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AlSCO's Spotless Garments acquisition raises preliminary competition concerns

The ACCC has preliminary competition concerns about the proposed acquisition by AlSCO Pty Ltd of Spotless Laundries' garment laundering business (Spotless Garments), which is part of Spotless Group Holdings Limited. Spotless Group Holdings Limited is majority-owned by Downer EDI Limited (ASX:DOW).

AlSCO and Spotless Garments both offer commercial laundry services for garments in multiple states and territories across Australia.

"This transaction combines the two largest garment laundry suppliers in most states and the only two major suppliers with a presence across the country," ACCC Commissioner Stephen Ridgeway said.

The ACCC's preliminary view is that AlSCO and Spotless Garments are each other's closest competitor.

"AlSCO and Spotless Garments operate in an already concentrated industry, and few other garment laundry suppliers provide these services with a similar scale and geographic reach," Mr Ridgeway said.

"The ACCC is concerned that this transaction will remove an important constraint on AlSCO. Garment customers that operate across Australia with large volume requirements will have no comparable alternatives."

The ACCC's investigation found that potential entrants may be unwilling to enter into garment laundering, while small existing suppliers may face difficulties in expanding, due to material upfront costs. The ACCC will explore whether existing suppliers and linen focused laundry suppliers would constrain AlSCO post-acquisition before a final decision is made.

The ACCC has published a statement of issues and is seeking further information. The ACCC is inviting submissions by Friday 30 October 2020.

Further information is available at [AlSCO Pty Ltd – Spotless' garments business](#).

Background

AlSCO and Spotless Laundries provide hiring, cleaning and delivery services for linen and garments in multiple states and territories across Australia. Both supply to customers in metropolitan and regional areas in New South Wales (including the Australian Capital Territory), Queensland, South Australia, Tasmania, Victoria and Western Australia.

Linen and garments are the two main classes of laundered items for accommodation, healthcare/aged care and industrial customers. Garments include industrial workwear and uniforms.

AlSCO is owned by AlSCO Inc., a company based in the United States, and Spotless Garments is the garment laundry business of Spotless Laundries, which is part of Spotless Group Holdings.

South Pacific Laundry is separately bidding in the sale process to acquire Spotless Laundries. The ACCC is currently considering this transaction and further information is available at [South Pacific Laundry – Spotless Laundries](#)

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