competition differ for national or multi-regional customers on the one hand, and regional or local customers with a limited number of sites in one or only a few adjacent areas on the other hand.
56. The CMA's findings below support a similar conclusion as in Rentokil/Cannon, namely that the complexity (which consists in this case of offering a consistent and high-level pest control service) of supplying pest control services to customers with multiple premises increases with the number and geographic spread of those premises. Moreover, the conditions of competition are different for national and multiregional customers, as they have a limited range of suppliers to choose from than those customers active on a more local/regional who usually can choose from a much wider set of suppliers. For the purposes of its assessment, the CMA considered a national or multi-regional customer to be one purchasing pest control services in eight or more regions (hereafter **national customer**), though the CMA's assessment is not sensitive to the precise definition.²⁹

Third party evidence

57. In its merger investigation, the CMA contacted current and past customers from the Parties. The CMA received information/submissions from customers active in eight or more regions of the UK (ie national customers) and customers active at a local level (local customers).
58. Local and national customers responding to the CMA's merger investigation provided information on the pest control providers they use and how much they spend with them each year. A large majority of these customers were able to provide some information on the providers they purchase pest control services from.
59. Approximately half of all respondents, and slightly more than half of national customer respondents, purchase pest control services from more than one provider. However, the CMA found that the majority of national customers who multisource tend to source most of their requirements (ie 75-100%) from a main supplier and use other suppliers to a more limited extent to provide the remainder of their requirements.

²⁹ Customers that responded to the CMA's investigation were either active in 10-12 regions or only in 1-2 regions.

60. The CMA also found that a large majority of national customers spend only a very limited amount ([0-5%]) of their pest control budget on local and regional pest control providers. In contrast, around [90-100]% of the total annual pest control spend of those national customers who responded to the CMA merger investigation was with the four main suppliers (the Parties, Ecolab and Pestokill).
61. National customers also told the CMA that they preferred having a single pest control supplier because of:
- the consistency in the regime of visits and treatments;
 - standardised levels of service;
 - ability to access information from a single source;
 - simpler management; and
 - better efficiency of large pest control service providers
62. The CMA asked customers who preferred a single pest control supplier, but nonetheless multisourced, for their reasons for multisourcing. Responses from a number of national customers indicated that multisourcing was often driven by wider considerations, rather than by a preference for multisourcing. For example, a customer that uses MPCL as its main supplier told the CMA that it also uses Rentokil as some of its sites are located inside a third party's estate which is serviced by Rentokil; and that it uses a regional provider because a small number of stores in [✂]. Two other third parties active in the catering business and FM business, who said that single sourcing was important, told the CMA that the multisourcing occurring in their figures stems from the fact that some of their customers prefer a different pest control supplier to those third parties' main supplier. One of these third parties also said that each of its customers had a single supplier across all of their sites.
63. Overall, the CMA has found that while there is some evidence of multisourcing, this tends to be for a small part of customers' requirements, for special reasons and with other national suppliers rather than with smaller regional or local suppliers. Overall, therefore it has found that national customers have a preference for a single supplier of pest control services.

Parties' multisourcing data

64. Rentokil submitted that [40-60]% of the total contract portfolio value gained by Rentokil from its national customers relates to customers who multisource. Among MCPL's [60-80] national customers, the Parties believe that at least [10-20] customers, accounting for approximately [30-50]% of MPCL's contract value from national customers, multisource geographically.

65. In that context, Rentokil provided data on the multisourcing behaviour of a subset of [20-40] multi-regional, multisourcing, centrally procuring customers. Rentokil indicated for each of these customers, which other pest control providers they believed the customer was using and an estimate of the contract value (ie the value of the services) being provided by each of these other pest control providers. It noted that this relied on a number of assumptions, eg the turnover of other competitors derived from those multisourcing customers was estimated. The CMA has treated this data with a degree of caution as this data is based on estimates by Rentokil and are approximations in many cases. On the basis of third party evidence, the CMA believes that there is at least one instance in which the estimate as to the multisourcing split is materially incorrect as that customer also has a main pest control provider accounting for the major share of its requirements and uses the other pest control provider to a much more limited extent. Notwithstanding these reservations, the CMA considers that Rentokil's data is consistent with its findings that: most customers have a main pest control provider accounting for the majority of each customer's requirement.
66. The Parties' data also indicates that multisourcing occurs to a large extent between the major national providers Rentokil, MPCL, Ecolab, and Pestokill and that multisourcing from regional or local providers occurs much less frequently, representing only a small share by value of contracts. The CMA notes in particular that [75-95]% of the pest control spending of Rentokil's [20-40] multisourcing customers was with these four suppliers.
67. Therefore, this evidence is consistent with the third party evidence on national customer preferences and multisourcing behaviour. This evidence indicates that national or multi-regional customers have a preference for using national suppliers and source from these suppliers to a very large extent.

Internal documents

68. The Parties also submitted a limited number of internal documents, eg [REDACTED] competitor analysis, monthly marketing updates and pricing strategy documents. Although only a few documents were informative about the competitive conditions in the pest control market, the CMA has considered these documents and believes that they support a distinction between national and local customers.
69. Rentokil's pricing guidelines state that [REDACTED]. In contrast, [REDACTED]. The CMA considers that this distinction between customer groups suggests that these customers may have different requirements and may therefore have different competitive options.

70. MPCL internally uses three different regions (North, South and London) and qualifies a customer as national if it is active in more than one of those three regions.³⁰
71. An internal document from Mitie also states that [redacted]³¹ This document indicates that there are differences in the conditions of competition and customer requirements for national customers compared to local/regional customers.
72. In addition, an email between Rentokil and Mitie exchanged in April 2018 during the negotiation of the Transaction shows that Rentokil asked for a revenue split between national customers and regional customers [for the FM bundled contracts, ie FM contracts which cover pest control and other services, eg washroom cleaning].³² This suggests that Rentokil found the distinction between national and regional customers important for its assessment of the deal and the valuation of it, indicating that conditions of competition for these two customer groups are different.
73. Rentokil's assessments of its competitors ([redacted])³³ also distinguish between national and smaller/regional competitors and indicate that Rentokil generally monitored national competitors much more closely than local or regional competitors.
74. The CMA believes that the above documents indicate that the conditions of competition are different for national customers compared to local/regional customers.

