

The CNMC clears KKR's acquisition of IVI, subject to commitments

- The transaction concerns the healthcare sector for assisted reproductive treatments.
- KKR has agreed to disinvest in the provinces of Seville, Murcia and Zaragoza in order to maintain competition in these areas.
- In Madrid, it won't increase prices, it will maintain the existing commercial conditions and it won't enter into agreements to provide services in the facilities of its main regional competitor.

Madrid, 18 January 2023.- The National Commission on Markets and Competition (CNMC) has authorised, in the first phase and subject to commitments, the acquisition of IVI, the leading fertility treatment company in Spain, by KKR, a multinational private equity and venture capital management company ([C/1321/22](#)).

The transaction concerns the healthcare sector for assisted reproductive treatments, where GeneralLife — a KKR portfolio company — overlaps horizontally with IVI. The CNMC has analysed other activities carried out by IVI, such as the distribution of biomedical products and genetic testing. Also, the management and donation of gametes, which is carried out by both IVI and KKR.

Barriers to competition

During the analysis of the transaction, the CNMC identified and assessed the potential competition concerns that could arise in certain areas, if the transaction were to be authorised without any conditions. These competition risks were also confirmed through a number of market tests.

The analysis concluded that after the acquisition, the merged entity would achieve high market shares in the provision of fertility services to private patients in the regions of Seville, Zaragoza and Murcia.

In Madrid, the resulting market share would also be significant as the first and third competitor in the market would be merged without sufficient competitive pressure. Moreover, in the past, GeneralLife signed agreements for the provision of fertility services with its main competitor in this region.

Thus, the merged entity could acquire, after the operation and in the above-mentioned locations, a privileged negotiating position when deciding on the type

of services it wants to offer and their terms and conditions. Specifically, the operation could lead to a price increase for consumers.

Commitments assumed by KKR

KKR offered a number of commitments to eliminate the possible anti-competitive effects of the acquisition, which were also market tested.

- In the case of Seville, Murcia and Zaragoza, KKR committed to **divest clinics**. This eliminates the overlaps resulting from the transaction and ensures that there will be no changes to the previous market structure.
- In the case of Madrid, KKR committed **not to increase prices**, thereby limiting price increases to the evolution of the cost structure, and not to worsen the commercial conditions of its current services. In addition, KKR committed not to enter into agreements for the provision of fertility services with its main competitor in this region in order to prevent the latter from becoming a customer of the merged entity. The commitments for Madrid will last for three years.
- Finally, KKR committed to **modifying an exclusive**, long-term distribution agreement for vitrification solutions that Group IVI already had.

The CNMC has concluded that the offered commitments are sufficient to remedy the risks generated by the transaction in the markets for the provision of reproductive medicine services. The CNMC will oversee the fulfilment of these commitments and the potential effects of the transaction on the market.

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