

***Case No COMP/M.3029 -  
SOCIETE GENERALE /  
AIHL EUROPE***

Only the English text is available and authentic.

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

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Article 6(1)(b) NON-OPPOSITION  
Date: 10/02/2003

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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 10/02/2003

SG (2003) D/228455

PUBLIC VERSION

MERGER PROCEDURE  
ARTICLE 6(1)(b) DECISION

**To the notifying party:**

Dear Sir/Madam,

**Subject: Case No COMP/M.3029 – Société Générale / Axus International Hertz Lease Europe**

**Notification of 9 January 2003 pursuant to Article 4 of Council Regulation No 4064/89<sup>1</sup>**

**I. THE PARTIES AND THE CONCENTRATION**

1. On 09.01.2003, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EEC) No. 4064/89 by which Société Générale, acquires within the meaning of Article (3)(1)(b) of the Council Regulation control of 15 companies<sup>2</sup> constituting the Axus International Hertz Lease Europe group ("AIHL Europe"), by way of purchase of shares.
2. Société Générale is a French full-service bank of international dimension. It has business activities in three main areas: retail banking, asset management and investment banking. Société Générale has subsidiaries and/or branches in most Member States of the European Community. Société Générale is active in the fleet management services through its specialised division operating under the ALD name.

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<sup>1</sup> 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).

<sup>2</sup> Axus S.A. (Belgium), Axus Danmark A/S (Denmark), Axus Finland Oy (Finland), Locaplan S.A. (France), Locacourtage S.A (France), Axus Italiana S.r.l. (Italy), Acomindus S.r.l. (Italy), Axus Luxembourg S.A. (Luxembourg), Axus Nederland B.V. (the Netherlands), Axus Norge A/S (Norway), Axus Portugal -Gestao de Frotas S.A. (Portugal), Axus Espana S.A. (Spain), Axus Sverige AB (Sweden), Axus UK Limited (United Kingdom) and Alexander Contact Rentals Limited (United Kingdom).

3. AIHL Europe belongs to Axus International, a subsidiary of Ford Motor Company. It does business in long term company car rental and fleet management services.
4. The proposed operation consists of the acquisition, directly or indirectly, by Société Générale, acting through a number of wholly-owned subsidiaries, of sole control of the whole of the 15 companies constituting the AIHL Europe Group. Société Générale will directly purchase 100% of the shares of eight of the 15 above companies.

## **II. COMMUNITY DIMENSION**

5. The worldwide turnover of Société Générale in the financial year 2001 was approximately €42.55 billion and the worldwide turnover of AIHL Europe Group for the year 2001 was just over €1 billion. As such, the combined worldwide turnover of the parties is above € 5,000 million. In addition, the two undertakings have each a EU turnover in excess of € 250 million: Société Générale has a EU turnover of € 32,631 million, and AIHL Europe Group € 1,002 million. Moreover, only Société Générale achieved more than two thirds of its EU turnover in one single Member State, namely France. The concentration therefore has a Community dimension pursuant to Article 1(2) of the Merger Regulation

## **III. COMPABILITY WITH THE COMMON MARKET**

### **A. RELEVANT MARKETS**

6. According to the notifying party the product market concerned by the proposed transaction is the market of Full Fleet Leasing and Management Services. This market consists mainly of light weight vehicle fleet management services provided to corporate clients. These services usually consist of the combination of operating leases, which enable customers to take their vehicle fleets off-balance sheet, and pure fleet management services such as insurance, repair and maintenance, fuel service, etc. Some customers may wish to maintain ownership of the fleet and contract for so-called "unfunded" fleet management services, i.e. the operating lease part of the service is not included.
7. In previous decisions<sup>3</sup> the Commission has not excluded the possibility of a market segmentation of the Full Fleet Leasing and Management Services market, by which two narrower market segments would be distinguished: (i) fleet services backed by a long term company car rental component ("funded" fleet management services), as opposed to (ii) fleet services without a long term company car rental component ("unfunded" fleet management services).
8. According to these decisions these markets are at least national in scope. The parties propose to retain national market definitions for the purpose of this case.
9. However, it is not necessary to further delineate the relevant product and geographic markets because, since in all alternative definitions considered, effective competition would not be significantly impeded in the EEA or any substantial part of that area.

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<sup>3</sup> COMP/M. 2329 - Société Générale/Deufin 17/05/2001 and COMP/M. 2540 – Fidis / Sei JV 04/092001

## **B. COMPETITIVE ASSESSMENT**

10. The transaction gives rise to overlap in five national markets: France, Italy, Portugal, Spain and United Kingdom.
11. For the overall product market, including both Full Fleet Leasing and Management Services, there is only one potentially affected market, in Italy, in which combined market share appears to be close to 15%.
12. On the basis of a distinction between "funded" fleet management services and "unfunded" fleet management services, the notifying party has identified two possible affected markets: the "funded" segment in Italy and the "unfunded" segment France.
13. In Italy, the parties account for a combined market share of 15,9% (Société Générale: 1,7% - AIHL Europe: 14,2%) in the overall market, placing them in second place behind Volkswagen (Gruppo Europcar - 16,5%). They have a combined market share of 15% in the "funded" segment.
14. In France, the parties account for a combined market share of 33,6% (Société Générale: 16,2% - AIHL Europe: 17,4%) in the "unfunded" segment placing them in first place ahead of strong players like Renault (Diac Location – 18,4%) and BNP Paribas (Arval PHH – 17%). The other competitors in the market belong to multinational banks or car manufacturers, and thus have considerable means to ensure strong competition in the market.
15. Moreover, AIHL Europe's "unfunded" business in France has come essentially through subcontracting out of fleet management services from Ford Motor Credit Company. As AIHL Europe will no longer form part of the Ford Motor Credit group, the "market share" of AIHL Europe in this case is somewhat artificial : the Ford Motor Credit Company will no longer subcontract systematically its fleet management services to AIHL, which means that these "market share" could shortly be transferred to a competitor of the parties.
16. In Italy and in France, the concentration brings only minor changes to the competitive structure of the possible affected markets and will not lead to the creation or the reinforcement of a dominant position whatever market definition is considered. Indeed, the combined activities of the parties will still face strong competition from several multinational banks and car manufacturers which have similar market shares and similar financial capacities.

#### **IV. CONCLUSION**

17. 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