



## Commission clears Novozymes and Chr. Hansen merger, subject to conditions

Brussels, 12 December 2023

The European Commission has approved, under the EU Merger Regulation, the proposed merger between Novozymes A/S ('Novozymes') and Christian Hansen A/S ('Chr. Hansen'). The approval is conditional upon full compliance with the commitments offered by the parties.

**Novozymes** and **Chr. Hansen** are both bioscience companies. Novozymes develops, manufactures and supplies industrial enzymes to multiple industries, such as agriculture, animal health food and beverage. Chr. Hansen develops natural ingredients solutions for the food, nutritional, pharmaceutical and agricultural industries.

### The Commission's investigation

The Commission's investigation showed that the merger, as initially notified, would have reduced competition in **the market for the manufacture of one specific enzyme, lactase**, using genetic modification technology.

In particular, the Commission found that Chr Hansen had a project to start manufacturing this product and would very likely grow into an **effective competitor** within a short timeframe. The Commission also found that post-merger **there would not be sufficient potential competitors** to exert sufficient competitive pressure on the merged entity.

The proposed remedies

To address the Commission's competition concerns, the parties offered to divest:

- **Chr. Hansen's project to enter the market for the manufacture of lactase;**
- **Chr. Hansen's lactase distribution business;** and
- **Novozyms' lactase production facility.**

These commitments fully address the competition concerns identified by the Commission, by paving the way for the creation of a divested business with the necessary production assets and research and development capabilities to grow as a viable competitive producer of lactase on a lasting basis.

Following the positive feedback received in the context of the commitments' market test, the Commission concluded that the transaction, as modified by the commitments, **would no longer raise competition concerns.**

The Commission also undertook a detailed investigation into whether this transaction could have a negative impact on innovation in the industrial biotech sector. After a comprehensive review and extensive benchmarking exercise, the Commission established that merged entity's competitors have the equivalent ability to invest in R&D and that the parties do not have any specific R&D capabilities that rivals could not otherwise access.

The decision is conditional upon full compliance with the commitments. Under supervision of the Commission, an independent trustee will monitor their implementation.

### Companies and products

**Novozyms**, headquartered in Denmark, is a publicly listed global bioscience company solely controlled by Novo Holdings A/S.

**Chr. Hansen**, headquartered in Denmark, is a publicly listed global bioscience company.

### For More Information

The transaction was notified to the Commission on 20 October 2023.

The Commission has the duty to assess mergers and acquisitions involving companies with a

turnover above certain thresholds (see Article 1 of the [Merger Regulation](#)) and to prevent concentrations that would significantly impede effective competition in the European Economic Area or any substantial part of it.

The vast majority of notified mergers do not pose competition problems and are cleared after a routine review. From the moment a transaction is notified, the Commission generally has a total of 25 working days to decide whether to grant approval (Phase I) or to start an in-depth investigation (Phase II). If commitments are proposed in Phase I, the Commission has 10 additional working days, bringing the total duration of a Phase I case to 35 working days, such as in this case.

More information will be available on the Commission's [competition website](#), in the public [case register](#) under the case number [M.11043](#).

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#### Quotes:

Novozymes is an established biotech player, which manufactures industrial enzymes, including lactase. This is a concentrated area in which Chr. Hansen is an imminent competitor. The divestiture of Chr. Hansen's lactase activities together with production assets will ensure that its pipeline project can come to market and preserve competition in the highly innovative biotech sector. Margrethe Vestager, Executive Vice-President in charge of competition policy - 12/12/2023

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