

***Case No COMP/M.2948 -
CVC / KWIK-FIT***

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**REGULATION (EEC) No 4064/89
MERGER PROCEDURE**

Article 6(1)(b) NON-OPPOSITION
Date: 02/10/2002

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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 02.10.2002

SG (2002) D/231886 –corr.

In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EEC) No 4064/89 concerning non-disclosure of business secrets and other confidential information. The omissions are shown thus [...]. Where possible the information omitted has been replaced by ranges of figures or a general description.

PUBLIC VERSION

MERGER PROCEDURE
ARTICLE 6(1)(b) DECISION

To the notifying party

Dear Sir/Madam,

**Subject: Case No COMP/M.2948 – CVC / KWIK-FIT
Notification of 30.08.2002 pursuant to Article 4 of Council Regulation
No 4064/89¹**

1. On 30.08.2002, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EEC) No 4064/89 by which the British company CVC European Equity II Limited, part of the CVC group of companies (“CVC”) acquires within the meaning of Article 3(1)(b) of the Council Regulation control of the whole of the British company Kwik-Fit Holdings Limited (“Kwik-Fit”) by way of purchase of shares.

I. THE PARTIES

2. CVC provides investment and management advice to, and manages investments on behalf of, investment funds.
3. Kwik-Fit is a UK-based chain of company-owned and franchised outlets specialising in the repair and maintenance of automotive vehicles, in particular: tyres; exhausts; brakes and shock absorbers. A limited number of outlets provide full-service maintenance of automotive vehicles under the Stop ‘n’ Steer brand. It operates 1,976 fixed and 568 mobile service outlets under the brands Kwik-Fit, Tyreplus, Speedy and Pit Stop (among others) in the United Kingdom, France, Germany, the

¹ OJ L 395, 30.12.1989 p. 1; corrigendum OJ L 257 of 21.9.1990, p. 13; Regulation as last amended by Regulation (EC) No 1310/97 (OJ L 180, 9. 7. 1997, p. 1, corrigendum OJ L 40, 13.2.1998, p. 17).

Netherlands, Ireland, Spain, Belgium and Poland. Kwik-Fit also provides insurance services, fleet services and mobile windscreen and automotive glass replacement.

II. THE OPERATION

4. CVC will purchase sole control of the Kwik-Fit Group from Ford Automotive Holdings (“Ford”) via two newly incorporated special purpose English private limited companies. Following the transaction, the CVC Group will have legal control of the special purpose companies with 73.9% of the voting rights while Ford will retain [...] % and newly-appointed management of the Kwik-Fit Group will hold [...] % of the voting rights.

III. CONCENTRATION

5. The operation involves the acquisition by CVC of sole control over Kwik-Fit. It is therefore a concentration within the meaning of Article 3(1)(b) of the Regulation 4064/89, the Merger Regulation.

IV. COMMUNITY DIMENSION

6. The undertakings concerned have a combined aggregate world-wide turnover of more than €5 billion² [CVC €19,936 million; Kwik-Fit € 1,225 million]. Each of CVC and Kwik-Fit have a Community-wide turnover in excess of €250 million [CVC € [...] million; Kwik-Fit [...] million], but they do not achieve more than two-thirds of their aggregate Community-wide turnover within one and the same Member State. The notified operation therefore has a Community dimension.

V. COMPETITIVE ASSESSMENT

A. Relevant Markets

7. Repair and maintenance of automotive vehicles are mainly offered by three categories of operators: dealers of automotive vehicles, whether owned by vehicle manufacturers or franchised dealerships operating their business independently; fast fit centres specialised in repair and maintenance of automotive vehicles (such as Kwik-Fit); and independent garages and other full service providers. The notifying party submits that the relevant product market includes all of these categories of service providers and therefore that the market is that for the repair and maintenance of motor vehicles.
8. A narrower market of the light repair and maintenance of motor vehicles (i.e. fast fit services) could be distinguished from such an overall market.³ Fast-fit service centres generally offer a limited range of repairs, significantly more rapid service and lower prices compared to mechanical repair services provided by full-service providers.

