

Just Eat Takeaway.com NV

09:57 24 Jan 2020

Just Eat investors squeamish as CMA launches investigation into Takeaway.com merger

The Competition and Markets Authority (CMA) has launched an investigation into the merger of food delivery app Just Eat PLC (LON:JE.) and its Dutch rival Takeaway.com.

The UK regulator said that it was considering whether the £6.3bn merger will "result in a substantial lessening of competition" and is inviting comments until 6 February.

READ: Just Eat to be scoffed by Takeaway.com as merger deal secures 80% support

In its own announcement, Takeaway.com said a possible investigation would not affect its ability to complete the merger, however, it had decided to delay the timetable for its takeover of Just Eat until the end of January.

While a CMA investigation will not necessarily stop the two companies merging, they could become subject to an enforcement order preventing them from being integrated while the probe is in progress.

Takeaway.com secured the backing of most of Just Eat's shareholders earlier this month following a months-long takeover battle with investment firm Prosus, which was backed by South African e-commerce giant Naspers.

While Takeaway.com shut down its struggling UK operation in 2016, it has since grown to become one of Europe's largest online food ordering platforms with operations in 11 countries including Germany, Poland and the Benelux nations.

In a note, analysts at Liberum said it was "unlikely" that the merger will be blocked on competition grounds, highlighting that Takeaway.com currently has no UK operations and stated that it has no intention of entering the market following the merger.

Markets.com's Neil Wilson offered a similar assessment, saying that it was "hard to see why the CMA - however fickle it has been in the past - would not let this deal go through".

He added that the CMA's decision to step in was "a little bit last-minute.com and not likely to stop the merge. There does not appear much rationale to worry about competition concerns".

Investors, however, were a little squeamish at the prospect of regulatory scrutiny, with Just Eat shares down 2.8% to 855.6p in early deals on Friday.

Just Eat shareholder blasts "shocking" investigation

Meanwhile, the CMA's eleventh-hour intervention has also attracted the ire of major Just Eat shareholder Cat Rock Capital, an asset management firm with a 3% stake in the group.

Price: 8868

Market Cap: £60.86 m

1 Year Share Price Graph



Share Information

Code: JET

Listing: LSE

52 week High Low
9114 65.2765

Sector: Online business & e-commerce

Website: www.just-eat.com

Company Synopsis:

Just Eat Takeaway.com NV operates a leading global marketplace for takeaway food delivery. Headquartered in London, we use proprietary technology to offer a quick and efficient digital ordering service for 21.5 million customers and 82,300 restaurant partners. The company is a member of the FTSE 100 Index.

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In a statement, Cat Rock founder and managing partner Alex Captain said the CMA's intervention was "shocking" and that the regulator was drawing a "false equivalence" between the Just Eat merger with Takeaway.com and Amazon Inc's (NASDAQ:AMZN) attempted takeover of Deliveroo, which is currently being held up by its own CMA probe.

"Amazon has a large UK business with millions of customers that it could leverage to re-enter the UK online food delivery market and increase competition. Takeaway.com has no such UK presence, customer base, or brand name. It is patently absurd to compare Takeaway.com with Amazon when evaluating the outlook for future competition", Captain said.

"The combined company will have the resources to invest in competing against dominant global technology companies in the online food delivery space like Uber and Amazon. Any action the CMA takes to block this merger would only impair a UK-based company's ability to effectively compete against these dominant platforms", he added.

-- Adds analyst, shareholder comment and updates share price --

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