Domestic and commercial customers on a local level

75. In previous decisions, the OFT considered whether there should be separate frames of reference for domestic customers and commercial customers.
76. The CMA notes that domestic customers are by definition local. The CMA considers that it is not necessary to conclude on a possible distinction between local domestic and commercial customers as no competition concerns arise on any basis for the reasons set out below in the competitive assessment.

³⁰ The CMA also notes that suppliers in the pest control industry tend to categorise national customers among similar lines as the CMA definition. For example, one third party told the CMA that it qualifies a customer as national if it has premises in England, Scotland and Wales.

³¹ See Co-op Quarterly Business Review Meeting of 30 July 2018.

³² See internal Rentokil mail of 11 April 2018.

³³ See Merger Notice Annex 002-054, Annex 002-048 and Annex 002-046, These documents are discussed in more detail in paragraph 123 below.

Conclusion on product scope

77. For the reasons set out above, the CMA has assessed the impact of the Merger in the supply of pest control services provided to national customers, ie customers being active in eight or more regions of the UK.

Geographic scope

National customers

78. The Parties submitted that the appropriate geographic frame of reference should be UK-wide, although there may be immaterial local variations in conditions of competition.
79. The CMA considers that the supply of pest control services to national customers in the UK is the appropriate geographic frame of reference, having regard to the coverage of those customers' sites.

Local and regional customers

80. The CMA considers that it is not necessary to conclude on the precise geographic scope of local customers as no competition concerns arise on any basis for the reasons set out below in the competitive assessment.

Conclusion on frame of reference

81. For the reasons set out above, the CMA has considered the impact of the Merger in the supply of pest control services to national customers in the UK and on a local level.

Competitive assessment

Horizontal unilateral effects

82. The CMA assessed whether it is or may be the case that the Merger has resulted or may be expected to result in an SLC in relation to horizontal unilateral effects in the supply of pest control services to national customers in the UK. The concern under this theory of harm is that the removal of one party as a competitor could allow the Parties to increase prices, lower quality, reduce the range of their services and/or reduce innovation.
83. Competition in the relevant frame of reference takes place primarily through informal and formal tenders and to a lesser extent by bilateral negotiations. The Parties submitted that formal open tenders are infrequently used, except

by public bodies which are required to do so. The most common methods of informal tendering used by customers involve inviting providers to provide details of how they could meet the customer's specifications, then asking a shortlist of providers who provide a satisfactory answer to give a price quotation.

84. The Parties submitted that the Merger raises no concerns because:
- The Parties are not each other's closest competitors.
 - Multiple firms compete for the business of national customers;
 - Multisourcing allows national customers to use regional firms;
 - There are recent examples of actual or potential entrants into UK pest control; and
 - Customers have significant countervailing buyer power;
85. In order to assess the likelihood of the Merger resulting in unilateral effects, the CMA has considered:
- shares of supply;
 - the closeness of competition between the Parties; and
 - competitive constraints from alternative suppliers.

Local customers

86. Rentokil submitted data on the area serviced by each of its pest control technicians. This indicated that in each of those catchment areas, there will be at least 12 competitors post-Merger, with the exception of the smaller catchment areas in London (ie Fulham and Kensington, the City, West End and Mayfair) where there are fewer competitors. However, Rentokil notes that the fact that there are fewer physical branches in those small catchment areas does not mean that there is an insufficient number of pest control providers covering these areas, and in that regard, Rentokil has submitted a list of 17 competitors being active across Greater London.
87. The CMA therefore believes that the Parties will face sufficient competitive constraints in all local areas in the UK and hence that there is no realistic prospect of an SLC on a local level.

National customers

Shares of supply

88. The Parties submitted calculations for the shares of supply of pest control services to national customers in the UK in 2017 on the following bases:
- (a) Rentokil's sales revenue and its estimates of the sales revenue of its competitors (including MPCL). These revenues were based on Rentokil's estimates for the national contracts of which it was aware;
 - (b) Rentokil's and MPCL's actual (rather than estimated) sales revenue. This differed from (a) because it included MPCL's (internal) revenues from Mitie IFM Contracts and because Rentokil had underestimated MPCL's other revenue in (a); and
 - (c) Rentokil's and MPCL's actual sales revenues and the sales revenue estimates of all competitors increased by 25%. Rentokil submitted that this approach was justified because its estimate of MPCL's revenue even when including IFM Contracts, was still around 25% lower than MPCL's actual revenue.³⁴
89. There are therefore two reasons for differences between the estimates: first arising from whether MPCL's revenue from IFM contracts is included; and second arising from whether sales of competitors are increased by 25%.
90. In relation to the first point, the CMA recognises that, pre-Merger, Mitie was self-supplying pest control for its IFM contracts, and accepts that other pest control companies had limited ability to compete with MPCL for the supply of pest control to Mitie. However, other pest control suppliers did supply pest control services to competing facilities management companies and thus indirectly competed with MPCL. For example, Rentokil has won contracts to supply Mitie FM customers with pest control services. Conversely, MPCL has been providing services to other FM companies such as [redacted].³⁵ Therefore, on a cautious basis, the CMA considers that it is appropriate to include MPCL's revenues from IFM Contracts in the share of supply calculation, as this reflects the share of supply MPCL held prior to the Merger in relation to all national customers.
91. In relation to the second point, the CMA has obtained actual sales information from competitors. As this sales information did not support a 25% uplift, the

³⁴ Merger Notice Annex 002-149.

³⁵ Competition for FM customers will be explained in more detail below at paragraphs 144-146.

CMA has not applied a 25% uplift to the remaining competitors for which sales data is not available.

92. Having regard to this information, the CMA considers that the shares of supply are as described in Table 1 below.

Table 1: Shares of supply for national customers in the UK

CMA's analysis		
Company name	Share	Revenue
Rentokil	[40-50]%	£[redacted]m
Mitie	[10-20]%	£[redacted]m
<i>Combined</i>	<i>[60-70]%</i>	<i>£[redacted]m</i>
Ecolab	[20-30]%	£[redacted]m
Pestokill	[5-10]%	£[redacted]m
Rollins	[0-5]%	£[redacted]m
Other competitors	[10-20]%	£[redacted]m
Total	100%	£[redacted]m

Source: the Parties and third parties

93. However, even if the 25% uplift was applied to the remaining competitors for whom sales data is not available, the Parties' combined share of supply would still be [50-60]%.
94. The Parties argued that shares of supply overstate the impact of the Merger. The Parties submitted that, because this market is a tender market, shares of supply understate the relative strength of Pestokill, Ecolab and others, and the exercise of buyer power through the use of multisourcing.
95. The CMA believes that, even where prices are set by tendering, shares of supply can constitute relevant evidence, particularly if these are fairly stable over time. In this context, the CMA notes that the amounts of revenue that are recorded as having switched between suppliers are small compared to the total revenue, indicating that revenues are relatively stable over time. The constraints on the Parties from competitors and buyer power are considered below.

