



# DETERMINATION OF MERGER NOTIFICATION M/19/021 – GOWAN GROUP/OPEL IRELAND

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## Section 21 of the Competition Act 2002

### Proposed acquisition by Gowan Group Limited of sole control of Opel Automobile Ireland Limited

Dated 20 August 2019

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#### Introduction

1. On 11 July 2019, in accordance with section 18(1)(a) 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 Convest Limited (“Convest”), through its wholly-owned subsidiary Gowan Group Limited (“Gowan Group”), would acquire sole control of Opel Automobile Ireland Limited (“Opel Ireland”) (the “Proposed Transaction”).

#### The Proposed Transaction

2. The Proposed Transaction is to be implemented pursuant to a share purchase agreement (“SPA”) between Gowan Group and Opel Europe Holdings SL dated 27 June 2019. Pursuant to the SPA, Gowan Group will acquire the entire issued share capital and, thus, sole control of Opel Ireland.

#### The Undertakings Involved

##### *The Acquirer – Convest*

3. Convest<sup>1</sup>, a private company limited by shares incorporated in the State, is the holding company for Gowan Group. Convest has no trading activity and all of its turnover is

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<sup>1</sup> The shareholders of Convest are: Maria Smith-Bourke, Christina Hurley, Fiona Thomas, Alba Smith, Michael Maughan and Gemma Maughan.



generated via its subsidiary, Gowan Group, and Gowan Group's subsidiaries<sup>2</sup>. Gowan Group and its subsidiaries are involved in the motor sector in the State.

4. Universal Motor Holdings Limited ("UMHL") is a related company to Convest as it has shareholders in common with Convest. UMHL and its subsidiaries are also active in the motor sector in the State. Together, Gowan Group and UMHL are referred to in this determination as the "Wider Gowan Group".
5. The Wider Gowan Group is engaged in the wholesale distribution of *Peugeot*-branded passenger cars and light commercial vehicles in the State through a network of 32 authorised franchise dealers. The Wider Gowan Group is also engaged in the wholesale distribution of *Honda*-branded passenger cars and light commercial vehicles in the State through a network of 19 authorised franchise dealers. The Wider Gowan Group also sells *Honda*- and *Peugeot*-branded spare parts to Peugeot and Honda dealer networks in the State. The Wider Gowan Group sells locally sourced parts (e.g., oil, tyres) to the same franchise dealers in the State.
6. The Wider Gowan Group is engaged in the retail sale of passenger cars and light commercial vehicles from its premises located on the Navan Road in Dublin. It sells new *Peugeot*-, *Honda*-, *Opel*- and *Kia*-branded passenger cars and light commercial vehicles from this premises. It also sells pre-owned passenger cars and light commercial vehicles from this premises.
7. Gowan Group has a number of other trading divisions. It owns Senator Windows Limited and Kitchen Accessories Limited, which sells kitchen white goods and is an electronics distributor selling brands such as *De Dietrich*, *Nordmende*, *AGA*, *Franke*, *Haier*, *Sharp* and *Elica*. Gowan Group also has a number of subsidiary companies which are active in the property and investment sector in the State.
8. For the financial year ended 31 December 2018, Gowan Group's worldwide turnover was approximately €[...] million, all of which was generated in the State.<sup>3</sup>

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<sup>2</sup> Convest has a second direct subsidiary, Alton Management Limited, which is an investment holding company with no trading activity.

<sup>3</sup> For the financial year ended 31 December 2018, the Wider Gowan Group's worldwide turnover was approximately €[...] million, of which €[...] million was generated in the State.



### *The Target – Opel Ireland*

9. Opel Ireland, a private limited company incorporated in the State, is currently wholly-owned and solely controlled by Opel Europe Holdings S.L.U. Opel Ireland is part of Peugeot S.A. which manufactures *Peugeot-, Citroen-, Opel-, DS- and Vauxhall-*branded motor vehicles and motorcycles.
10. Opel Ireland acts as the exclusive wholesale distributor of new *Opel-*branded passenger cars and light commercial vehicles, *Opel-*branded Original Equipment and *Chevrolet-*branded spare parts in the State. Opel Ireland also distributes, at the wholesale level, pre-owned *Opel-*branded passenger cars and light commercial vehicles in the State.
11. Opel Ireland distributes new *Opel-*branded passenger cars and light commercial vehicles, *Opel-*branded Original Equipment and *Chevrolet-*branded spare parts on a wholesale basis to 31 authorised franchised dealers in the State. The Wider Gowan Group, through its retail premises on the Navan Road in Dublin, is one of the authorised *Opel* franchise dealers supplied by Opel Ireland. Opel Ireland is not engaged in the retail sale of passenger cars and light commercial vehicles in the State.
12. For the financial year ending 31 December 2018, Opel Ireland’s worldwide turnover was approximately €[...] million, all of which was generated in the State.

### **Rationale for the Proposed Transaction**

13. Gowan Group states in the notification that the Wider Gowan Group considers:

*“the Proposed Transaction presents it with the opportunity to expand its presence in the wholesale distribution market in Ireland via the distribution of Opel branded motor vehicles.”*

### **Third Party Submissions**

14. No submissions were received.

### **Competitive Analysis**

15. The Wider Gowan Group operates at the retail level in the distribution of passenger cars and light commercial vehicles in the State through its retail premises on the Navan Road



in Dublin. Opel Ireland does not operate at the retail level in the distribution of passenger cars and light commercial vehicles in the State. Therefore, in this instance, there is no horizontal overlap between the parties' activities in the State in relation to the retail distribution of passenger cars and light commercial vehicles.

