



DETERMINATION OF MERGER NOTIFICATION M/17/032 – ALD INTERNATIONAL (SOCIÉTÉ GÉNÉRALE) / MERRION FLEET FINANCE & MANAGEMENT

Section 21 of the Competition Act 2002

The proposed acquisition by ALD International Group Holdings GmbH of Merrion Fleet Finance Limited and Merrion Fleet Management Limited

Dated 26 June 2017

Introduction

1. On 02 June 2017, 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 by ALD International Group Holdings GmbH (“ALD International”), a wholly-owned indirect subsidiary of Société Générale, of sole control of each of Merrion Fleet Finance Limited (“Merrion Fleet Finance”) and Merrion Fleet Management Limited (“Merrion Fleet Management”) (“the Proposed Transaction”).

The Proposed Transaction

2. The Proposed Transaction is to be implemented by way of a share purchase agreement (“the SPA”) signed on 29 May 2017 between ALD International and Merrion Fleet Holdings Limited (“the Vendor”), by which ALD International will acquire the entire issued share capital of each of Merrion Fleet Finance and Merrion Fleet Management¹ (collectively, “the Target”) from the Vendor.

¹ [...].



The Undertakings Involved

ALD International

3. ALD International is incorporated in Germany and is a wholly-owned subsidiary of ALD SA, which provides operational vehicle leasing and fleet management services on a worldwide basis, operating in 41 countries. Neither ALD International nor ALD SA provide any goods or services to customers located in the State.
4. ALD SA is in turn a wholly-owned subsidiary of Société Générale (collectively, “SG Group”). SG Group is an international bank and financial services provider, incorporated in France, which operates in 52 countries. In the State, SG Group provides fund administration services through its subsidiary Société Générale Securities Services. SG Group also provides reinsurance services in the State through its subsidiary ALD Re Designated Activity Company and is regulated by the Central Bank of Ireland.
5. For the financial year ended 31 December 2016, SG Group’s worldwide turnover was approximately €56.6 billion, of which approximately €[...] was generated in the State.²

The Target

6. The Target provides vehicle leasing and fleet management services in the State.
 - a. The Target’s vehicle leasing activity comprises the provision of operating leases for fixed and variable periods, and hire purchase agreements. The Target provides vehicle financing from its own funds or borrowings, [...] and the Strategic Banking Corporation of Ireland, [...].
 - b. The Target provides fleet management services to corporate clients, which includes the provision of maintenance, tyre replacement, vehicle replacement, temporary vehicle provision, breakdown assistance and monthly fleet reporting services. While the majority of these services are provided for vehicles under lease/contract

² SG Group’s worldwide and Irish turnover has been calculated in accordance with the European Commission’s Consolidated Jurisdictional Notice on Merger Control which specifies that the turnover of financial institutions is to be allocated to the branch or division established in the EU or in the Member State which receives this income.



hire from the Target, approximately 18% of vehicles for which the Target provides fleet management services are owned by independent third parties.

7. For the financial year ended 31 [December] 2016, the Target's worldwide turnover was approximately €[...], of which approximately €[...] was generated in the State.

The Vendor

8. The Vendor is a holding company which is owned and controlled by three individuals.³

Rationale for the Proposed Transaction

9. SG Group states in the notification that:

“SG Group believes that the Target’s profitable business represents an excellent strategic fit with its existing operations, expanding the international commercial offering of SG Group to match demand from key international clients. SG Group will benefit from the Target’s highly praised customer relationships and commercial offerings. The combination of SG Group and the Target in Ireland will boost growth and efficiencies, allowing the Target business to access lower-cost credit facilities and advanced marketing and operating tools.”

Third Party Submissions

10. No submissions were received.

Competitive Analysis

11. There is no horizontal overlap between the activities of the parties in the State as no company in SG Group currently provides vehicle leasing or fleet management services in the State.⁴ Although ALD SA provides vehicle leasing and fleet management services on a worldwide basis, as indicated in paragraph 3 above, neither ALD International nor ALD SA provide vehicle leasing or fleet management services in the State. Therefore, the Commission considers that the Proposed Transaction does not raise any horizontal competition concerns in the State.

³ [...] owns [...] shares, [...] owns [...] shares and [...] owns [...] shares in the Vendor.

⁴ [...].



12. There is also no vertical relationship between the parties, including with regard to the provision of any third party funding by SG Group for the leasing activities of the Target or its competitors in the State. Therefore, the Commission considers that the Proposed Transaction does not raise any vertical competition concerns in the State.
13. 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

14. Clause 11 of the SPA contains restrictive covenants on the Vendor and its shareholders; in particular, non-compete and non-solicitation obligations. The duration of these restrictive covenants does not exceed the maximum duration acceptable to the Commission and the Commission considers that these restraints are directly related and necessary to the implementation of the Proposed Transaction.⁵

⁵ In this respect, the Commission 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” (2002). For more information see [http://eurlex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52005XC0305\(02\)&from=EN](http://eurlex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52005XC0305(02)&from=EN)



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 by ALD International Group Holdings GmbH, a wholly-owned indirect subsidiary of Société Générale, of sole control of each of Merrion Fleet Finance Limited and Merrion Fleet Management 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