96. The CMA therefore believes that the Parties' combined shares of supply raise prima facie competition concerns, as the Parties are two of the four main competitors in the UK, with Rentokil being the largest competitor by some margin and MPCL a strong number three.

Closeness of competition

97. The CMA has examined the closeness of competition between the Parties and has considered within the assessment:
- similarity in the Parties' service proposition;
 - information on customer switching;
 - evidence from internal documents; and
 - third party views on closeness of competition.
98. The Parties submitted that MPCL is not Rentokil's closest competitor and that Ecolab is a stronger constraint on Rentokil than MPCL, with Pestokill being at least as an effective constraint on Rentokil than MPCL.

The Parties' service proposition

99. As noted above (paragraph 40), evidence from third parties indicates that strength of service proposal, particularly over a national footprint is important to customer decision making. The evidence available to the CMA indicates that pre-Merger the Parties offered national coverage and similar services including more advanced pest control solutions. Both Parties offer a range of pest control services on a UK-wide basis to national customers. These include the typical pest prevention services against rodents and insects, but also bird proofing. Both Parties also offer technologically advanced services, such as online portals and intelligent pest management solutions monitoring the customer premises non-stop.

Switching data

100. This data is discussed in more detail below in paragraphs 115-122 as it also comprises switching data to or from competitors of the Parties. As is discussed in further detail below, Rentokil and MPCL appear to have lost a large proportion of their contracts (by value) to each other.
101. On the basis of that evidence, the CMA believes that the Parties are close competitors.

Internal documents

102. The CMA has considered the extent to which the Parties' view each other as close competitors based on their internal documents.
103. Rentokil's internal documents indicate that Rentokil consistently monitored MPCL amongst a small pool of national competitors in the past three years. In addition, Rentokil's analysis of MPCL in these documents indicated that MPCL was competing closely with Rentokil. In particular:
- (a) Slide [REDACTED] of the [REDACTED]³⁶ notes that Rentokil won [REDACTED] of the [REDACTED] tenders it participated in in the past year, with MPCL winning the next most tenders with [REDACTED], Ecolab winning [REDACTED], and a selection of other providers winning [REDACTED];
 - (b) Slide [REDACTED] of the same document sets out figures for the revenues [REDACTED], which indicates that [REDACTED].³⁷ The review explains that [REDACTED]. The CMA considers that this document indicates that Rentokil monitored [REDACTED] its main competitors and that MPCL appears to have been [REDACTED] competitor to Rentokil;
 - (c) In the [REDACTED], Rentokil extensively analyses MPCL's service offering [REDACTED]. This section concludes [REDACTED].
104. Evidence from Mitie internal documents also supports the view that the Parties faced a small pool of competitors and were therefore competing closely. An MPCL [REDACTED] Update (provided by Mitie) dated [REDACTED] indicates that, pre-Merger MPCL considered that there were three significant players in the UK: Rentokil, Ecolab and Mitie. The presentation states that MPCL is 'UK's 3rd largest provider of Pest Prevention services (RI & Ecolab) in the UK and has true national capability with [REDACTED]'.³⁸
105. On the basis of these documents, the CMA believes that the Parties competed closely pre-Merger.

Third party comments

106. Customer responses to the CMA's merger investigation are consistent with the evidence from the other sources discussed above, and indicate that the Parties were close competitors.

³⁶ See Merger Notice Annex 002-048.

³⁷ See Merger Notice Annex 002-048.

³⁸ See Business Development Update by Mitie Pest Control - Tech Meeting Specific Slides.

107. Rentokil was regularly named as an alternative by MPCL's national customers and, while MPCL was not regularly named as an alternative by Rentokil's national customers, MPCL had been considered by some at their most recent review of pest control suppliers.
108. Almost all competitors that responded to the CMA's merger investigation said that MPCL and Rentokil were competing closely. For example, one competitor explained that the Parties almost always competed against each other, and that MPCL in particular had been a very aggressive competitor, growing its market share organically at a rate that far outstripped market growth. Only one third party competitor said that competition between the Parties 'was not that intense'.

Conclusion on closeness of competition

109. The CMA believes that evidence obtained during its merger investigation consistently indicates that the Parties competed closely against each other in supplying national or multi-regional customers pre-Merger. The CMA acknowledges that, as discussed further below, Ecolab and Pestokill may also have competed closely with the Parties such that the Parties were not necessarily each other's closest competitors. However, the CMA does not believe that this negates the CMA's conclusion that the Parties were close competitors or its wider conclusions on the sufficiency of the competitive constraints the Parties will continue to face as discussed in further detail below.

Alternative suppliers

110. Unilateral effects are more likely where customers have little choice of alternative supplier. The CMA has considered whether there are alternative suppliers which would provide a competitive constraint on the combined entity.
111. The Parties named the following as significant competitors to them: Ecolab, Pestokill, Rollins, Pestforce, Abate and JG Pest Control. In addition, the Parties listed around 30 competitors active in at least eight regions of the UK or which the Parties submitted sought to serve national customers. The Parties submitted that customers can and do use multiple suppliers including smaller local/regional providers to serve their estate. In addition, the Parties submitted that smaller local/regional pest control providers can compete for national contracts by having subcontracts with other pest control firms for areas in which these regional pest control providers are not active. The Parties also submitted that even if the Merger were to be considered as a 'four-to-three merger', three competitors post-Merger would be sufficient to

constrain the merged entity, as this is a tender market and this would be in line with the provisional findings in Rentokil/Cannon at Phase 2.³⁹

112. As a preliminary point, the CMA considers that the Parties' interpretation of the provisional findings in Rentokil/Cannon is not correct. The paragraph referred to by the Parties does not state that three competitors are enough to guarantee sufficient competition, but only that the removal of a competitor would harm customers.
113. The CMA also does not accept the Parties' more general proposition that three competitors are sufficient and has not received any evidence to support the Parties' view. The CMA considers that the market at hand is not a straightforward tender market: customers make their choices based on quality rather than on price (see paragraph 40 above) and suppliers are differentiated as regards their offering. The CMA also considers that the theoretical conditions under which few bidders are sufficient to secure a competitive outcome are not met in this market. For example, some customer purchase from multiple providers simultaneously, the outcomes of tenders may be affected by the outcomes of previous tenders, and many customers do not use full, formal tenders.⁴⁰
114. The CMA has assessed constraint from the alternative suppliers named by the Parties by taking into consideration:
- evidence on customer switching;
 - evidence from internal documents; and
 - third party views on multisourcing and alternatives.

