

***Case No COMP/M.4613 -
EURAZEO SA / APCOA
PARKING HOLDINGS
GMBH***

Only the English text is available and authentic.

**REGULATION (EC) No 139/2004
MERGER PROCEDURE**

Article 6(1)(b) NON-OPPOSITION
Date: 20/04/2007

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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 20.04.2007

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In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EC) No 139/2004 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 Where possible the information omitted has been replaced by ranges of figures or a general description.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.4613 - Eurazeo S.A./ Apcoa Parking Holdings Gmbh
Notification of 13.03.2007 pursuant to Article 4 of Council Regulation
No 139/2004¹
Publication in the Official Journal of the European Union No. C66,
22/03/2007, p. 26**

I. INTRODUCTION

1. On 13.03.2007, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EC) No 139/2004 ("Merger Regulation") by which Eurazeo SA ("Eurazeo", France) acquires within the meaning of Article 3(1)(b) ECMR sole control of Apcoa Parking Holdings Gmbh ("Apcoa", Germany) by way of purchase of shares.
2. After examination of the notification, the Commission has concluded that the notified operation falls within the scope of the Merger Regulation and does not raise serious doubts as to its compatibility with the common market and with the functioning of the EEA Agreement.

¹ OJL 24, 29.1.2004 p. 1.

II. THE PARTIES

3. **Eurazeo** is a French listed investment company. Until 2005, Eurazeo focused exclusively on investment opportunities in France. Since late 2005, Eurazeo has extended its investments beyond the French territory. Eurazeo invests in companies which are active in numerous sectors such as budget hotel, car rental and real estate.
4. **Apcoa** is a pan-European provider of facility management services. It was founded in 1970 and has expanded its business through 13 European countries. Apcoa manages approximately [...] car parks providing some [...] car parking spaces and employing [...] staff.

III. THE CONCENTRATION

5. Eurazeo and Apcoa Parking Holdings B.V. entered into a Share Purchase Agreement on 19 February 2007, according to which Eurazeo acquires 100% shares of Apcoa. The concentration consists in the acquisition of sole control of Apcoa by Eurazeo. The Commission therefore concludes that the proposed transaction constitutes a concentration within the meaning of Article 3(1) of the Merger Regulation.

IV. COMMUNITY DIMENSION

6. The transaction has a community dimension within the meaning of the ECMR since the turnover of the undertakings concerned exceeds the relevant thresholds of Article 1(3) of the Merger Regulation.
7. The combined aggregate worldwide turnover of the undertakings concerned is more than EUR 2,500 million (Eurazeo EUR [...] million, Apcoa EUR [...] million). In three Member States their combined turnover is more than EUR 100 million, and here both parties have more than EUR 25 million revenue. These Member States (with the combined turnover) are: Germany (EUR [...] million), Italy (EUR [...] million) and UK (EUR [...] million). The undertakings concerned do not achieve two thirds of their turnover within one and the same Member State.

V. RELEVANT PRODUCT MARKETS

A. PARKING MANAGEMENT SERVICES

8. Apcoa is active in the provision of parking management services, that include the management of parking garages and other parking spaces both for private proprietors and public entities as well as services related to the management of public spaces on public streets. Parking management mainly consists in the maintenance and the supervision of parking spaces, located at the road side, in airports, hospitals, shopping centers, cities, hotels, etc. Parking management services can be for paid parking or not.
9. The parties argue that the market for parking management services should be considered as part of a broader market for facility management services, which comprises the management of various buildings and non-building facilities, including parking facilities. Parking management services in their view include the management of parking garages

and other parking spaces both for private proprietors and public entities as well as services related to the management of public spaces on public streets.

10. The Commission's investigation has shown that there is a demand for parking facility management services. The providers of such services are usually chosen in tender procedures and the respective contracts are concluded for long term duration. The investigation has also shown that the parking facility manager may manage private or public spaces. Very often they do not own the building and are only under a contract to manage the facilities in accordance with the contract. The investigation has also shown that there a number of large suppliers of parking management services in Europe and many of these suppliers are active in more than one country and in more than one location in the country in question. They also bid for different tenders of large parking facilities throughout the EEA. It seems that the provision of parking management services is a separate product market, however in this case this question can be left open.

