



DETERMINATION OF MERGER NOTIFICATION M/19/012– APCOA PARKING/NCPS

Section 21 of the Competition Act 2002

Proposed acquisition by funds managed by affiliates of Centerbridge Partners L.P., through APCOA Parking Holdings GmbH, of control of Nationwide Controlled Parking Systems Limited.

Dated 27 June 2019

Introduction

1. On 17 May 2019, in accordance with section 18(3) of the Competition Act 2002, as amended (“the Act”), the Competition and Consumer Protection Commission (“the Commission”) received a notification of a proposed acquisition, whereby funds managed by affiliates of Centerbridge Partners L.P. (“Centerbridge”), through APCOA Parking Holdings GmbH (“APCOA Parking”), would acquire control of Nationwide Controlled Parking Systems Limited (“NCPS”) (the “Proposed Transaction”).

The Proposed Transaction

2. The Proposed Transaction is to be implemented pursuant to a Share Purchase Agreement (the “SPA”) between APCOA Parking Holdings UK Limited (“APCOA UK”) and the Sellers,¹ dated 26 April 2019. Pursuant to the SPA, APCOA UK, a wholly owned subsidiary of APCOA Parking, shall acquire from the Sellers the entire issued share capital of NCPS.
3. APCOA Parking is controlled by funds managed by affiliates of Centerbridge and therefore, following implementation of the Proposed Transaction, Centerbridge will acquire sole control of NCPS within the meaning of section 16(1)(a) of the Act.

¹The Sellers are [...].



The Undertakings Involved

The Acquirer – Centerbridge

4. Centerbridge is a private investment management firm, with offices in New York and London. The limited partners of the funds managed by Centerbridge include financial institutions, university endowments, pension funds, and charitable trusts.² The following six companies controlled by Centerbridge generated turnover in the State in 2018:

- APCOA Parking- which provides parking management services;
- [...] - which underwrites a portfolio of specialty (re) insurance products;
- [...] - which is a provider of contract and private label manufacturing services for the consumer packaged goods industry;
- [...] – which is a developer, constructor, and distributor of onshore and offshore wind turbines;
- [...] – a US-based provider of enterprise software focused mainly on IBM technology platforms];
- [...] - which is an aircraft leasing company; and
- [...] - which is a lessor of panama vessels to ship liner companies.

5. APCOA Parking is majority owned³ by funds managed by affiliates of Centerbridge. Centerbridge took ownership of the APCOA Parking from Eurazeo SA in 2014. With the exception of APCOA Parking, none of the companies controlled by Centerbridge are involved in activities, which give rise to a horizontal overlap or a vertical relationship with NCPS in the State.

6. APCOA Parking, headquartered in Germany, is a car parking management services company operating in 13 European countries. APCOA Parking is active in the State through its subsidiary APCOA Parking Ireland Limited. (“APCOA Ireland”). APCOA

²Centerbridge is the adviser to the ultimate General Partners of the Centerbridge funds which hold the investments made by Centerbridge. Each ultimate General Partner controls the fund, and indirectly the investments in which the fund has a controlling interest, through contractual arrangements (management agreements).

³ [...] and [...] own the remaining shares.



Ireland provides car parking management services to public sector bodies and private entities throughout the State.

7. For the financial year ended 31 December 2018, APCOA Parking generated approximately €[...] million in turnover in the State.
8. For the financial year ending 31 October 2017, Centerbridge's worldwide turnover was approximately €[...] billion, of which approximately €[...] million was generated in the State⁴.

The Target – NCPS

9. NCPS, incorporated in the State, provides car parking management services to public sector bodies and private entities throughout the State. NCPS has one subsidiary, Parking and Enforcement Agency Limited ("PEA"). PEA operates in Northern Ireland and the rest of the United Kingdom.
10. For the financial year ending 31 August 2018, NCPS's worldwide turnover was approximately €[...] million,⁵ of which approximately €[...] million was generated in the State.

Rationale for the Proposed Transaction

11. The parties state in the notification that:

"The Proposed Transaction is part of APCOA's broader strategy to grow its business in the various markets in Europe where APCOA is active. APCOA views the acquisition of NCPS as an opportunity to grow its business in the State."

Third Party Submissions

12. No submission was received.

Market Enquiries

⁴ The parties state that Centrebridge's consolidated turnover figures for 2018 are not yet available.

