



EUROPEAN COMMISSION
DG Competition

Case M.11116 - HEDIN / DELTA AUTO

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

Article 6(1)(b) NON-OPPOSITION
Date: 19/07/2023

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EUROPEAN COMMISSION

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PUBLIC VERSION

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 Where possible the information omitted has been replaced by ranges of figures or a general description.

Hedin Automotive Oy
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Finland

**Subject: Case M.11116 – HEDIN / DELTA AUTO
Commission decision pursuant to Article 6(1)(b) of Council Regulation
No 139/2004¹ and Article 57 of the Agreement on the European Economic
Area²**

Dear Sir or Madam,

- (1) On 14 June 2023, the European Commission received notification of a proposed concentration pursuant to Article 4 of the Merger Regulation by which Hedin Automotive Oy ('Hedin' or the 'Notifying Party', Finland) will acquire sole control over Delta Auto Oy ('Delta Auto' or the 'Target', Finland), by way of a purchase of shares in the Target and of certain assets of Delta Motor Group Oy ('Delta Motor Group' or 'the Seller', Finland) related to the business of the Target (the 'Transaction').³ Hedin and the Target are hereinafter together referred to as the 'Parties'.

¹ OJ L 24, 29.1.2004, p. 1 (the 'Merger Regulation'). With effect from 1 December 2009, the Treaty on the Functioning of the European Union ('TFEU') has introduced certain changes, such as the replacement of 'Community' by 'Union' and 'common market' by 'internal market'. The terminology of the TFEU will be used throughout this decision.

² OJ L 1, 3.1.1994, p. 3 (the 'EEA Agreement').

³ Publication in the Official Journal of the European Union No C 218, 21.6.2023, p. 9.

1. THE PARTIES

- (2) Hedin is a subsidiary of Hedin Mobility Group AB ('Hedin Group', Sweden). The Hedin Group is active in Belgium, Czechia, Finland, Germany, Hungary, the Netherlands, Norway, Slovakia, Sweden (its most important market), Switzerland and the United Kingdom. The Hedin Group entered into the Finnish market in 2022 by acquiring the automotive business of Laakkonen group,⁴ subsequently changing the name of Laakkonen's automotive business to Hedin.
- (3) Hedin is active in the retail sale of new and used passenger cars ('PCs') and light commercial vehicles ('LCVs'), and original equipment ('OE') spare parts, the retail distribution of used motor vehicles and non-OE spare parts, and in the repair and maintenance of motor vehicles in Finland. Hedin is a retailer for the following brands of motor vehicles in Finland: BMW, Ford, Mazda, Mini, Nissan, Opel, Škoda, Subaru, and, since 1 July 2023, Citroën and Peugeot.
- (4) Delta Auto is a subsidiary of Delta Motor Group and is active in Finland in the retail sale of new and used PCs and LCVs, the provision of repair and maintenance services and the retail sale of OE spare parts. It has 13 stores and repair and maintenance locations, and the brands of motor vehicles that it sells include Alfa Romeo, Fiat, Jeep, Kia, Mazda, Maxus, Mitsubishi, Opel and Subaru.

2. THE OPERATION

- (5) The concentration consists of the acquisition of sole control by Hedin over Delta Auto, by means of (i) an acquisition of all shares in the Target pursuant to a Share Purchase Agreement signed on 25 April 2023 and (ii) an acquisition of certain assets related to the Target's business currently owned by the Seller pursuant to an Asset Purchase Agreement signed on the same day.

3. UNION DIMENSION

- (6) The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 5 000 million (Hedin: EUR 6.2 billion; Target: EUR 322 million).⁵ Each of them has a Union-wide turnover in excess of EUR 250 million (Hedin: EUR [...] billion; Target: EUR 322 million), but they do not achieve more than two-thirds of their aggregate Union-wide turnover within one and the same Member State (although the Target realised more than two-thirds of its turnover in Finland, Hedin did not).
- (7) The notified operation therefore has a Union dimension.

⁴ The acquisition of Laakkonen was not notifiable for merger control, neither with the European Commission under the EUMR nor with the Finnish competition authority under Finnish law.

⁵ Turnover calculated in accordance with Article 5 of the Merger Regulation.

