



Australian  
Competition &  
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Commission

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# NEWS RELEASE

## **ACCC TO NOT OPPOSE VIP STEEL'S PROPOSED ACQUISITION OF CERTAIN LARGE STEEL DRUM ASSETS FROM NATIONAL CAN INDUSTRIES**

The Australian Competition and Consumer Commission has announced that it will not oppose the proposed acquisition by VIP Steel Packaging Pty Ltd's (**VIP Steel**), a wholly owned subsidiary of Pact Group (Pact ASX: PGH), of certain assets used in the manufacture of large steel drums from National Can Industries Pty Ltd (**NCI**).

"After careful consideration, the ACCC has decided that the proposed acquisition would be unlikely to substantially lessen competition," ACCC Commissioner Dr Jill Walker said.

"The ACCC conducted market inquiries with a range of interested parties including customers for new large steel drums and other industrial packaging products. A focus of the ACCC's review was the future of NCI's large steel drum operations if VIP Steel's proposed acquisition does not proceed."

The ACCC was concerned that the proposed acquisition would remove the only alternative supplier of new large steel drums in Australia. However, NCI's large steel drum operations had failed to achieve profitability and the ACCC concluded that, with or without VIP Steel's proposed acquisition, there would only be one supplier of new large steel drums remaining in the market.

It was clear that NCI's large steel drum operations had been unprofitable since their acquisition by NCI in 2012 from receivers appointed to HP Industries. NCI had experienced declining overall demand for large steel drums from customers in a market with significant excess production capacity. NCI had attempted to restructure its large steel drum operations, such as by closing its Queensland plant. NCI had also recently discontinued production at its NSW plant, leaving only one facility operating, at Altona, Victoria.

The ACCC appointed a forensic accountant to examine the financial accounts for NCI's large steel drum operations. This forensic accountant's independent analysis assisted the ACCC's conclusions that NCI's large steel drum operations were not viable, either historically or in the future.

The ACCC also carefully reviewed confidential information and internal documents from NCI in relation to its sales process for these assets. This material supported NCI's submission to the ACCC that there was no alternative acquirer of these assets in Australia and that the assets would leave the market in the absence of the proposed acquisition.

"Importantly, in this case there was clear evidence that the relevant assets would leave the market if VIP Steel's proposed acquisition does not go ahead. In these circumstances, the opportunities for competition in the supply of new steel drums would be the same with or without the proposed acquisition," Dr Walker said.

VIP Steel and NCI are both suppliers of a wide range of plastic packaging and other packaging products in Australia, including cans and pails. NCI will continue to supply these packaging products to Australian customers.

Further information is available on the ACCC's Public Register.

### **Media inquiries**

**ACCC Media 1300 138 917**

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