⁵ This data is calculated based on the sterling turnover figure provided by the parties with the ECB average exchange rate of the relevant period (between 31 August 2017 to 31 August 2018) at 1Euro=1.129 Sterling.



13. During its preliminary investigation, the Commission circulated questionnaires to various third parties, including:
- The Office of Government procurement (“OGP”), which has in place framework agreements and contracts through which public sector bodies can purchase goods and services, including for car parking management services;
 - Management Contract customers of the parties; and
 - Park and Control (“PAC”) Contract customers of the parties.
14. A small number of responses mentioned that the Proposed Transaction would result in one less competitor in the market. However, none raised serious concerns.

Car Parking Management Services

15. The parties provide car parking management services via three broad types of contracts: Lease Contracts; Management Contracts; and PAC Contracts.
16. Lease Contracts generally comprise of long-term arrangements lasting 10 to 15 years whereby a car park is leased to the car park service provider (the lessee) to manage, maintain and repair the relevant facilities. The lessee typically has full commercial freedom to set the terms and conditions on which access to the car park is provided (i.e., rates, maximum stays, etc.) and is fully exposed to the revenue risk. Lease Contracts are typically in place for multi storey car parks located in city centres and shopping centres
17. Management Contracts generally range from 3 to 7 years in duration. Management Contracts typically comprise: car park maintenance services (e.g., car park cleaning and maintenance); parking payment services (e.g., the provision of pay and display machines and cash collection); enforcement services (e.g., clamping and ticketing); and ancillary services (e.g., issuing parking permits). The car parking management services provider receives an annual management fee from the asset owner for its services, rather than being the recipient of the car park’s revenues.



18. PAC Contracts generally range from 1 to 3 years in duration, with an annual rolling clause. PAC Contracts are similar to Management Contracts in nature, except that PAC Contracts involve providing mobile operation and supervision. In this regard, the car parking management services provider is responsible for checking the car parks regularly by way of patrol.

Horizontal overlap

19. There is a horizontal overlap in the activities of the parties, as both APCOA Parking and NCPS provide car parking management services to private and public sector customers in the State. In particular, the parties provide car parking management services through:

- Lease Contracts, whereby APCOA Parking leases one car park in Dublin City, and NCPS leases one car park in Cork City.
- Management Contracts, whereby both parties have Management Contracts with a variety of public bodies and private entities throughout the State.
- PAC Contracts, whereby both parties have PAC Contracts with a variety of public bodies and private entities throughout the State.

Market Definition

Product Market Definition

20. The Parties consider that *“it would be appropriate for the CCPC to assess the Proposed Transaction by reference to a single market for the provision of all parking management services.”* The Parties cite an EU case in which the European Commission left the market definition open.⁶
21. The Commission defines markets to the extent necessary depending on the particular circumstances of a given case. In this case, the Commission considers that it is not necessary to come to a definitive view on the precise relevant product market, as

⁶ Case no. M.7398 - *Mirael/Ferrovial/NDH1* (2014) which can be assessed at http://ec.europa.eu/competition/mergers/cases/decisions/m7398_20141119_20310_4013393_EN.pdf



regardless of whether the potential product market is narrow, i.e., distinguishing the potential market for car parking management services by contract type, or broad, i.e., consisting of all car parking management services, the Proposed Transaction is unlikely to raise any competition concerns.

22. For the purpose of assessing whether the Proposed Transaction might result in a substantial lessening of competition (“SLC”), the Commission has analysed its impact by reference to the following potential product markets, namely: (i) the provision of car parking management services via Lease Contracts; (ii) the provision of car parking management services via Management Contracts; and (iii) the provision of car parking management services via PAC Contracts.

Geographic Market Definition

23. The Parties consider that *“it would be appropriate for the CCPC to assess the Proposed Transaction on at least a national basis.”*
24. All the responses received to the market enquires with respect to the provision of car parking management services via Lease Contracts and Management Contracts indicate that the suppliers of these types of contracts are competing at a national level.
25. In respect of PAC Contracts, based on the responses received, the relevant geographic market can be wider than local, depending on the individual customers and their requirements. For example, a customer who has a single car parking site is likely to procure PAC Contracts on a local basis and a customer who has multiple car parking sites are likely to procure PAC Contracts on a national basis.
26. In this case, it is not necessary for the Commission to conclude on the potential geographic market in respect of any of the potential product markets identified, as regardless of whether the potential geographic market is narrow (i.e. local), or broader (i.e. national), the Proposed Transaction is unlikely to raise any competition concerns.
27. For the purpose of assessing whether the Proposed Transaction might result in a substantial lessening of competition, the Commission has analysed its impact by reference to both the narrowest potential geographic market, i.e. the counties in which



both parties currently provide car parking management services, and the broader geographic market, i.e. the State.