4. RELEVANT MARKETS

- (8) The Transaction gives rise to horizontal overlaps between Hedin and Delta Auto in the retail distribution of new PCs and/or LCVs in Finland.⁶

4.1. Retail distribution of new PCs and/or LCVs

4.1.1. Product market definition

- (9) The Commission has previously considered, but left open, a distinction between the retail distribution of PCs and LCVs and found that a further segmentation is not appropriate.⁷
- (10) The Notifying Party submits that the Commission's previous market definition is appropriate also in this case.⁸
- (11) The market investigation did not produce any evidence invalidating the Commission's decisional practice.
- (12) The Commission considers that for the purposes of this decision, the exact market definition can be left open between retail distribution of both PCs and LCVs or separately for each of PCs and LCVs as the Transaction does not raise serious doubts as to its compatibility with the internal market under any plausible market definition.
- (13) For the purpose of this decision, the Commission will analyse the effects of the Transaction on the basis of the narrowest plausible product market definition, i.e., separately for retail distribution of PCs only and retail distribution of LCVs only, as these are the only potential product markets in which (horizontally) affected markets would arise.

4.1.2. Geographic market definition

- (14) The Commission has so far left open whether the retail distribution of PCs and/or LCVs markets are EEA-wide, national or local in scope.⁹

⁶ The Parties' activities in Finland further overlap horizontally in the markets for (i) the retail sale of used motor vehicles, (ii) repair and maintenance services, and (iii) the retail sale of OE spare parts. As the Parties' activities do not lead to affected markets in the markets referred to in this footnote, these markets are not further assessed in this decision.

The Transaction also does not lead to any vertically affected markets. While the Hedin Group imports some American brands (vehicles and OE spare parts) into the EEA and is therefore active in the wholesale distribution of new PCs, new LCVs, used motor vehicles and OE spare parts for PCs and LCVs in the EEA, the Target, which is not active in any wholesale market, has no vertically related activities that could lead to affected markets in that regard. On the one hand, there is no existing or potential supplier/customer relationship between the Parties to the concentration with regard to OE spare parts distribution, because the Target does not sell OE spare parts of the brands distributed at wholesale level by Hedin. On the other hand, with regard to the wholesale distribution of vehicles (which is not brand specific), the Parties' individual or combined market share does not exceed 30% either upstream or downstream of the relevant market (Form CO, paragraphs 132-135).

⁷ See, e.g., Commission decisions of 29 July 2022, M.10745 – *Emil Frey/FCA Central and Eastern Europe et al.*, paragraphs 25 and 27, and of 22 June 2022, M.10714 – *VGRD / Assets of Auto-Holding Dresden*, paragraph 17.

⁸ Form CO, paragraph 79.

- (15) The Notifying Party considers that, in the case of Finland, the relevant market is most likely national.¹⁰ Nevertheless, the Notifying Party submits that for a local market definition the appropriate scope for Finland would be cities with the surrounding municipalities, in line, according to the Notifying Party, with the decisional practice of the Finnish competition authority.¹¹ On such a regional basis, the Parties' sales offices overlap in the municipal regions of Helsinki, Lahti, Turku, Tampere, Jyväskylä and Kuopio.¹²
- (16) The results of the market investigation point to the geographic scope of the market being national. A majority of competitors and customers who expressed a view stated that there are substantial differences in price, customer preferences, purchasing patterns, or similar elements between Finland and other EEA Member States.¹³ All competitors and customers who expressed a view stated that there are no substantial differences in price, customer preferences, purchasing patterns, or similar elements within Finland between different parts of the country (i.e., cities, regions, or north versus south of the country).¹⁴
- (17) The Commission considers that for the purposes of this decision, the exact market definition can be left open between EEA-wide, national or local markets, as the Transaction does not raise serious doubts as to its compatibility with the internal market under any plausible market definition.
- (18) For the purpose of this decision, the Commission will analyse the effects of the Transaction on a local basis as affected markets would arise only on local levels (as defined by the Notifying Party: cities with the surrounding municipalities), and on the narrowest plausible product markets of the retail distribution of PCs and of LCVs separately.

5. COMPETITIVE ASSESSMENT

- (19) At the national level, for each of 2020, 2021 and 2022, the Parties' combined market shares in the retail distribution of new PCs and in the retail distribution of new LCVs were less than [10-20]% and [5-10]% respectively by value and less than [10-20]% and [10-20]% respectively by volume.¹⁵ Therefore, affected markets only exist if the geographic market for the sale of new PCs and LCVs is considered

⁹ See, e.g., Commission decisions of 29 July 2022, M.10745 – *Emil Frey/FCA Central and Eastern Europe et al.*, paragraphs 29 and 32, and of 22 June 2022, M.10714 – *VGRD / Assets of Auto-Holding Dresden*, paragraph 22.

¹⁰ Form CO, paragraphs 95-96.

