



# DETERMINATION OF MERGER NOTIFICATION M/18/033 – JOHNSON & PERROTT/NATIONAL TRUCK RENTAL

---

## Section 21 of the Competition Act 2002

### Proposed acquisition by Johnson & Perrott Limited of the entire issued share capital and thereby sole control of National Truck Rental Company Limited

Dated 06 June 2018

---

#### Introduction

1. On 2 May 2018, 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 Johnson & Perrott Limited (“Johnson & Perrott”) would acquire the entire issued share capital and thereby sole control of National Truck Rental Company Limited (“National Truck Rental”) (the “Proposed Transaction”).

#### The Proposed Transaction

2. The Proposed Transaction is to be implemented pursuant to a Share Purchase Agreement dated 27 April 2018 between James Byrne, Anthony Morgan and Coolgreamy Limited (collectively, the “Vendors”) and Johnson & Perrott (the “SPA”).

#### The Undertakings Involved

##### *The Acquirer – Johnson & Perrott*

3. Johnson & Perrott, a holding company for the Johnson & Perrott Group, is an Irish incorporated entity with its registered office at Mahonpoint Retail Park, Cork. The Johnson & Perrott Group is involved in the supply of services across the motor industry.
4. Johnson & Perrott is active in the State through its four wholly-owned subsidiaries:



- Johnson & Perrott Vehicle Rentals Limited – involved in the vehicle rental business;
- Johnson & Perrott Lease and Fleet Management Limited – a non-trading company;
- Sinnet Insurance Company Limited – involved in the provision of insurance services solely to Johnson & Perrott;
- Johnson & Perrott Properties Limited – involved in the ownership and management of the property portfolio of Johnson & Perrott.

5. The Johnson & Perrott Group operates three motor dealerships in Cork<sup>1</sup>, namely:

- *Johnson & Perrott Mahonpoint*, located at Mahonpoint Retail Park, Mahon, Cork, is authorised to sell *Honda*, *Jaguar*, *Landrover*, and *Volvo* branded new passenger cars and *Peugeot* branded new light commercial vehicles. The Johnson & Perrott Group is also an authorised repairer for these brands. In addition, it sells used cars from its Mahonpoint Retail Park site as well as providing aftersales services to all makes and models of passenger cars.
- *Johnson & Perrott Douglas*, located at Douglas Road, Douglas, Cork, is authorised to sell Kia and Opel branded new passenger cars and Opel branded new light commercial vehicles. The Douglas site provides authorised aftersales services for such brands while also operating a bodyshop for all brands. In addition, the Johnson & Perrott Group sells used cars of all brands from this site as well as providing general aftersales repair services.
- *Johnson & Perrott SEAT*, located at Cork Road, Midleton, Co. Cork, is an authorised sales and service dealer for SEAT branded new passenger cars.

6. The Johnson & Perrott Group is also involved in the long-term rental of cars and light commercial vehicles on rental contracts of one to five years duration while also

---

<sup>1</sup> The Commission notes that Johnson & Perrott is in the process of constructing a new dealership cluster in Bandon Road, Bishopstown, Cork.



providing related fleet management services for small and medium size fleets. The Johnson & Perrott Group operates such vehicle fleet hire services from its site in South City Business Park, Tallaght, Dublin 24. Furthermore, the Johnson & Perrott Group is involved in the rental of light commercial vehicles through its brand “*Drive Van Rental*” which provides van rental services from its Tallaght and Douglas sites.

7. The Johnson & Perrott Group also operates a used vehicle trade centre in Dublin and engages in the trade of farming on land situated in Cork. It also owns and manages investment properties.
8. For the financial year ending 31 December 2017, Johnson & Perrott’s worldwide turnover was approximately €[...], all of which was generated in the State.

#### *The Target – National Truck Rental*

9. National Truck Rental, an Irish incorporated entity, with its registered address at Stadium Business Park, Ballycoolin Road, Dublin 11 is involved in the rental of light commercial vehicles and heavy goods vehicles in the State.
10. National Truck Rental is involved in the supply of long-term (contracts of one to five years duration) and short term (contracts of daily, weekly or monthly duration) rental of light commercial vehicles and heavy goods vehicles from its offices in Ballycoolin, Dublin 11.
11. For the financial year ending 31 December 2017, the Target’s turnover was approximately €9.45 million, all of which was generated in the State.

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

12. The notification states:

*“The Acquirer’s rationale for pursuing the Proposed Transaction is that the National Truck Rental business would be a good strategic fit. The acquisition will allow the Acquirer to expand its geographic footprint and apply an additional set of core skills, thereby resulting in a better offering to consumers.”*

#### **Third Party Submissions**



13. No submission was received.

### Competitive Assessment

14. There is a horizontal overlap between the activities of the parties as both Johnson & Perrott and National Truck Rental are involved in the provision of light commercial vehicle rental services in the State.