Competitive Analysis

28. The parties submit that the market for the provision of car parking management services is a bidding market. The Commission does not necessarily agree with this view. The evidence in the possession of the Commission does not indicate that all of the identified potential markets for the provision of car parking management services show characteristics of an idealised bidding market. For example, the vast majority of the Management Contracts and PAC Contracts are obtained through informal contact between car park owners and the potential suppliers of car parking management services .
29. The Commission considers that regardless of whether the identified potential markets for the provision of car parking management services are idealised bidding markets or not, the Proposed Transaction is unlikely to result in SLC concerns. The Commission will assess below the likely effect of the Proposed Transaction in each of the identified potential markets outlined in paragraph 22 above in turn.

The provision of car parking management services via Lease Contracts

30. APCOA Parking leases one car park in Dublin City, and NCPS leases one car park in Cork City. Regardless of how the Commission considers the relevant geographic market the Proposed Transaction is unlikely to result in SLC concerns.
31. If the relevant geographic market for the provision of car parking management services via Lease Contract is local, there is no geographic overlap between the parties activities in respect the provision of car parking management services via Lease Contracts. The Commission notes that in County Dublin, Q-Park, Park-Rite, Euro Car Parks and IPairc will continue to exert competitive constraints on APCOA Parking and in County Cork, Q-Park, Park-Rite, Euro Car Parks and IPairc will continue to exert competitive constraints on APCOA Parking.
32. If the relevant geographic market for the provision of car parking management services via Lease Contract is the State, Table 1 below shows that, based on 2018 figures, the



combined market share of APCOA Parking and NCPS was approximately [10-20]%, in the State.

Table 1: Estimated market shares of the parties in respect of the potential market for the provision of car parking management services via lease contact in the State 2018⁷						
Estimated Market Share	APCOA Parking	NCPS	Q-Park	Park Rite	Euro Car Parks	IPairc
2018	[0-10]	[0-10]	[55-65]	[10-20]	[0-10]	[0-10]

Source: the parties

33. In addition, the Commission notes that APCOA Parking and NCPS currently face competitive constraint from competitors, such as, Q-Park, Park-Rite, Euro Car Parks and IPairc for the provision of car parking management services via Lease Contracts. These competitors will continue to exert competitive constraints on APCOA Parking in respect of the provision of car parking management services via Lease Contract following implementation of the Proposed Transaction in the State.
34. In light of the above, the Commission considers that the Proposed Transaction is unlikely to raise any horizontal competition concerns in relation to the provision of car parking management services via Lease Contracts at either local or State level.

The provision of car parking management services via Management Contracts

35. The parties submit that the market for the provision of car parking management services via Management Contracts is a bidding market. A report provided to the Commission by the parties as part of the notification (the “Economic Report”) states *“given the nature of the contracts, market shares alone are not a good proxy for market power and the competitive effects of the transaction: ...”*, and *“the Parties’ bidding data*

⁷ The parties state volume information is not available in the marketplace, therefore, volumes are estimated based on number of trucks/drivers and local knowledge.



provides a more insightful tool to assess the competitive interaction between the Parties.”

36. The information provided by the parties illustrates that approximately [60-70]% of APCOA Parking’s Management Contracts and [35-45]% of NCPS’s Management Contracts are obtained through informal quotes in 2018. This indicates that a significant part of this potential market is not operated through a formal bidding process. Therefore, the Commission considers that although the lose/win bidding data provided in the Economic Report is useful, the information relating to the parties’ estimated market share remains relevant to the competitive assessment.
37. If the relevant geographic market for the provision of car parking management services via Management Contract is local, Table 2 below shows that, following the implementation of the Proposed Transaction, there will be at least four competitors remaining in each of the overlapping geographic areas, i.e., County Dublin, County Waterford⁸, County Meath and County Wicklow. Q-Park, Park-Rite, Euro Car Parks and IPairc will continue to exert competitive constraints on APCOA Parking in each of the above counties for the provision of car parking management services via Management Contracts.