B. SUPPLY OF PARKING SPACE

11. Undertakings such as Apcoa that provide parking management services may also, depending on the contractual relation with the owner of the facility, be active on the market for the supply of parking space.
12. The Commission's investigation has shown that there is a distinct demand from car rental companies that is different to the demand of other users of public car parks. In particular, such companies are need parking places at key locations such as airports. Car rental companies generally conclude long term contracts or contracts to indefinite period in respect of parking places at such locations. The contracts are concluded either with the airport authorities or with the parking facility managers such as Apcoa.
13. Considering the special demand for parking places at airports and the characteristics of these locations it was argued during the market investigation that the renting of parking places at airports to car rental companies could be considered as a separate product market.
14. This argument appears plausible although the situation would have to be assessed on a airport-by-airport basis. However, since the concentration does not raise serious doubts in any event, it is not necessary to take a final position.

C. CAR RENTAL SERVICES

15. Eurazeo owns two car rental companies: Europcar and Vanguard (with the brands National and Alamo). It should be noted, however, that both Europcar and Vanguard are run as franchisees at national level and the franchisor has little involvement in the running of the local franchisees activities.
16. The Commission has found in previous decisions that it may be appropriate to distinguish between short (e.g. for business and leisure trips) and long-term (e.g. with a rental period of more than one year) car rental services². It may also be possible to divide the car rental

² Commission decision of February 18, 2000, Case No. COMP/M.1810 – VW/Europcar, para. 8; Commission decision of September 24, 2001, Case Co. COMP/M.2510 – Cendant/Galileo, para. 19.

market according to customer groups; namely corporate car rentals and leisure car rentals³. The Commission has further suggested that there may be a replacement rentals segment, in which rental companies settle their accounts with car insurance companies.⁴ With regards to vehicle category, it may also be possible to distinguish between passenger cars and industrial vehicles, i.e. trucks⁵.

17. However, for the purpose of the proposed transaction it is not necessary to conclude on the relevant product market definition as irrespective of definition the proposed transaction would not lead to competition concerns (see further below).

VI. RELEVANT GEOGRAPHIC MARKETS

A. PARKING MANAGEMENT SERVICES

18. The parties submit that the relevant geographic market for providing parking facility management is EEA-wide or at least regional as Apcoa and its main competitors provide their services in several countries and the conditions for these services are homogenous. Given the strong supply side substitutability the relevant geographic market could therefore be considered wider than national (EEA-wide or regional). The exact geographic definition of this market is not necessary in this case as irrespective of the geographic market definition the proposed transaction would not raise serious doubts (see further below).

B. SUPPLY OF PARKING SPACE

19. According to the results of the market investigation as regards the demand side – i.e. the customers' point of view, the location of the respective parking space is the most important factor. In particular, for the purpose of the current transaction the demand from car renting companies which decide to establish themselves on a given location (e.g. at an airport), only parking spaces in that particular location can be taken into consideration. The relevant geographic market for the provision of parking services is therefore, in principle, local.
20. A more precise definition of the relevant geographic market is not necessary in view of the competitive assessment of the case (see further below).

C. CAR RENTAL SERVICES

21. The relevant geographic markets for short term car rental may be national in scope. In particular, consumer preferences vary between the Member States (national car models are usually preferred). In addition, language barriers exist and cross-border transactions are still burdensome.⁶ However, the question can be left open, because the vertical relationship is examined on the possible narrowest geographic market definition.

³ See *Cendant/Galileo*, para. 21.

⁴ See *VW/Europcar*, para. 9 and *Cendant/Galileo*, para. 19.

⁵ Commission decision of May 27, 2003, Case No COMP/M.3172 – *Ferrovial/Amey*, para. 16. See also Commission decision of November 24, 2005, Case No. COMP/M. 3987 – *Fidis Renting/Leasys*, para. 6 and Commission decision of December 3, 1999, Case No. IV/M. 1739 – *Iveco/Fraikin*, para. 8.

⁶ *VW/Europcar*, para. 13; *Iveco/Fraikin*, para. 9.

VII. COMPETITIVE ASSESSMENT

A. HORIZONTAL ISSUES

22. The proposed transaction will not lead to any horizontally overlaps as Eurazeo does not control nor has any interest in companies which are active in the same business as Apcoa.