Information on customer switching

115. The Parties provided data to the CMA on the national customer contracts they have lost and gained and the firms they believe they lost contracts to and gained contracts from, albeit that Rentokil's wins and MPCL losses are less granular. The Parties also provided their own analysis of the switching data performed by RBB Economics (**RBB**).

³⁹ The Parties referred to paragraph 10.30 of the provisional findings: 'For some customers, PHS is therefore likely to be the only credible alternative to the Parties post-Merger for certain customers. Given that many customers tender or negotiate by playing off three suppliers, we consider that having only one alternative option restricts the countervailing buyer power of these customers.' This sentence is taken from the Provisional Findings, not the Final Report of the Rentokil/Cannon inquiry.

⁴⁰ A discussion of competition in tender markets, and of the conditions where few firms may be expected to provide sufficient competition, may be found in Klemperer (2005) *Bidding Markets*.

116. The table below shows the results of the RBB switching analyses with respect to the contracts lost by Rentokil. The percentages in the table show the proportion of the contracts and contract value which Rentokil lost in the period which went to each competitor.

Table 2: RBB analysis of Rentokil national contract losses, January 2017 to August 2018

Firm	RBB % value	RBB % contracts
MPCL	[X]%*	[X]%
Ecolab	[X]%*	[X]%*
Pestokill	[X]%*	[X]%*
Servest	[X]%	[X]%
Precision	[X]%	[X]%
Vermatech	[X]%	[X]%
AGS	[X]%	[X]%
Unknown†	[X]%	[X]%

Source: RBB analysis.

* Some contracts were won off Rentokil by multiple competitors, with uncertainty around the exact amount of spending which went to each competitor. In these cases, a range is given.

† Note that this category will include customers which were leaving the market.

117. Rentokil submitted that in relation to some instances that MPCL flagged contracts/customers as being won from Rentokil, Rentokil was unable to find corresponding contracts in its own data that it lost to MPCL at the same time. RBB submitted that the lack of an apparent match between Rentokil’s and MPCL’s data means that MPCL must have been mistaken about the incumbent provider, or Rentokil must have been mistaken about the winner of the contract, for the contracts in question. These contracts were therefore excluded in RBB’s analysis. RBB also submitted that it can be excluded that MPCL would feature in the “Unknown” category and hence that the above figures may understate the constraint from Ecolab or Pestokill. The Parties submitted that the data shows that Ecolab was a closer competitor to Rentokil than MPCL and that Pestokill was at least as strong as MPCL.

118. However, the CMA notes that (i) Rentokil told the CMA that Parties do not systematically gather data on the winner, the incumbent or the participants in tender or contract negotiations; (ii) Rentokil’s data only covers a period of less than two years; and that (iii) a similar matching exercise has not been possible for the rest of the contracts recorded by Rentokil as being lost.⁴¹ The CMA therefore notes that the data has some clear limitations. In any case,

⁴¹ As regards point (iii), any inaccuracy in the recording of the winner of these contracts will simply be included in the figures.

regardless of whether some MPCL wins are excluded or included in the analysis, the outcome is broadly similar in terms of the proportion of Rentokil losses to the national providers.

119. The CMA notes that MPCL’s loss data is less granular than Rentokil’s, and that MPCL has only recorded losses to Rentokil. However, the data shows that [X] % of value of the contracts lost by MPCL were to Rentokil (around £[X]) and the remainder was lost to unknown competitors.
120. AGS is the firm to which Rentokil lost the greatest amount of contract value in the period the data covers. [X]. The competitive constraint posed by AGS is discussed further in the “Pest control supplier options” section, below.
121. MPCL’s win data, set out in table 3 below, indicates that, in the three years prior to the Merger, MPCL won [X] % of its contracts with national customers by value from Ecolab, [X] % from Rentokil, and [X] % from Pestokill. The data also indicates that MPCL won national contracts from a number of other named firms and that [X] % of national contracts (by value) and [X] % of national contracts (by number) were won from ‘various’ or ‘unknown’ competitors.

Table 3: MPCL wins of national customer contracts, by competitor, three years prior to Merger

Firm	% value	% contracts
Ecolab	[X]%	[X]%
Rentokil	[X]%	[X]%
Pestokill	[X]%	[X]%
Multipest	[X]%	[X]%
St George	[X]%	[X]%
Prokill	[X]%	[X]%
Pestproof	[X]%	[X]%
Contego	[X]%	[X]%
Local	[X]%	[X]%
Various	[X]%	[X]%
Unknown*	[X]%	[X]%

Source RBB analysis

* Note that this category will also include customers which were entering the market.

122. On the basis of the switching data, the CMA believes that, pre-Merger, the Parties were close competitors, albeit that Ecolab competed more closely with Rentokil than MPCL. Pestokill also exerted a constraint on both Parties. This is in line with the shares of supply which indicate that Ecolab is the second largest player (behind Rentokil) in the market and Pestokill the fourth largest player in the market (behind MPCL). Other competitors do not feature significantly in the analysis, except for AGS, which is discussed below at paragraph 169 in more detail.

Internal documents

123. The CMA considers that the Parties' internal documents indicate that there is a limited number of national competitors, namely Rentokil, Ecolab, MPCL and Pestokill and that competition is strongest amongst Rentokil, MPCL and Ecolab, particularly in terms of geographic scale and innovative service delivery. Specifically:

(a) Rentokil's [REDACTED]⁴² discusses only Pestokill (having an estimated revenue of around £[REDACTED]), Cannon (pest control division purchased by Rentokil in January 2017), Mitie and Orkin, a global pest control supplier and a subsidiary of Rollins, in more detail.

