

DETERMINATION OF MERGER NOTIFICATION M/20/030 – LCC / CAMPUS OIL

Section 21 of the Competition Act 2002

Proposed acquisition by Lissan Coal Company (Ireland) Limited of sole control of Campus Oil Retail Limited

Dated 17 November 2020

Introduction

1. On 12 October 2020, 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 transaction whereby Lissan Coal Company (Ireland) Limited (“Lissan”), a wholly-owned subsidiary of LCC Group Holdings Limited (“LCC”), would acquire sole control of Campus Oil Retail Limited (the “Target”), a wholly-owned subsidiary of Campus Oil Holdings Limited (“COHL”) (the “Proposed Transaction”).

The Proposed Transaction

2. The Proposed Transaction is to be implemented through a share purchase agreement dated 15 September 2020, between Lissan and COHL (the “SPA”). Pursuant to the SPA, Lissan will acquire the entire issued share capital, and, therefore, sole control of the Target following the implementation of the Proposed Transaction.
3. The parties have informed the Commission that, prior to completion of the Proposed Transaction, the Target will transfer its fuel supply contracts with a number of dealer-owned/dealer-operated service stations (the “DODO Business”), and the entire issued share

capital of Campus Oil Retail Services Limited¹, along with all liabilities and obligations of the Target (aside from its three service stations, associated forecourt convenience stores and two oil depots), to Campus Oil Limited (an Irish private company limited by shares, being another subsidiary of COHL and a sister company of the Target). As a result of this, the Proposed Transaction will only involve the acquisition of three service stations, their associated forecourt convenience stores and the two oil depots owned by the Target.

The Undertakings involved

The Acquirer – LCC/Lissan

4. LCC is a private limited company registered in Northern Ireland and the top holding company of the LCC group of companies.
5. LCC is active in the following areas:
 - a. The wholesale and retail sale of a range of coal products (both bagged and bulk) and has processing facilities located in Belfast, Derry, Spain and Belgium. It also supplies and distributes solid fuels including coals, petcoke, metcoke and anthracite;
 - b. Oil distribution sales business, supplying oil products to domestic, commercial and industrial customers throughout the State. However, the parties state that the LCC group is not active in heating oil markets in the State;
 - c. Oil storage and handling facilities at its oil terminal in Maydown, Co. Derry (“Derry Oil Terminal”) through LSS Limited (a private limited company registered in Northern Ireland), which is a wholly-owned subsidiary of LCC Group Limited;
 - d. Freight-forwarding, through its holding of a 33.33% share in Centurion Bulk Pte Ltd, a freight-forwarding company;

¹ An Irish private company limited by shares having company number 560735. Campus Oil Retail Services Limited is wholly owned by the Target.

- e. Operation of the “Go” service station brand, which is currently operating 16 fuel service stations in Northern Ireland;
 - f. Supply of motor fuel to five dealer-owned service stations in the State which operate under the “Go” brand. These service stations are located in:
 - i. Kilmainham, Dublin;
 - ii. Omeath, Co. Louth;
 - iii. Letterkenny, Co. Donegal;
 - iv. Ballyshannon, Co. Donegal; and
 - v. Donegal, Co. Donegal
6. For the financial year ending 30 September 2019, LCC’s worldwide turnover was approximately €920 million, of which approximately €[...] million was generated in the State.
7. LCC wholly owns LCC Group Limited. LCC Group Limited was established in 1986 by Michael Loughran (Senior) to sell coal products to domestic customers in Northern Ireland, and it wholly-owns Lissan.
8. Lissan is a private company limited by shares, registered in the State. The parties state that Lissan was formed to further expand the coal operations in order to sell to companies in the State, and to customers in the EU. It was then further developed as a vehicle for operating the “Go” service stations located in the State. Lissan currently operates five service stations in the following locations:
- i. Killea, Co. Donegal;
 - ii. Monaghan, Co. Monaghan;
 - iii. Bailieborough. Co. Cavan;
 - iv. Blacklion, Co. Cavan; and

v. Liscooley, Co. Donegal

9. The aggregate turnover of LCC's five service stations in the State, as operated by Lissan, is approximately €[...] million for the year ended 30 September 2019.

