

# J Sainsbury PLC

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## Competition watchdog kicks off formal probe into merger of Walmart's Asda and Sainsbury's

The UK's Competition and Markets Authority has kicked off a formal investigation into the proposed merger of J Sainsbury plc (LON:SBRY) and Walmart Inc's (NYSE:WMT) Asda.

Sainsbury's and Asda announced in April a £12bn deal to create the UK's largest supermarket, overtaking current market leader Tesco PLC (LON:TSCO).

The competition watchdog confirmed on Thursday that it would begin a Phase 1 probe to assess how the deal could affect competition for customers. The investigation will look at whether the merger could lead to higher prices, less choice or reduced quality services for shoppers.

The probe will also consider whether the enlarged group could use its increased buying power to squeeze suppliers.

"About £190bn is spent each year on food and groceries in the UK so it's vital to find out if the millions of people who shop in supermarkets could lose out as a result of this deal," said CMA chief executive Andrea Coscelli.

"We will carry out a thorough investigation to find out if this merger could lead to higher prices or a worse quality of service for shoppers and will not allow it to go ahead unless any concerns we find are fully dealt with."

**READ:** Major shareholder in Sainsbury's backs proposed Asda merger  
Sainsbury's and Asda ask CMA to fast-track probe to Phase 2  
The two supermarket groups have asked the CMA to fast-track the investigation to the more in-depth Phase 2 stage.

The CMA said it expects to accept the request unless it receives any valid objections.

With most mergers, a full Phase 1 investigation is needed to determine whether a deal can be cleared or whether further scrutiny is required. In a case where it is clear from an early stage that the deal needs an in-depth investigation, such as the Sainsbury's and Asda tie-up, the companies involved can ask the CMA to move more quickly to Phase 2.

The CMA has invited views by August 31 on how the merger could affect competition.

Competition concerns already raised by interested parties

In June, the CMA published a report on submissions about the proposed merger from supermarket groups, wholesalers, suppliers, trade associations, not-for-profit organisations with an interest in the groceries sector, local government representatives and members of the public.

**READ:** Sainsbury's-Asda merger raises competition concerns, CMA reveals

Some of the concerns that were raised were the possibility that the merger could lead to higher prices and reduce choice for customers.

**Price:** 212.1

**Market Cap:** £4.69 billion

### 1 Year Share Price Graph



### Share Information

**Code:** SBRY

**Listing:** LSE

**52 week High Low**  
327.2 177.05

**Sector:** Retail

**Website:** [www.sainsburys.co.uk](http://www.sainsburys.co.uk)

### Company Synopsis:

*J Sainsbury PLC is a United Kingdom-based company principally engaged in grocery and related retailing, and financial services.*

[action@proactiveinvestors.com](mailto:action@proactiveinvestors.com)

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Contact us +44 (0)207 989 0813 [action@proactiveinvestors.com](mailto:action@proactiveinvestors.com)

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