(b) Rentokil's [REDACTED] Analysis [REDACTED] offers a similar picture identifying four major competitors (Rentokil, Ecolab, Mitie and Pestokill), [REDACTED] competitors with over £[REDACTED] and [REDACTED].⁴³ The document goes on to discuss MPCL and Ecolab [REDACTED]. In particular, the document contains extensive competitive analysis of [REDACTED]. The document also notes [REDACTED].

(c) Rentokil's [REDACTED] Analysis [REDACTED]⁴⁴ contains:

(i) A slide [REDACTED] which suggests that many [REDACTED] firms, [REDACTED], that generally multisource do so between Rentokil, Ecolab, Pestokill and to a lesser extent MPCL. Regional players are used occasionally.

(ii) An analysis [REDACTED] by each of Ecolab, MPCL and Pestokill. However, the analysis [REDACTED] indicates that [REDACTED]. In addition, the document notes that there is [REDACTED].⁴⁵

⁴² See Merger Notice Annex 002-054.

⁴³ See Merger Notice Annex 002-048.

⁴⁴ See Merger Notice Annex 002-046, slide 5 and 6.

⁴⁵ See Merger Notice Annex 002-069, slide 2

- (iii) The [REDACTED] Analysis [REDACTED] only provides a brief commentary on other competitors [REDACTED].
- (d) Rentokil's [REDACTED] state that Rentokil 'is the No.1 market competitor in the UK within the intensely competitive UK pest control market – a circa £[REDACTED] market where the other big competitors are Mitie and Eco-Lab'.⁴⁶
- (e) A [REDACTED] Update by Mitie Pest Control (provided by Mitie) dated [REDACTED] indicates that there are three players in the UK: Rentokil, Ecolab and Mitie. The presentation states that MPCL is 'UK's 3rd largest provider of Pest Prevention services (RI [ie Rentokil] & Ecolab) in the UK and has true national capability with [REDACTED]'.⁴⁷
124. The CMA considers that the internal documents do not show that Rollins currently poses a significant competitive constraint on Rentokil. Rollins was described as [REDACTED]. In addition, [REDACTED]. Slide [REDACTED] of the [REDACTED] Analysis suggests that [REDACTED].
125. The CMA notes that (as flagged in paragraph 123 above) there is generally limited commentary on other competitors in the Parties' internal documents. The CMA acknowledges that the [REDACTED] analysis mentions that a number of competitors 'identify' as national competitors) but does not further show to any extent how these competitors competed for national or multi-regional customers. In addition, the CMA notes that in attributing probative value to specific internal documents the CMA takes into account the timing, purpose and context in which they were prepared. In particular, as a general principle, the CMA considers that internal documents prepared in the ordinary course of business, for example before the Merger was agreed upon or without the knowledge of preliminary competition concerns, may have higher probative value than internal documents prepared for the CMA or influenced by the CMA's review of the Merger. Consequently, the CMA treats this aspect of the [REDACTED] Analysis with a degree of caution, as it appears to have been prepared while the Merger was in contemplation.⁴⁸

Third party views and evidence

126. The CMA has considered a range of evidence provided by respondents to its merger investigation. This included:
- their views on the Merger and reasons for any concern;

⁴⁶ See Merger Notice Annex 002-041, page 2

⁴⁷ See Tech Meeting Specific Slides.

⁴⁸ Transaction discussions began in early 2018.

- their preferences for single sourcing, multisourcing, subcontracting and pest providers used; and
 - commentary on alternative pest control suppliers.
127. The CMA considers that third party views and evidence are consistent with the other sources of evidence described above and indicate that the Parties are close competitors who face competitive constraints from a limited number of other suppliers.

General views on the Merger's impact on competition

128. Of the third parties which responded to the CMA's merger investigation, almost a half expressed concerns about the Merger.
129. The majority of third party responses received to the CMA's merger investigation consisted of national customers, of which around half had concerns about the Merger. A significant number of the national customers that raised concerns mentioned the limited options available to them post-Merger. Others expressed concerns about a reduction in service levels as a result of the Merger (which were said to be already poor) and/or an increase in prices. Two competitors noted that the Merger would lead to less competition which may make it easier for them to win customers from the Parties.
130. The CMA believes that this indicates that the Parties may face insufficient competitive constraints post-Merger.

Single sourcing, multisourcing and subcontracting

131. As noted above at paragraph 58, the CMA also received some information on multisourcing from respondents to its consultation.
132. The Parties submitted to the CMA that multisourcing enables national customers to exert buyer power on the basis that:
- Multisourcing occurs frequently and between a number of players. Hence, in aggregate, regional players represent a significant proportion of multisourcing and therefore are a credible alternative;
 - Customers also split tenders into regional lots which can be won by regional suppliers;
 - Multisourcing is used to discipline players in case there is a deterioration of price and/or service; and

- Smaller pest control providers can compete for national contracts by having subcontracts with other pest control firms for areas in which these local/regional pest control providers are not active. The Parties submitted that Pestokil used this approach to grow its national customer base.
133. The Parties also submitted that customers are willing to switch from single to multisourcing and that the CMA's evidence in relation to national customer preferences and on the importance of single sourcing is not reliable. The Parties have estimated that any inconvenience to customers of multisourcing would be minimal.
134. As noted above in the Frame of Reference section, the CMA considers that, consistent with its observations and Rentokil's own multisourcing analysis, national customers who multisource have a preference for one main supplier and predominantly use the four main providers to serve a large proportion of their estate. The Parties provided only a few examples of national tenders being split into regions by national customers.⁴⁹ Therefore, the CMA considers that a regional allotment strategy by national customers is not apparent from the other sources of evidence discussed above (ie the shares of supply and multisourcing data), which indicates that customers have a primary provider and may also multisource from smaller suppliers to a limited extent.
135. The CMA considers that credible switching as a disciplinary measure requires alternative suppliers able to serve larger areas. The Parties submitted very limited evidence (ie three examples) of customers moving volumes to smaller competitors as a consequence of poor service/higher prices. The switching in these examples concerned smaller amounts of stores from customers that were already multisourcing. In addition, two of the three switching examples dated from 2014 with no apparent growth of those suppliers that were switched to (Rokill and Check Services).
136. There is therefore very limited evidence that customers are using multisourcing to smaller suppliers across multiple regions in order to discipline larger national suppliers. In that context, the CMA considers that a fringe of smaller suppliers may not be a credible constraint.
137. In terms of national customer's willingness to change their procurement strategy to increase the extent to which they multisource, the CMA notes that in Rentokil/Cannon, the CMA concluded that customers would be unlikely to

⁴⁹ The CMA notes that in one of these examples, the customer expected a rebate or discount in exchange for choosing a single supplier across more than one geographic lot indicating that, as flagged by other evidence, that customers may prefer a single or main supplier.

reorganise their procurement strategies for the sake of a single service which accounts for a small proportion of their total spending. For example, an organisation with central procurement would be unlikely to set up regional procurement functions in response to a price increase of one of its service providers. The CMA considers that the same seems to apply in this case given that pest control services constitute an even smaller proportion of facility management (FM) services than washroom services.