² Turnover calculated in accordance with Article 5(1) of the Merger Regulation and the Commission Notice on the calculation of turnover (OJ C66, 2.3.1998, p25). To the extent that figures include turnover for the period before 1.1.1999, they are calculated on the basis of average ECU exchange rates and translated into EUR on a one-for-one basis.

³ Similar markets were examined in IV/M.1526 – *Ford/Kwik-Fit*, 31.05.1999 and COMP/M.2087 – *Feu Vert / Carrefour/ Autocenter Delauto*, 11.09.2000

They also involve strong brand names. For the purposes of the current decision, the precise definition of the relevant market can be left open, as the operation does not threaten to create or strengthen a dominant position, however the market is defined.

9. The parties further submit that the relevant geographic market for the repair and maintenance of motor vehicles is national. For the purposes of the current decision, the precise definition of the geographic relevant market can be left open, as the operation does not threaten to create or strengthen a dominant position, however the market is defined.

B. Impact of the operation

10. CVC is involved in relevant automotive markets only in the UK through its ownership of the Dutton-Forshaw Group (“Dutton-Forshaw”) and its recent purchase of Halfords Limited.⁴ Dutton-Forshaw is a UK group of 22 dealerships operating under 34 franchises from motor manufacturers (including Land Rover, Ford, Rover, Jaguar and Volkswagen-Audi) whose principal business is the sale of new and used cars in the UK but which also provides repair and maintenance services, supplies automotive spare parts, acts as a broker of automotive insurance in relation to motor vehicles sold by it, and operates five Ford Rapid Fit outlets in the UK. Halfords is active in the UK in the markets for retail supply of automotive spare parts, maintenance supplies and accessories.
11. Kwik-Fit operates [...] Kwik-Fit and [...] additional fast fit centres in the UK under Tyreplus and other brand names, as well as [...] mobile fast fit units, and also owns [...] full-service repair centres which also offer fast fit services under the brand name Stop ‘n’ Steer.
12. According to figures provided by the parties, in a wider UK market for repair and maintenance services, CVC has [$< 1\%$] market share by value while Kwik-Fit accounts for [0 – 10%], giving a combined share of [0 - 10%]. On a narrower market for the light repair and maintenance of motor vehicles in the UK, CVC would have [$< 1\%$] by value while Kwik-Fit would have [10 – 20%], giving a combined share of [10 – 20%] post transaction. Given the magnitude of the combined market shares, it is clear that however the maintenance market is defined, the operation does not threaten to create or strengthen a dominant position as a result of which effective competition would be significantly impeded.
13. In terms of vertical relationships, CVC’s Dutton-Forshaw supplies wholesale spare parts to trade purchasers such as independent repairers, dealers and bodyshops and is therefore active in a market upstream from the repair and maintenance market in which Kwik-Fit operates. However, the parties claim that Dutton-Forshaw has only a [$< 1\%$] of the market share by value of the spare parts market in 2001 in the UK. On this basis, the transaction would not raise any issues of market foreclosure.
14. With respect to car maintenance supplies, the Kwik-Fit subsidiary Preston Paints wholesales a small amount of body repair and related products including paint, underseal, abrasives, sealers, and masking products, and is therefore active upstream

⁴ COMP/M.2932 – CVC/Halfords, 27.08.2002

from CVC's Halfords which is active at the retail level. This vertical relationship does not raise concerns of foreclosure as Preston Paints accounts for less than 0.5% of the UK sales of car maintenance supplies.

VI. CONCLUSION

15. For the above reasons, the Commission has decided not to oppose the notified operation and to declare it compatible with the common market and with the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of Council Regulation (EEC) No 4064/89.

For the Commission

(signed)
Mario MONTI
Member of the Commission