#### *Horizontal Overlap*

16. The European Commission considers that a horizontal overlap can exist in relation to the wholesale distribution of motor vehicles even where the undertakings involved are distributing different brands of motor vehicles<sup>4</sup>. As described in paragraphs 5, 6, 10 and 11 above, both of the Wider Gowan Group and Opel Ireland are involved in the wholesale distribution of passenger cars and light commercial vehicles in the State. The Commission has identified two potential horizontal overlaps between the activities of the parties in the State:
- a. the wholesale distribution of pre-owned passenger cars and light commercial vehicles; and,
  - b. the wholesale distribution of new passenger cars and light commercial vehicles.
17. The Commission defines markets to the extent necessary depending on the particular circumstances of a given case. In this instance, it is not necessary for the Commission to define the precise product markets because doing so does not alter the Commission's assessment of the likely competitive effects of the Proposed Transaction in the State. Nonetheless, the Commission assessed the likely impact of the Proposed Transaction in respect of the product areas in which the activities of the parties overlap in the State as described in paragraph 16 above.
18. Similarly, in this instance, it is not necessary for the Commission to define the precise geographic markets because doing so does not alter the Commission's assessment of the likely competitive effects of the Proposed Transaction in the State. However, for the purpose of its competitive assessment of the Proposed Transaction, the Commission assessed the likely impact of the Proposed Transaction in the product markets set out in paragraph 16 above with respect to the State.

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<sup>4</sup> *Eurocar/Vicentini* Case M.9070 dated 10 September 2018



*The wholesale distribution of pre-owned passenger cars and light commercial vehicles in the State*

19. In relation to the wholesale distribution of pre-owned passenger cars and light commercial vehicles in the State, the parties state in the notification that, in 2018, the Wider Gowan Group sold approximately [...] and Opel Ireland sold approximately [...] <sup>5</sup> pre-owned passenger cars and light commercial vehicles in the State. It is estimated by the parties that approximately 150,000 pre-owned passenger cars and light commercial vehicles were sold at the wholesale level in the State in 2018. On this basis, the estimated market shares of the Wider Gowan Group and Opel Ireland in this potential market segment is up to 10% and is up to 10% respectively. Relative to the overall market for the wholesale distribution of pre-owned passenger cars and light commercial vehicles, the Commission considers that the horizontal overlap between the parties in this potential market segment is minimal. Therefore, the Commission considers that the Proposed Transaction will not give rise to any horizontal competition concerns in respect of the wholesale distribution of pre-owned passenger cars and light commercial vehicles in the State.

*The wholesale distribution of new passenger cars and light commercial vehicles in the State*

20. Opel Ireland distributes *Opel*-branded new passenger cars and light commercial vehicles to a network of 31 authorised franchise dealers in the State. One of these authorised franchise dealers is the Wider Gowan Group through its retail premises on the Navan Road. The Wider Gowan Group distributes *Peugeot*-branded new passenger cars and light commercial vehicles to a network of 32 dealers in the State and *Honda*-branded new passenger cars and light commercial vehicles to a network of 19 dealers in the State.

21. The parties state in the notification that, in relation to the wholesale distribution of new passenger cars and light commercial vehicles, they held the following estimated market shares: Opel Ireland held up to 10% and Wider Gowan Group held up to 10%. On this basis, following implementation of the Proposed Transaction, the Wider Gowan Group's

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<sup>5</sup> The parties submit that this comprises approximately [...] pre-owned passenger cars and light commercial vehicles from rental buy-back and [...] pre-owned passenger cars and light commercial vehicles from company vehicles.



estimated share of the wholesale distribution of new passenger cars and light commercial vehicles in the State will be approximately up to 10%, representing an increase to its pre-transaction market share of up to 10%.

22. Additionally, there are a number of other branded passenger car and light commercial vehicles competitors to *Opel* which are active in the State and will continue to exert a competitive constraint on the Wider Gowan Group in the wholesale distribution of new passenger cars and light commercial vehicles in the State following the implementation of Proposed Transaction.
23. In light of the above, the Commission considers that the Proposed Transaction is not likely to lead to any horizontal competition concerns in respect of the wholesale distribution of new passenger cars and light commercial vehicles in the State.

#### *Vertical Relationship*

24. There is an existing vertical relationship between the parties in the State. Opel Ireland is the exclusive wholesale distributor of *Opel*-branded cars to 31 authorised Opel franchise dealers in the State. The Wider Gowan Group is one of the authorised franchise dealers supplied by Opel Ireland through its premises on the Navan Road in Dublin. The Commission has been informed by the parties that the Proposed Transaction will not affect the wholesale distribution of *Opel*-branded vehicles in the State. The Commission understands that, following implementation of the Proposed Transaction, the merged entity will continue to supply on a wholesale basis all existing authorised *Opel* franchise dealers in the State. In fact, the parties informed the Commission that there is little financial incentive for Wider Gowan Group, as wholesale distributor of *Opel*, to foreclose other *Opel* motor retailers in the State.
25. In light of the above, the Commission considers that the Proposed Transaction is not likely to raise any vertical competition concerns in the State.

#### *Conclusion*

26. 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**

27. No ancillary restraints were notified.



### **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 Convest Limited through its wholly-owned subsidiary Gowan Group Limited would acquire sole control of Opel Automobile Ireland 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

**Patrick Kenny**  
**Member**  
**Competition and Consumer Protection Commission**