138. In addition, the CMA notes that single and multisourcing customers said that they value consistency in service, quality and reporting and, as indicated above at paragraph 61, customers generally used multi-sourcing for reasons such as legacy contracts and end-customer preferences rather than as a disciplinary measure.
139. On the basis of the above, the CMA believes that national customers are unlikely to change to a multisourcing strategy using smaller suppliers in response to a small increase in price.
140. As regards subcontracting, the CMA received evidence from a third party that there are difficulties with sub-contracting as:
 - The end-customer may be concerned about consistency and maintenance of quality levels;
 - It might not prove very cost effective to sub-contract;
141. The same third party also said that [✂].
142. The CMA also considers that another third party engages in outsourcing but is not successful with this strategy and was not used by two customers because of insufficient coverage.
143. On that basis, the CMA believes that subcontracting by local/regional players in order to serve national customers does not occur often. The CMA does not believe that that this strategy is a credible method for small pest control firms to win national customers.
 - *FM customers*
144. The Parties argued that FM customers should be treated differently to other national customers, as they have more expertise and are able to exert more buyer power by being able to multisource to an even greater extent than other national customers. The Parties submitted that FM suppliers can decide per contract which pest control supplier to use and hence have more opportunities to discipline their pest control providers. In that regard, the Parties stated that

the vast majority of their FM customers multisourced. The Parties also submitted that MPCL did not compete strongly for FM customers pre-Merger, which the Parties said was acknowledged by the CMA, and that therefore there were no competition concerns as regards this customer group.

145. The CMA received a number of submissions from FM customers in response to its merger investigation. FM customers told the CMA that they preferred a single supplier and evidence submitted in this regard indicates that multisourcing with local/regional pest control suppliers does not occur on a large scale:
- (a) Larger FM customers responding to the CMA's investigation spent only a very small amount [0-5]% of the total pest control spend on small players;
 - (b) Mitie entered into PSA with Rentokil, as it did not want to use multiple providers;
 - (c) A large third FM customer told the CMA that it has one pest control provider as a default option and only falls back to others if this is required by the customer. It told the CMA that a local/regional company would be unlikely to match Rentokil's technical expertise, which is the most important factor of choice for a pest control provider. In addition, where the end customer is a national customer, the FM customer indicated that it will use a single supplier for that customer.
 - (d) Rentokil confirmed that it has preferred supplier agreements with [redacted] and other FM customers that [redacted].
146. The above evidence indicates that competition for FM customers is similar to competition for other national customers. The CMA also believes that, pre-Merger, MPCL was able to compete for FM customers even though it was owned by Mitie which is itself an FM company.⁵⁰ For example, MPCL won the contract to supply [redacted], which is an FM company.
147. On the basis of the above evidence, the CMA believes that a significant proportion of FM customers (in particular the major players) are not different to other national customers. The CMA therefore believes that FM customers should be treated in the same way as other national customers in the competitive assessment.

⁵⁰ The issue of whether MPCL competed with Rentokil and other national competitors for FM customers is different from the issue, discussed above at paragraph 90, of whether Rentokil and other national competitors competed with MPCL to supply Mitie.

Pest control supplier options

148. Customers provided evidence to the CMA on their alternative suppliers. Only Rentokil, MPCL, Ecolab and to a lesser extent Pestokill were regularly named by customers as alternative suppliers or suppliers who had been considered when customers were last purchasing pest control services.

149. Third party competitors also consistently stated that they competed with a limited number of competitors, namely Rentokil, Ecolab, MPCL and Pestokill.

150. For each of the main competitors highlighted by the Parties in their submissions, the CMA has set out below further evidence from third parties on the extent of competition from these competitors.

- *Ecolab*

151. Ecolab is active throughout the UK and offers a full range of pest elimination services to commercial customers only. Ecolab was mentioned by all competitors that responded to the CMA's merger investigation as a close competitor. These third parties mentioned Ecolab's strong presence, its national delivery model and its competitive pricing model.

152. However, a number of third party national customers told the CMA that they had been using Ecolab previously, but that they switched to another provider. The reasons given for switching away from Ecolab were poor service performance, because of costs or because Ecolab had lost the last tender. A number of third party national customers had considered using Ecolab on past occasions, but decided not to use it because of either price or service.

- *Pestokill*

153. Some national customers named Pestokill as an alternative supplier, albeit as a less strong alternative than Rentokil or Ecolab. Competitors told the CMA that Pestokill was pricing aggressively, with one competitor mentioning Pestokill's national coverage.

154. However, another competitor told the CMA that Pestokill claimed to have a national presence but lacked the team numbers to have truly national coverage. Another competitor said that although Pestokill had a decent share of the market, it was less visible than Ecolab, Rentokil and MPCL. Finally, another competitor said that Pestokill targeted a different space in the market than the main three players.

- *Rollins*

155. Rollins has purchased a number of UK pest control companies in the past three years: Safeguard, Ames, Kestrel and Guardian.⁵¹
156. The Parties said that Rollins is a global pest control provider with the ability to expand quickly in new markets (eg Australia) and that in February 2018 Safeguard won a national contract from Rentokil relating to [REDACTED]. However, the Parties' own analysis conducted by RBB indicates that Rollins' UK subsidiaries are only active in 5 regions of the UK despite the fact that Rollins purchased those UK entities in 2016-2018.
157. A couple of competitors noted Safeguard as a potential competitor and cited aggressive pricing and the financial backing of Rollins. Another competitor stated that Rollins is very successful in the US for residential customers and that they thought that Rollins was focusing on a similar model here, which implies it may have a less significant focus on commercial work (where the Parties overlap).
158. Another third party told the CMA that [REDACTED].
159. As regards the [REDACTED] contract, [REDACTED].
160. On the basis of the above evidence, the CMA believes that Rollins may be starting to provide some constraint in relation to national customers but that this competitive constraint is unlikely to increase significantly in the foreseeable future.