B. VERTICAL ISSUES

23. The proposed transaction would lead to a number of actual (or potential) vertical relationships. In particular, Eurazeo has a controlling stake in Europcar and Vanguard, which are both active in the *short term car rental market*. Apcoa is active in the market for *the supply of parking spaces*, which could be considered as upstream to car rental services. This is therefore treated as a vertical relationship.

a) National level

24. On the basis of the market investigation the proposed transaction leads to vertically "affected markets" on a national basis in six countries: Denmark, Belgium, Poland, Austria, Germany and Norway.
25. The market shares of Apcoa vary between [0-40]% in the paid market for parking management services and between [0-20]% in the non-paid markets. However, if considering all parking spaces available in the national level, these figures are significantly lower.
26. Europcar/Vanguard has a market share of [20-30]% on these national markets between [20-50]%. The main competitors are Avis, Hertz, Sixt and Budget.
27. The market investigation has shown that there is no risk of foreclosure at national level in these countries. In particular, there are no constraints as regards the supply of parking spaces. There are a large number of parking places available at a national level (both paid and unpaid places). Further, there are a number of suppliers active in the market. In addition, no concerns have been raised during the course of the Commission's investigation at any national level.

b) Supply of parking spaces at airports

28. During the course of the Commission's market investigation the possibility that the proposed transaction would raise competition concerns at some specific locations such as airports was examined. In particular it was argued by the competitors of Europcar/Vanguard that due to the proposed transaction the merged entity could favour its own operations and discriminate against competitors (car rental companies) at airports and favour its own operations by providing better possibilities for advertisements or better parking places.
29. The Commission's investigation has shown however that there are only three countries in which the proposed transaction would create any vertical links at any airport. In particular, there is no vertical relationship between the parties in Austria, Poland, and Belgium with regard to airports; therefore the risk of any vertical foreclosure in those countries is insignificant.

30. There are three airports where the parties are in a vertical relation and where the possibility of customer foreclosure needs to be further examined: Stuttgart, Karlsruhe and Billund. The relevant contracts do not specifically provide that the airports should assign the parking spaces to car rental companies. For all other airports there is either no existing vertical link or the contracts provide that the airports contract directly with the car rental companies (i.e. Apcoa has no direct contractual relationship with the car rental companies).
31. In this regard it should be noted that the market investigation did not indicate that there is a shortage of parking places available for car rental companies at these relevant airports.
32. In addition to the above, it is noted that Europcar and Vanguard are active in the majority of these locations, including Denmark through franchisees⁷. In particular, Eurazeo is not able to influence the commercial behaviour of either Europcar or Vanguard in those countries where these companies are run under franchise schemes. In particular, a franchisee is free to manage its business (including its demand for parking places) on its own and there is little involvement from the parent company. As Eurazeo does not control these franchisees and has limited ability to intervene in their commercial behaviour the incentive to foreclose is also more limited.
33. Even presuming that there would be such an incentive and ability, the costs for car rental companies for the rental of parking places represent an insignificant part of their total costs (for all companies well below 5%). This means that even a fairly high increase of car parking fees would result in an insignificant increase of the total costs of the competitors of Europcar and Vanguard.
34. It is also unlikely given the contractual relationships with the airports that the merged entity would have the incentive to discriminate between the car rental companies since any complaints alleging such discrimination would significantly reduce its chances of winning any future contract. The possible economic advantages for Europcar/Vanguard of an eventual market foreclosure would be significantly less than the eventual loss suffered by Apcoa in such a situation.
35. Taking into consideration the nature of the relevant markets, the small number of actually affected locations, the lack of cross-border elements in respect of renting parking places by car rental companies and the small number of parking places concerned it is questionable whether these markets are substantial parts of the common market. Nevertheless, this issue can be left open since the proposed transaction does not raise serious doubts in these local markets.

⁷ Europcar operates through franchisees in for example Austria, Poland, and Norway and Vanguard in Austria, Belgium, Denmark, The Netherlands, Italy, Norway and Poland.

VIII. CONCLUSION

36. 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 (EC) No 139/2004.

For the Commission
(signed)
Meglena KUNEVA
Member of the Commission