Table 2: Local Overlapping Areas – List of main Competitors for the provision of car parking management services via management contracts				
	Name of Competitor	Name of Competitor	Name of Competitor	Name of Competitor
County Dublin	Q-Park	Park Rite	Euro Car Parks	Best Car Pak
County Waterford	Q-Park	Park Rite	Euro Car Parks	IPairc
County Meath	Q-Park	Euro Car Parks	Park Rite	IPairc

⁸ [...].Therefore, the Commission considers County Waterford is one of the overlapping geographic areas in respect of Management Contracts.



County Wicklow	Q-Park	Euro Car Parks	Park Rite	IPairc
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Source: the parties⁹

38. If the relevant geographic market for the provision of car parking management services via Management Contracts is the State, the combined market share of APCOA Parking and NCPS is estimated at approximately [20-30]%. The Commission notes that Q-Park, Park-Rite, Euro Car Parks, Synergy, Sierra, Best Car Parks and IPairc will continue to exert competitive constraints on APCOA Parking in respect of the provision of car parking management services via Management Contracts following implementation of the Proposed Transaction in the State.
39. The loss/win analysis provide in the Economic Report in respect of the provision of car parking management services via Management Contracts indicates that a sufficient number of competitors remain in the market in the State.
40. In light of the above, the Commission considers that the Proposed Transaction is unlikely to raise any horizontal competition concerns in relation to the provision of car parking management services via Management Contracts at either local or State level.

The provision of car parking management services via PAC Contracts

41. The parties states that *“In PAC contracts, while the Parties’ estimated shares are material, their shares are likely overstated due to the information asymmetry that exists between PAC customers and suppliers.”* Also the Economic Report states *“the Parties also face competition from the customers themselves, which could decide to provide car park management services in-house, in particular in respect to PAC contracts, where it would be relatively easy for the owner of a facility, such as a local pub, to self-supply PAC services, including the patrolling of the car park and clamping.”* The parties submit that *“This would also potentially have an impact on estimated market shares.”*
42. The parties submit that the market for the provision of car parking management services via PAC Contracts is a bidding market. The Economic Report states *“ given the*

⁹[...] contract is a single national management contract involving multiple counties and therefore, it is not considered on a County-by-County basis.



nature of the contracts, market shares alone are not a good proxy for market power and the competitive effects of the transaction: ...”, and “the Parties’ bidding data provides a more insightful tool to assess the competitive interaction between the Parties.”

43. The Economic Report states that *“as for PAC contracts with private companies, these contracts are awarded through a less formal process, usually in the form of informal quotes, whereby the customers may call a few potential suppliers and ask them to submit a quote. In some cases, the suppliers directly approach the site owners.”* and *“the Parties do not always have a reliable record of the names of the competitors who bid for the same contract, the incumbent, and the winner (where applicable). For this reason, it is not possible to perform a reliable loss/win analysis on the Parties’ PAC won and lost contracts.”*
44. The information provided by the parties illustrates that approximately [...] % of APCOA Parking’s PAC contracts and [...] % of NCPS’s PAC contracts were obtained through informal quotes in 2018. Given the information provided by the parties above, the Commission considers that the potential market for the provision of car parking management services via PAC Contracts is not a formal bidding market. Therefore, the Commission considers that the bidding data submitted by the parties may not be reliable. The Commission nonetheless accepts with the parties’ submission that the market share figures may overstate the position of the parties as they do not take into account self-supply which is potentially significant in this market.
45. If the relevant geographic market for the provision of car parking management services via PAC Contracts is local, Table 3 below shows that, following the implementation of the Proposed Transaction, there will be at least 4 providers of car parking management services vis PAC Contracts remaining in each of the overlapping geographic areas for the provision of car parking management services via PAC Contracts.

Table 3: : List of main Competitors for the provision of car parking management services via PAC contracts in the State and in local overlapping areas¹⁰

¹⁰ The parties state that they are not aware of any industry reports and other sources of information on the size of the PAC contracts at County level.