- *Other pest control firms with a 'national' presence*

161. Pestforce and Abate are pest control firms which operate using a franchise model. Pestforce began expanding the number of its franchisees with the objective to cover the whole UK, and now claims on its website to cover the entire UK. Abate announced in September 2018 its intention to expand to cover the entire UK. Both firms are estimated to have market shares of less than 1% in the market for supplying pest control services to all customers.
162. A competitor told the CMA that Pestforce was not a strong competitor and that franchise-based business models are proving problematic because of the challenges involved in providing a standard, consistent service level; adding that the franchise business model is collapsing in the US for this reason. National customers that responded to the CMA's merger investigation did not

⁵¹ Ie Safeguard in 2016 and AMES, Kestrel, Guardian and Baroque in 2018. See Final Merger Notice paragraph 9.35

consider Pestforce or Abate as alternative suppliers to the Parties. One customer, for example, did not choose Abate because it was unable to offer national coverage.

163. The Parties noted that Contego is the fifth most popular choice in multisourcing among the customers that responded to the CMA's Merger investigation. Rentokil said also that Contego would have similar scale to Pestokil in three years' time. Rentokil also noted that Contego's current strategy was based on providing more specialised services rather than a full pest-control piece. Rentokil noted that Contego would use this 'in' to build a relationship with the customer and try to oust Rentokil as pest control supplier when the opportunity presented itself.
164. The CMA considers that Contego has only a minimal presence based on the multisourcing data and loss analysis data. Contego features in the MPCL win data to a very limited extent. Only one third party customer and two third party competitors mentioned Contego in response to the CMA's Merger investigation. One of these third parties told the CMA that Contego is a small national player compared to the Parties. [REDACTED]. Therefore, the evidence available to the CMA indicates that the competitive constraint from Contego is unlikely to increase significantly in the foreseeable future.
- *Local and regional pest control firms*
165. The Parties identified 17 pest control providers who they believe have served customers which have sites in 8 or more UK regions.⁵²
166. The CMA notes that some of these firms seem to be well-established. For example, Albany Pest Control serves only the Greater London area, but is used by some national customers, including [REDACTED] for its London sites [REDACTED]. However, Albany was not mentioned by any third party which responded to the CMA's Merger investigation as a viable alternative to the Parties.
167. Rokill enjoys a good reputation in the South West of England. However, two customers who noted that they had considered Rokill in their last tender indicated that Rokill was ultimately not chosen due to its insufficient coverage. Evidence from a third party further indicated that Rokill would not compete strongly for national customers. It said that Rokill [REDACTED].
168. The Parties said that JG Pest Control was a good example of a small competitor punching above its weight by using a web-based business model. However, JG Pest Control was not mentioned by any competitor in response

⁵² RBB Economics, Analysis of Rentokil customers multi-sourcing, Table 4

to the CMA's merger investigation and the only national customer who mentioned JG Pest Control excluded it from its most recent tender process because of its lack of understanding of its tender proposal and the customer's requirements.

169. The Parties submitted that Rentokil switching data indicates that it lost a contract of significant value to AGS. The CMA understands that this contract related to pest control services provided to [redacted] and was [redacted]. This contract is now [redacted]. A third party told the CMA that [redacted]. On the basis of this evidence, the CMA believes that AGS only exerts a relatively limited constraint on the Parties with regard to national customers and that there is no evidence to suggest that this will change in the foreseeable future.
170. The Parties told the CMA that City FM is another credible alternative with an 'impressive customer base' and that it serves Asda's complete estate.
171. The CMA understands that City FM has been the supplier of Asda since 2009 but does not appear to have grown significantly as a result of that relationship. City FM was not mentioned in the loss analysis and was not mentioned by any third party which responded to the CMA's Merger investigation.
172. Other competitors listed by the Parties do not feature in the answers of the third Parties who responded to the CMA's Merger investigation, or do so to a very limited extent and are discounted as an alternative to the Parties. Therefore, the CMA does not believe that these competitors constitute a credible alternative to the Parties

Conclusion on alternative suppliers

173. At a national level, the CMA found that all sources of evidence (shares of supply, switching data, internal documents and third party views) consistently identified Rentokil, MPCCL, Ecolab and Pestokill as the main suppliers of pest control services to national customers. The Merger therefore has led to a reduction of four to three competitors, with the leading player in the market, Rentokil, merging with the third largest player. The Parties are mainly constrained by the other two national players, with other competitors exercising less of a constraint at a national level. Although the CMA has found that national customers multisource to some extent from local/regional pest control suppliers, it has not received evidence of widespread, large scale multisourcing from, or switching away, to these providers. While these competitors may impose some constraint on the Parties, the CMA does not believe that this is sufficient, either individually or in aggregate, to prevent significant competition concerns.

Conclusion

174. For the above reasons, the CMA believes that the Merger involves the leading pest control provider (Rentokil) merging with the third largest player who is a close competitor to Rentokil, leading to a combined share of supply of [60-70]%. The evidence available to the CMA indicates that the Parties will not face sufficient constraints from remaining alternative suppliers. Accordingly, the CMA found that the Merger raises significant competition concerns as a result of horizontal unilateral effects in relation to the supply of pest control services to national customers in the UK.

Countervailing constraints

Barriers to Entry and expansion

175. Entry or expansion of existing firms can mitigate the initial effect of a merger on competition, and in some cases may mean that there is no SLC. In assessing whether entry or expansion might prevent a substantial lessening of competition, the CMA considers whether such entry or expansion would be timely, likely and sufficient.⁵³ In terms of timeliness, the CMA's guidelines indicate that the CMA that entry or expansion within less than two years may be considered timely, depending on the characteristics and dynamics of the relevant market and the specific capabilities of potential entrants.⁵⁴
176. The evidence received by the CMA from third parties does not indicate that entry or expansion will be timely, likely or sufficient to prevent a realistic prospect of an SLC as a result of the Merger.
177. The CMA notes that national customers demand a high-quality service that is consistent among the sites the services and that this may constitute a barrier to entry/expand. An internal document from Mitie states that '[t]he growth of major customer groups has led to growing expectations of higher and more consistent levels of customer service and greater availability of management information. These have both historically been a challenge for some providers to meet, over a national footprint.'⁵⁵ The CMA notes that this is corroborated by third party comments that mention that only few suppliers offer a truly national coverage.