The Target – Campus Oil Retail Limited

10. The Target is a private company limited by shares registered in the State. It is a wholly-owned subsidiary of COHL. It is involved in the following activities in the State:
- a. The sale of motor fuels (petrol and diesel) to motorists and commercial vehicles, a car wash business and, the sale of food and convenience goods, at each of its three service stations located at:
 - i. East Wall Road, Dublin 3;
 - ii. Navan Road, Dunshaughlin, Co. Meath; and
 - iii. Mountmellick Road, Portlaoise, Co. Laois;
 - b. Ownership of two oil depots lying immediately adjacent to the above-referred sites in Portlaoise, Co. Laois (which is currently leased to an unrelated third-party) and Dunshaughlin, Co. Meath, respectively. The depots operate in the following manner:
 - i. The depots receive bulk deliveries of gas, oil, diesel and kerosene by road tanker² from Dublin Port for redistribution by rigid lorries³ to end-users within a 40-50km radius of the depot;
 - ii. The depots primarily supply home heating oil (domestic and commercial) and agricultural oil although diesel is supplied to commercial customers in the transport sector and also to some private end-users who have a storage facility at their base;

² Such tankers having a capacity of 38,000 litres.

³ Such lorries having a capacity of 20,000 litres.

- iii. The oil depot in Dunshaughlin is currently used by its parent, the COHL group, and it will continue to be leased to the COHL group for a period of time following completion of the Proposed Transaction. Campus Oil Limited will carry on operations at this depot in accordance with a 12-month rolling licence agreement ; and
 - iv. The oil depot in Portlaoise has been rented to a third party, Dunkeen Oil Limited (“Dunkeen”), for the last six years. Immediately following completion of the Proposed Transaction, the Target intends to enter into a lease with Dunkeen in respect of this oil depot. The parties have stated that neither LCC nor COHL has an ownership interest of any description in Dunkeen.
- c. Eighteen fuel supply contracts with a number of dealer-owned/dealer-operated service stations:
- i. As stated above, the Target will transfer the DODO Business to Campus Oil Limited prior to completion of the Proposed Transaction.
 - ii. Following completion of the Proposed Transaction, the DODO sites will continue to be supplied by Campus Oil Limited and will retain the use of the Campus brand for the duration of the existing agreements. However, the parties have stated that when dealer agreements expire, the dealer ceases to use the Campus brand and is then free to take supplies and carry the brand of a competing oil company.

11. For the financial year ending 30 September 2019, the Target’s worldwide turnover was approximately €[...] million, all of which was generated in the State.⁴

The Vendor – COHL

⁴ Since, as at completion of the Proposed Transaction, the only businesses which the Target will own will be the service stations and their the attached oil depots, the turnover figure refers to those businesses only (and does not include the turnover referable to those assets which will transferred out of the Target in advance of completion).

12. COHL is a private company limited by shares registered in the State. It is owned by the Stafford family and Stafford Holdings Limited.

Rationale for the Proposed Transaction

13. The parties state in the notification that the overall objective of LCC is:

“to increase market share and to pass to customers the benefit of its pricing strategy, which is evident from the operation of its currently operating service station sites in the Republic of Ireland and other jurisdictions.”

Third Party Submissions

14. No submission was received.

Competitive Analysis

Horizontal Overlap

Retail sale of motor fuels and the operation of forecourt convenience stores

15. There is a horizontal overlap between the activities of the parties with respect to the retail sale of motor fuels and the operation of forecourt convenience stores in the State.

Market definition

16. The Commission defines markets to the extent necessary depending on the particular circumstances of a given case. In this case, the Commission considers that there is no reason to depart from its previous approach to market definition in relation to the retail sale of motor fuels and the operation of forecourt convenience stores for the purpose of assessing the competitive effects of the Proposed Transaction.⁵

⁵ In relation to the operation of forecourt convenience stores, the Commission has on a number of occasions considered the retail grocery sector, which is comprised of a wide spectrum of outlets. There is a large and varied (in size) number of competitors in the retail sector whose presence will constrain the activities of LCC as an operator of forecourt convenience stores. (See, for example, M/17/011 – Maxol/Melia’s Harold’s Cross available at:

17. In previous determinations, the Commission has followed the approach to geographic market definition adopted by its predecessor, the Competition Authority (the “Authority”), which found that there were potential national and local markets in relation to the retail sale of motor fuels.⁶ The Authority analysed local markets, which vary in size depending on whether the retail motor fuel service station is located in an urban or a rural location (i.e., a radius of 3.2km from a retail motor fuel service station in an urban location and a radius of 8km in a rural location). For purposes of assessing the Proposed Transaction, the Commission has followed the same approach and used isochrone analysis as a screening method to identify both the local geographic markets and potential competition concerns.⁷

Competitive Assessment

18. For the reasons set out below, the Commission considers that the Proposed Transaction will not substantially lessen competition for the retail sale of motor fuels and the operation of forecourt convenience stores in the State.
19. At the national level, the Target consists of three service stations selling retail motor fuels, associated forecourt convenience stores and car wash facilities⁸. There are currently approximately 1,800 service stations operating in the State.⁹ LCC currently owns and operates 5 service stations in the State and supplies 5 dealer-owned service stations at the wholesale level. Following completion of the Proposed Transaction, LCC’s market share would still be less than 1%.

