

## Energizer and Walmart Face Lawsuit Alleging Conspiracy to Inflate Battery Prices



Energizer Holdings Inc (ENR.N) and Walmart Inc (WMT.N) are facing legal action as consumers and retailers file three proposed class-action lawsuits, accusing the companies of colluding to raise prices on disposable batteries. The complaints, filed on Friday, claim that Energizer, under pressure from Walmart, agreed to inflate wholesale battery prices for other retailers beginning in January 2018. Furthermore, Energizer required these retailers to refrain from undercutting Walmart's prices.

Allegedly, Walmart's competitors faced the risk of higher wholesale prices or being cut off by Energizer, the largest U.S. disposable battery manufacturer if they charged lower prices than Walmart at checkout. The lawsuits assert that this scheme resulted in higher prices from Energizer and Berkshire Hathaway-owned (BRKa.N) Duracell, which collectively control 85% of the disposable battery market. The price inflation could not be justified by inflation or changes in demand, according to the complaints.

The legal action claims that Energizer, seeking to recover sales lost in 2013 when Walmart terminated its exclusive battery contract with Sam's Club, established a team named Project Atlas. This team worked to ensure that Walmart's prices would remain the lowest in the market. The complaints highlight that Energizer and Walmart engaged in anticompetitive behavior, adversely affecting pricing in the disposable battery market.

In response to the allegations, Walmart stated that it takes such claims seriously and will respond appropriately in court. However, Energizer did not provide any comment regarding the matter when approached for a statement.

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The lawsuits have been filed in a federal court in San Francisco, seeking unspecified compensatory and triple damages under federal and state antitrust laws, as well as various state consumer protection laws. Additionally, the plaintiffs are seeking injunctions to prevent Energizer from linking battery sales to pricing and to compel Energizer and Walmart to rectify the effects of their anticompetitive conduct.

According to the plaintiffs, Energizer's share of the U.S. disposable battery market has grown from 40% to over 50% since 2018. The complaints cite a conversation between an Energizer sales representative and the CEO of Portable Power Inc, a Walmart competitor that had been offering lower prices. The representative purportedly admitted that Energizer had adjusted its pricing policies at Walmart's request, emphasizing that "this is 1000% about Walmart and wanting the best price."

It is worth noting that Portable Power Inc is leading the lawsuit on behalf of the retailers involved in the legal action.

As the legal proceedings unfold, the outcome of these lawsuits will have significant implications for the disposable battery market and the relationships between manufacturers and retailers. If the allegations are proven, Energizer and Walmart could face substantial financial penalties, and the court may impose injunctions to prevent future anticompetitive behavior. Consumers and retailers will be closely watching the progress of these cases as they seek justice and fair pricing in the disposable battery industry.