15. The European Commission has previously assessed the competitive impact of transactions involving car rental services.<sup>2</sup> In its determination in Case M.8569 - Europcar/Goldcar, the European Commission<sup>3</sup> noted the following in relation to the distinction between short-term and long-term car rental services:

*“The Commission has found in previous decisions that it may be appropriate to distinguish between short-term car rental services (e.g. provision of cars for an individually agreed duration for business or leisure trips) and long-term car rental services (e.g. with a rental period of more than one year).”<sup>4</sup>*

16. The United Kingdom’s Competition and Markets Authority (the “CMA”) has also previously considered car rental services with reference to the supply of flexible rental vehicles.<sup>5</sup> In its determination<sup>6</sup> in Enterprise Rent-A-Car UK/Vulcan Holdco, the CMA notes the following:

---

<sup>2</sup> Please see, for example merger determination Case M.8569 - Europcar/Goldcar which can be accessed at: [http://ec.europa.eu/competition/mergers/cases/decisions/m6333\\_20110923\\_20310\\_2024439\\_EN.pdf](http://ec.europa.eu/competition/mergers/cases/decisions/m6333_20110923_20310_2024439_EN.pdf); Case No COMP/M.4613 – Eurazeo SA/Apcoa Parking Holdings Gmbh which can be accessed at: [http://ec.europa.eu/competition/mergers/cases/decisions/m4613\\_20070420\\_20310\\_en.pdf](http://ec.europa.eu/competition/mergers/cases/decisions/m4613_20070420_20310_en.pdf); Case No COMP/M.6333 – BMW/ ING Car Lease which can be accessed at: [http://ec.europa.eu/competition/mergers/cases/decisions/m6333\\_20110923\\_20310\\_2024439\\_EN.pdf](http://ec.europa.eu/competition/mergers/cases/decisions/m6333_20110923_20310_2024439_EN.pdf)

<sup>3</sup> Please see para 11 Case M.8569 - Europcar/Goldcar which can be accessed at: [http://ec.europa.eu/competition/mergers/cases/decisions/m6333\\_20110923\\_20310\\_2024439\\_EN.pdf](http://ec.europa.eu/competition/mergers/cases/decisions/m6333_20110923_20310_2024439_EN.pdf).

<sup>4</sup> In addition, please see cases M.6333 – BMW/ING Car Lease, paragraph 17 which can be accessed at: [http://ec.europa.eu/competition/mergers/cases/decisions/m6333\\_20110923\\_20310\\_2024439\\_EN.pdf](http://ec.europa.eu/competition/mergers/cases/decisions/m6333_20110923_20310_2024439_EN.pdf); M.4613 – Eurazeo S.A./Apcoa Parking Holdings Gmbh, paragraph 16 which can be accessed at: [http://ec.europa.eu/competition/mergers/cases/decisions/m4613\\_20070420\\_20310\\_en.pdf](http://ec.europa.eu/competition/mergers/cases/decisions/m4613_20070420_20310_en.pdf).

<sup>5</sup> Please see ME/6463-14 Enterprise Rent-A-Car UK/Vulcan Holdco which can be accessed at: [https://assets.publishing.service.gov.uk/media/547eebcbe5274a42900001e5/Enterprise\\_Rent-A-Car\\_UK\\_decision.pdf](https://assets.publishing.service.gov.uk/media/547eebcbe5274a42900001e5/Enterprise_Rent-A-Car_UK_decision.pdf)

<sup>6</sup> Please see para 20 in ME/6463-14 Enterprise Rent-A-Car UK/Vulcan Holdco which can be accessed at: [https://assets.publishing.service.gov.uk/media/547eebcbe5274a42900001e5/Enterprise\\_Rent-A-Car\\_UK\\_decision.pdf](https://assets.publishing.service.gov.uk/media/547eebcbe5274a42900001e5/Enterprise_Rent-A-Car_UK_decision.pdf).