	Name of Competitor	Name of Competitor	Name of Competitor	Name of Competitor
The State	RFC ¹¹	Park Rite	Euro Car Parks	Best Car Parks
Country Dublin	RFC	Euro Car Parks	Best Car Parks	Park Rite
Country Cork	RFC	Euro Car Parks	Parking People	Munster Car Parks
Country Galway	RFC	Euro Car Parks	Positive Parking	Park Rite
Country Waterford	RFC	Euro Car Parks	IPairc	S security
County Kilkenny	RFC	Euro Car Parks	Sentry Security	Kennedy Security
County Westmeath	RFC	Euro Car Parks	Park Rite	Best Car Parks
County Louth	RFC	Euro Car Parks	Events Parking Ltd	Best Car Parks
County Meath	RFC	Euro Car Parks	Park Rite	Best Car Parks
County Kildare	RFC	Euro Car Parks	Manguard Plus	Best Car Parks
County Wicklow	RFC	Euro Car Parks	Park Rite	Best Car Parks

Source: the parties¹²

¹¹ RFC Security Limited.

¹²[...] contract is a single national management contract involving multiple counties and therefore, it is not considered on a County-by-County basis.



46. If the relevant geographic market for the provision of car parking management services via PAC Contract is the State, the combined market share of APCOA Parking and NCPS is estimated at approximately [40-50]%. As explained above, the estimated market shares does not include self-supply, therefore, it is likely to overestimate the parties' actual market share. Furthermore, the Commission notes that RFC, Park-Rite, Euro Car Parks, Synergy, Sierra, Best Car Parks, Munster Car Parks, Positive Parking and IPairc will continue to exert competitive constraints on APCOA Parking in respect of the provision of car parking management services via PAC Contracts following implementation of the Proposed Transaction in the State.
47. APCOA Parking and NCPS also face competitive constraint from car park owners. The Commission notes that in each of the counties in which a horizontal overlap exists between the parties, certain car park owners provide the PAC services in-house by patrolling the car park themselves. Following implementation of the Proposed Transaction, due to the nature of PAC Contracts, self-supply will continue to be provided in-house in the State and in each of the counties where a horizontal overlap currently exists between the parties.
48. PAC Contracts for the provision of car parking management services are characterised by low levels of fixed costs. The barriers for entry into the PAC Contracts are low. For example, RFC started providing PAC contract for the provision of car parking management services around 6 years ago from County Dublin and it has expanded nationally. Munster Car Parks started providing PAC contract approximately 8 years ago and it has expanded from County Cork to County Kerry.
49. The Commission therefore considers that the Proposed Transaction is unlikely to raise any horizontal competition concerns in relation to the provision of car parking management services via PAC Contracts at either local or State level.
50. In light of the above, the Commission considers that the Proposed Transaction is unlikely to raise any horizontal competition concerns in respect of the provision of car parking management services in the State.

Vertical relationship



51. The notifying parties state in the notification that there is no vertical relationship between the parties in the State. The Commission has not identified any vertical relationship between the parties. On this basis, the Commission considers that the Proposed Transaction does not raise any vertical competition concerns in the State.

Conclusion

52. In light of the above, the Commission considers that the Proposed Transaction will not substantially lessen competition in any market for goods or services in the State.

Ancillary Restraints

53. Clause 9 of the SPA contains non-compete and non-solicitation obligations on the Seller. The duration of these restrictive covenants does not exceed the maximum duration acceptable to the Commission.¹³ The Commission considers these restrictions to be directly related to and necessary for the implementation of the Proposed Transaction, insofar as they relate to the State.

¹³ In this respect, the CCPC follows the approach adopted by the EU Commission in paragraphs 20 and 26 of its “Commission Notice on restrictions directly related and necessary to concentrations” [2005] OJ C56/03 (<https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A52005XC0305%2802%29>).



Determination

The Competition and Consumer Protection Commission, in accordance with section 21(2)(a) of the Competition Act 2002, as amended, has determined that, in its opinion, the result of the proposed acquisition, whereby funds managed by affiliates of Centerbridge Partners L.P. through APCOA Parking Holdings GmbH, would acquire sole control of Nationwide Controlled Parking Systems Limited, will not be to substantially lessen competition in any market for goods or services in the State, and, accordingly, that the acquisition may be put into effect.

For the Competition and Consumer Protection Commission

Brian McHugh
Member
Competition and Consumer Protection Commission