¹¹ The Notifying Party submits that according to the Finnish competition authority's decisional practice, local markets including cities with the surrounding municipalities can correspond to administrative regions of Finland or parts thereof. The Finnish competition authority has typically left the precise market delineation open.

¹² Form CO, paragraph 110.

¹³ Non-confidential responses to question C.1 in both the Questionnaire to Competitors and Questionnaire to Customers.

¹⁴ Non-confidential responses to question C.2 in both the Questionnaire to Competitors and Questionnaire to Customers.

¹⁵ Form CO, Table 5. On 30 June 2023, Hedin entered into a share purchase agreement to acquire Auto Oy Vesa-Matti, a car retail seller with one sales office in Pori, Western Finland. The Parties confirm that their combined shares including that acquisition will remain below 20% on all relevant national markets in value and volume. This acquisition has no impact on the affected markets.

as being local in scope. Specifically, the Transaction gives rise to the horizontally affected markets in the potential markets for:

- (a) retail distribution of new PCs in the Lahti region;¹⁶
- (b) retail distribution of new PCs in the Jyväskylä region;¹⁷ and
- (c) retail distribution of new LCVs in the Turku region.¹⁸

5.1. Analytical framework

- (20) According to the Merger Regulation and the Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings¹⁹ ('Horizontal Merger Guidelines'), concentrations between actual or potential competitors in a relevant market may significantly impede effective competition, if they give rise to non-coordinated or coordinated effects. Non-coordinated effects may significantly impede effective competition through the creation or strengthening of the dominant position of a single firm, or through the elimination of important competitive constraints on one or more firms, which consequently would allow those firms to have increased market power without resorting to coordinated behaviour.²⁰

5.2. Affected markets

5.2.1. Retail distribution of new PCs in the Lahti region

- (21) In the potential market for the retail distribution of new PCs in the Lahti region, the Parties' combined market shares in volume for 2022 were [20-30]% with an increment of [10-20] percentage points.²¹ The post-merger HHI level would be 1,535 with a delta of [...].²² The Parties' competitors include a number of sizeable players with market shares by volume in 2022 between [5-10]% and [20-30]%, including Nelipyörä (S group, [20-30]%), Mega-Auto ([10-20]%), K Auto ([10-20]%), Autosalpa ([10-20]%) and LänsiAuto ([5-10]%).²³

5.2.2. Retail distribution of new PCs in the Jyväskylä region

- (22) In the potential market for the retail distribution of new PCs in the Jyväskylä region, the Parties' combined market shares in volume for 2022 were [20-30]%

¹⁶ Defined as the administrative region of Päijät-Häme, i.e., the city of Lahti with the surrounding municipalities of Asikkala, Hartola, Heinola, Hollola, Iitti, Kärkölä, Orimattila, Padasjoki and Sysmä.

¹⁷ Defined as part of the administrative region Keski-Suomi corresponding to the city of Jyväskylä with the surrounding municipalities of Hankasalmi, Joutsa, Jämsä, Kannonkoski, Karstula, Keuruu, Konnevesi, Laukaa, Multia, Muurame, Petäjävesi, Pihitipudas, Saarijärvi, Toivakka, Uurainen, Viitasaari and Äänekoski.

¹⁸ Defined as part of the administrative region Varsinais-Suomi corresponding to the city of Turku and the surrounding municipalities of Aura, Kaarina, Kustavi, Lieto, Masku, Mynämäki, Naantali, Nousiainen, Paimio, Paraisten kaupunki, Raisio, Rusko, Taivassalo and Vehmaa.

¹⁹ OJ C 31, 05.02.2004.

²⁰ Horizontal Merger Guidelines, paragraphs 22-25.

²¹ Form CO, Table 6 and Table at paragraph 155.

²² Form CO, paragraph 160.

²³ Form CO, Table at paragraph 155. Competitor market shares by volume on the basis of first registrations per region. The Parties submit that value-based market shares are unavailable absent information about competitors' revenue on a regional level. The Parties submit that, in any event, the Parties' own market shares would be lower in value than in volume (Form CO, paragraph 155).

with an increment of [5-10] percentage points.²⁴ The post-merger HHI level would be 1,930 with a delta of [...].²⁵ The Parties' competitors include a number of sizeable players with market shares by volume in 2022 between [10-20]% and [20-30]%, including O.K. Auto / Hämeen Autovaruste ([20-30]%), Käyttöauto ([10-20]%), and Jyväskylän Autotarvike ([10-20]%).²⁶