*“Flexible vehicle rental is essentially the hiring of commercial vehicles without fixed or minimum term contracts, although the average rental is often longer than a year.”*

17. The Commission defines markets to the extent necessary depending on the particular circumstances of a given case. The Commission does not need to come to a definitive view on the precise relevant product market in this instance since its conclusion on the likely competitive impact of the Proposed Transaction will be unaffected whether the precise relevant product market is narrow (e.g., separate potential markets for the provision of short term light commercial vehicle rental services and the provision of long term light commercial vehicle rental services, respectively) or broader (e.g., the potential market for the provision of light commercial vehicle rental services). However, for the purposes of this determination, the Commission has assessed the likely competitive impact of the Proposed Transaction with reference to the narrowest potential markets for: (i) the provision of short term light commercial vehicle rental services; and (ii) the provision of long term light commercial vehicle rental services, respectively.
18. Similarly, it is not necessary for the Commission to define the precise geographic markets because doing so will not alter the Commission’s assessment of the likely competitive effects of the Proposed Transaction in the State. However, for the purpose of its assessment, the Commission will assess the likely impact of the Proposed Transaction with respect to the State.

*The provision of short term light commercial vehicle rental services*

19. Information provided by the parties indicates that Johnson & Perrott and National Truck Rental have a fleet of approximately [...] light commercial vehicles and [...] light commercial vehicles available, respectively, for the provision of short term light commercial vehicle rental services in the State. The parties estimate that Johnson & Perrott and National Truck Rental hold an estimated [0-5]% market share and an estimated [0-5]% market share, respectively, in the potential market for the provision



of short term light commercial vehicle rental services in the State in 2018.<sup>7</sup> Therefore, following implementation of the Proposed Transaction, Johnson & Perrott's share in respect of the provision of light commercial vehicle rental services in the State will amount to [5-10]% with an increase of [0-5]%.

20. The Commission has confirmed that Johnson & Perrot and National Truck Rental are small players in the provision of short term light commercial vehicle rental services in the State. The Commission has also verified that there are a variety of both international and national vehicle rental companies currently active in the provision of short term light commercial vehicle rental services in the State. These include *Northgate Vehicle Hire, Europcar, Cork Rent A Van, Murphy's Ballymount* and *Walker Truck Rental*. These competitors will continue to act as a competitive constraint on Johnson & Perrott in the potential market for the provision of short term light commercial vehicle rental services in the State, following implementation of the Proposed Transaction.

*The provision of long term light commercial vehicle rental services*

21. Information provided by the parties indicates that Johnson & Perrott and National Truck Rental have a fleet of approximately [...] light commercial vehicles and [...] light commercial vehicles available, respectively, for the provision of long term light commercial vehicle rental services in the State. The parties estimate that Johnson & Perrott and National Truck Rental hold an estimated [0-5]% market share and an estimated [0-5]% market share, respectively, in the potential market for the provision of long term light commercial vehicle rental services in the State in 2018.<sup>8</sup> Therefore, following implementation of the Proposed Transaction, Johnson & Perrott's share in respect of the provision of long term light commercial vehicle rental services will amount to [5-10]% with an increase of [0-5]%.
22. The Commission has confirmed that Johnson & Perrot and National Truck Rental are small players in the provision of short term light commercial vehicle rental services in

---

<sup>7</sup> The parties provided the following description of the methodology used when estimating market shares, "the parties calculated the share of supply estimates in their responses by reference to the number of light commercial vehicles estimated to belong to each player on the relevant segments requested".

<sup>8</sup> Please see footnote 7 for the methodology used by the parties when calculating market share estimates.



the State. The Commission has also verified that there are a variety of both international and national vehicle rental companies currently active in the provision of long term light commercial vehicle rental services in the State. These include, *Leaseplan, Northgate Vehicle Hire, Merrion ALD, Hertz Sheridan* and *Avis Fleet*. These competitors will continue to act as a competitive constraint on Johnson & Perrott in the potential market for the provision of long term light commercial vehicle rental services in the State, following implementation of the Proposed Transaction.

#### *Conclusion*

23. In the light of the above, the Commission considers that the Proposed Transaction is not likely to lead to any negative horizontal competitive effects in respect of the provision of short term light commercial vehicle rental services or the provision of long term light commercial vehicle rental services respectively within the State.

#### Vertical Relationship

24. The parties have stated in the notification that there is no vertical relationship between Johnson & Perrott and National Truck Rental. 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**

25. 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**

26. The SPA contains a number of non-compete, non-solicitation and confidentiality restrictions on the Vendors.<sup>9</sup> The duration of these non-solicitation, non-compete and confidentiality obligations does not exceed the maximum duration acceptable to the Commission.<sup>10</sup> The Commission considers these restrictions to be directly related to

---

<sup>9</sup> Clause 10.2 of the SPA.

<sup>10</sup> 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" (2005). For more information see [http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52005XC0305\(02\)&from=EN](http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52005XC0305(02)&from=EN)



and necessary for the implementation of the Proposed Transaction insofar as they relate to the State.





### **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 Johnson & Perrott Limited would acquire the entire issued share capital and thereby sole control of National Truck Rental Company 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**