⁵³ [Merger Assessment Guidelines](#), paragraph 5.8.3

⁵⁴ [Merger Assessment Guidelines](#), paragraph 5.8.11

⁵⁵ See Co-op Quarterly Business Review Meeting of 30 July 2018.

178. One third party mentioned the significant investments involved to develop and maintain an online client portal and another customer told the CMA that it terminated a contract with a supplier due to the lack of digital reporting.
179. Internal documents from Rentokil indicate that entry into the supply of pest control services to national customers in the UK has occurred only rarely in the past three years. Rentokil's [redacted] analysis in the years 2016-2018 only mentions one new entrant in the 'major/national' segment, ie Pestokill [redacted]. However, as stated above, a third party has questioned Pestokill's ability to have a truly national coverage and Pestokill was mentioned several times as offering poor services by a number of customers responding to the CMA's Merger investigation. In addition, the CMA believes that Pestokill's experience provides an indication of the time it would take a non-national firm to expand through acquisition to be able to provide a national service. The CMA notes that Pestokill, which was founded in 1984, was only able to expand to a national scope by making 13 acquisitions between 1996 and 2003.⁵⁶
180. The CMA believes that this evidence indicates that entry or expansion is difficult. On that basis, and in the context of evidence received from third parties as regards entry or expansion plans, the CMA believes that entry or expansion would not be sufficient, timely or likely to prevent a realistic prospect of an SLC as a result of the Merger.

Countervailing buyer power

181. The Parties submitted that national customers have substantial buyer power due to their size, sophistication, and desirability as customers. In particular, the Parties argued that customers need only to partially switch to another supplier in order to constrain national pest control firms.⁵⁷ The Parties pointed in particular to facilities management firms as being skilled in procurement and willing to multisource geographically in order to reduce their costs.
182. The possible exercise of buyer power, including through multisourcing, has been taken into account in the Competitive Effects section above. The CMA believes that national customers' ability to use buyer power is limited because the options available to them are very limited. In addition, only a very limited number of national customers multisource using local/regional pest control suppliers and/or use this as a disciplinary measure. For example, a large

⁵⁶ Merger Notice, 15/2/2019, paragraphs 9.31-9.33

⁵⁷ DMN, 15/2/2019, paragraph 9.88. The DMN gives the example of Starbucks, which switched away from MCPL to Albany Pest Control only in London due to dissatisfaction with MPCL's level of service.

facilities manager, stated that it always uses a single provider for each of its customers because standardisation of governance and reporting is essential.

183. Finally, the CMA notes that the Parties' customers do not appear to be particularly large. Even the largest customer of Rentokil [X] accounts for only a small proportion of its overall revenues.
184. The CMA therefore believes that customers are not sufficiently powerful to prevent post-Merger price increases or quality decreases.

Third party views

185. Third party comments have been taken into account where appropriate in the competitive assessment above.

Conclusion on substantial lessening of competition

186. Based on the evidence set out above, the CMA believes that it is or may be the case that the Merger has resulted, or may be expected to result, in an SLC as a result of horizontal unilateral effects in relation to the supply of pest control services to national customers in the UK.

DECISION

187. Consequently, the CMA believes that it is or may be the case that (i) a relevant merger situation has been created; and (ii) the creation of that situation has resulted, or may be expected to result, in an SLC within a market or markets in the United Kingdom.
188. The CMA therefore believes that it is under a duty to refer under section 22(1) of the Act. However, the duty to refer is not exercised whilst the CMA is considering whether to accept undertakings under section 73 of the Act instead of making such a reference.⁵⁸ Rentokil has until 23 April 2019⁵⁹ to offer an undertaking to the CMA.⁶⁰ The CMA will refer the Merger for a phase 2 investigation⁶¹ if Rentokil does not offer an undertaking by this date; if Rentokil indicates before this date that it does not wish to offer an undertaking; or if the CMA decides⁶² by 30 April 2019 that there are no

⁵⁸ Section 22(3)(b) of the Act.

⁵⁹ Section 73A(1) of the Act.

⁶⁰ Section 73(2) of the Act.

⁶¹ Sections 22(1) and 34ZA(2) of the Act.

⁶² Section 73A(2) of the Act.

reasonable grounds for believing that it might accept the undertaking offered by Rentokil, or a modified version of it

189. The statutory four-month period mentioned in section 24 of the Act in which the CMA must reach a decision on reference in this case expires on 25 May 2019. For the avoidance of doubt, the CMA hereby gives Rentokil notice pursuant to section 25(4) of the Act that it is extending the four-month period mentioned in section 24 of the Act. This extension comes into force on the date of receipt of this notice by Rentokil and will end with the earliest of the following events: the giving of the undertakings concerned; the expiry of the period of 10 working days beginning with the first day after the receipt by the CMA of a notice from Rentokil stating that it does not intend to give the undertakings; or the cancellation by the CMA of the extension.

Andrea Gomes da Silva
Executive Director, Markets and Mergers
Competition and Markets Authority
12 April 2019

ⁱ In relation to footnote 2, Mitie clarified that as regards the brand and IP rights mentioned in (i) under the footnote that MPCL was granted a limited right to continue to use the Mitie brand for a transitional period after the Merger under a transitional services agreement.

With regard to (iii) of the same footnote Mitie clarified that, although MPCL was Mitie's default pest control provider, there were also other circumstances in which Mitie engaged other pest service providers (for example, where MPCL did not have a presence in the relevant area or could not provide competitive pricing).

ⁱⁱ In relation to paragraph 12, Mitie clarified that there are also other Mitie entities than Mitie Limited which hold IFM contracts.

ⁱⁱⁱ In relation to paragraphs 20(a) and (b) Mitie clarified that UK staff transferred pursuant to an Employee Transitional Services Agreement, dated 30 September 2018.

^{iv} In relation to paragraph 20(c), Mitie clarified that, although MPCL was Mitie's default pest control provider, there were also other circumstances in which Mitie engaged other pest service providers (for example, where MPCL did not have a presence in the relevant area or could not provide competitive pricing).

^v In relation to paragraph 43, Rentokil clarified that Peter Cox pest control was in fact acquired by Ecolab and not by Rentokil.