5.2.3. *Retail distribution of new LCVs in the Turku region*

(23) In the potential market for the retail distribution of new LCVs in the Turku region, the Parties' combined market shares in volume for 2022 were [20-30]% with an increment of [0-5] percentage points.²⁷ The post-merger HHI level would be 1,685 with a delta of [...].²⁸ The Parties' competitors include a number of sizeable players with market shares by volume in 2022 between [5-10]% and [20-30]%, including K Auto ([20-30]%), Veho ([10-20]%), Autokeskus ([10-20]%), Teknooimi / Autokiila ([10-20]%), Varsinais-Suomen Auto-Center ([10-20]%), and Automyymälä Helsinki (Bassadone group, [5-10]%).²⁹

5.3. **No horizontal non-coordinated effects in affected markets**

5.3.1. *The Notifying Party's views*

(24) The Notifying Party submits that the Transaction will not raise competition concerns³⁰ because:

- (a) the Parties' combined market shares are moderate and the share increments are limited;
- (b) the HHI levels remain below indicative thresholds, i.e. below 2,000, with a delta below 250 in two of the affected markets and just above 250 (at [...]) in the remaining affected market (Lahti region);
- (c) the combined entity would continue to face numerous strong rivals in all affected markets, including one competitor with a larger share post-Transaction in two of the affected markets;
- (d) the Finnish car retail sector is characterised by strong online sales and vehicles bought online are typically delivered to the customer nationwide, adding to the competitive pressure on local dealerships as well as dealership networks; and

²⁴ Form CO, Table 7 and Table at paragraph 167.

²⁵ Form CO, paragraph 172.

²⁶ Form CO, Table at paragraph 167. Competitor market shares by volume on the basis of first registrations per region. The Parties submit that value-based market shares are unavailable absent information about competitors' revenue on a regional level. The Parties submit that, in any event, the Parties' own market shares would be lower in value than in volume (Form CO, paragraph 167).

²⁷ Form CO, Table 8 and Table at paragraph 178.

²⁸ Form CO, paragraph 183.

²⁹ Form CO, Table at paragraph 178. Competitor market shares by volume on the basis of first registrations per region. The Parties submit that value-based market shares are unavailable absent information about competitors' revenue on a regional level. The Parties submit that, in any event, the Parties' own market shares would be lower in value than in volume (Form CO, paragraph 178).

³⁰ Form CO, paragraphs 159-161, 171-172, and 182-183.

- (e) the Target is currently loss making due to declining sales and there is a general trend in the (small) Finnish market towards consolidation among car dealerships in the search for scale and profitability.

5.3.2. *The Commission's assessment*

- (25) The Commission considers that, based on the moderate combined market shares of the Parties, the limited market share increments brought about by the Transaction, the moderate HHI level (below 2,000) and delta (below or around 250) in all three affected markets, and the fact that the Parties will face competition from several sizeable competitors, the Transaction will not lead to any competition concerns. The market investigation also did not give rise to any concerns with regard to the Transaction.
- (26) The market investigation confirmed that the Parties face competition from several sizeable competitors in each of the affected markets.³¹ Indeed, the majority of both customers and competitors having expressed a view indicated that in all three affected markets between 3-5 (according to the majority of customers) and 6-10 (according to some customers and the majority of competitors) retail dealership networks will continue to sell new PCs and LCVs.³²
- (27) The market investigation also confirmed that the Parties do not offer any specific service(s) or quality of service to their customers, whether B2B or B2C, which other retail distributors would not offer, and that multi-brand dealerships, i.e., dealers selling brands of different manufacturers, such as the Parties themselves, are common in Finland, including in the three affected markets.³³ The Commission therefore considers that the Parties do not enjoy a competitive advantage over rival retail distributors in this regard.
- (28) For the reasons above, the Transaction will not give rise to serious doubts as to the compatibility of the concentration with the internal market and with the EEA Agreement.

³¹ Non-confidential responses to questions D.1, D.2 and D.3 in both the Questionnaire to Competitors and Questionnaire to Customers.

³² Non-confidential responses to questions D.1, D.2 and D.3 in both the Questionnaire to Competitors and Questionnaire to Customers.

³³ Non-confidential responses to questions D.4 and D.5 in both the Questionnaire to Competitors and Questionnaire to Customers.

6. CONCLUSION

- (29) For the above reasons, the European Commission has decided not to oppose the notified operation and to declare it compatible with the internal market and with the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of the Merger Regulation and Article 57 of the EEA Agreement.

For the Commission

(Signed)
Margrethe VESTAGER
Executive Vice-President