Isochrone Analysis for Local Geographic Markets

20. Applying the abovementioned radii, there is no overlap between the service stations operated, respectively, by LCC and the Target within the same geographic market. The shortest distance between said service stations is between the Target’s service station in

<http://ccpc.ie/enforcement/mergers/merger-notices/m17011-maxolmeliasharolds-cross>). The Commission therefore decided not to focus further on this potential market in this determination.

⁶ See, for example, Determination M/19/047 DCC (Certas Energy)/Motor fuel service stations of Tesco (2020); and Determination M/18/072 Petrogras/Glenview Motors (2018).

⁷ See for example, [M/19/047 DCC \(Certas Energy\) / Motor Fuel Service Stations](#).

⁸ The DODO business will be hived-out to Campus Oil Limited in advance of the Proposed Transaction taking place and is therefore not considered in the competitive assessment.

⁹ Information supplied by the parties, referenced as ‘according to the Irish Petroleum Industry Association (IPIA)’.

Dunshaughlin, Co. Meath and LCC's service station in Monaghan, Co. Monaghan, which is a distance of 113.8 kilometres.

21. There is also no overlap between the five service stations supplied at a wholesale level by LCC and the Target service stations. The shortest distance between said stations in a rural setting is over 80 kilometres (between the service station supplied by LCC in Omeath, Co. Louth and the Target's service station located in Dunshaughlin, Co. Meath). The shortest distance between said stations in an urban setting is approximately 8 kilometres (between the service station supplied by LCC in Kilmainham, Dublin 8 and the Target's service station located at East Wall Road, Dublin 3). Accordingly, the service stations do not, in either case, come within the relevant geographic market set out above.

Non-retail supply of refined oil products/fuel products in the State

22. LCC does not sell any home heating oil or commercial heating oil in the State. Its activities in this regard are limited to Northern Ireland. There is, however, a minimal horizontal relationship at wholesale motor fuel level given that both LCC and the Target (through the two depots) supply to service stations in the State. LCC does not have any contracts to supply motor fuel to any service stations in the State outside of the "Go" brand. However, LCC does make one-off spot sales to customers located in the State, but not directly to any service stations. The majority of these sales involve the customer collecting the motor fuel in their own tankers from Derry Oil Terminal and thereafter distributing the fuel from their own depot in the State. However, in the case of one customer, Applegreen (another service station operator), motor fuel purchased is delivered by LCC to Applegreen service stations situated in Co. Donegal.
23. The customers serviced from the depots are in the home heating, agricultural and commercial end-user markets. The depots primarily supply home heating oil (domestic and commercial) and agricultural oil. Motor fuel is supplied to commercial customers in the transport sector and also to some private end-users who have a storage facility at their base. The parties' combined share in the non-retail supply of motor fuel products in the State is *de-minimis* (less than 1%).

24. In light of these reasons the Commission considers that the Proposed Transaction will not substantially lessen competition for the non-retail supply of refined oil products/fuel products in the State.

Vertical Relationship

25. The parties informed the Commission that the Proposed Transaction does not give rise to any direct vertical relationships between LCC and the Target. The Commission has not identified any significant vertical relationship between the parties.

26. There is a potential vertical relationship post transaction, however, between LCC and the Target, in that LCC will be potentially supplying oil to the Target's service stations. This vertical relationship will not cause concerns, as both LCC (at the wholesale level) and the Target (at the retail level) have small market shares and will not cause input or customer foreclosure.

27. Furthermore, there are currently a number of significant competitors of LCC at both the wholesale and retail level, such as Circle K Retail Ireland Limited, Applegreen PLC, Valero Energy (Ireland) Limited, Maxol Limited and Tedcastles Oil Products Limited. These competitors are expected to continue to exert a competitive constraint on LCC following the completion of the Proposed Transaction.

28. In light of the above, the Commission considers that the Proposed Transaction does not raise any vertical competition concerns in the State.

Ancillary Restraints

29. 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 Lissan Coal Company (Ireland) Limited, a wholly-owned subsidiary of LCC Group Holdings Limited, would acquire sole control of Campus Oil Retail Limited, a wholly-owned subsidiary of Campus Oil Holdings 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