



MEDIA RELEASE

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Metcash's acquisition of Total Tools majority stake not opposed

The ACCC will not oppose Metcash Limited's (ASX:MTS) acquisition of a 70 per cent majority interest in Total Tools Holdings, the franchisor of the Total Tools network.

Metcash is a wholesaler and retailer of hardware and home improvement products through its Independent Hardware Group (IHG) division. IHG's retail stores include Mitre 10, Home Timber & Hardware, Thrifty-Link Hardware, True Value Hardware and Hardings. Total Tools is a specialist retail supplier of tools and equipment.

The ACCC considers that IHG stores compete more closely with multi-category hardware stores, such as Bunnings, while Total Tools competes more closely with other tool specialists such as Sydney Tools, as well as Bunnings.

At a national level, a combined IHG and Total Tools would still face strong competition from Bunnings and the specialist retail suppliers of tools and equipment.

The ACCC also assessed competition for the retail supply of tools and equipment in local areas where IHG and Total Tools stores overlap. In all relevant locations, a number of other businesses exist which provide strong and effective competition.

"We saw that generally Mitre 10 focuses on the DIY customer and those looking for convenience, while Total Tools mainly attracts trade customers because of their extensive range of trade quality products and specialised staff," ACCC Chair Rod Sims said.

"We have seen a lot of activity in the tool industry this year. Bunnings is the clear market leader, and with IHG increasing its footprint, any further consolidation of the tool market at a national, state or local level will be scrutinised closely," Mr Sims said.

As Metcash is also a wholesaler of tools and equipment, the ACCC considered the nature and extent of any vertical integration, and in particular whether Metcash would be incentivised to foreclose rivals. The ACCC concluded that the proposed acquisition was unlikely to result in any vertical competition issues of concern.

Further information is available at [Metcash Limited – Total Tools Holdings](#).

Background

Metcash is a wholesale distribution and marketing company specialising in groceries, fresh produce, liquor, hardware and other fast moving consumer goods. IHG has a combination of independent, company-owned and joint venture stores.

Total Tools Holdings is the franchisor of the Total Tools network, a national specialist tool and equipment retailer. The Total Tools network consists of one company owned store and 80 independent franchised stores.

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