EUROPEAN COMMISSION

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PUBLIC VERSION

In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EC) No 139/2004 concerning non-disclosure of business secrets and other confidential information. The omissions are shown thus […]. Where possible the information omitted has been replaced by ranges of figures or a general description.

Hedin Mobility Group AB
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Subject: **Case M.11410 – HEDIN MOBILITY / IVECO SWEDEN / IVECO DENMARK / IVECO FINLAND / IVECO NORGE**
Commission decision pursuant to Article 6(1)(b) of Council Regulation No 139/2004[1] and Article 57 of the Agreement on the European Economic Area[2]

Dear Sir or Madam,

(1) On 16 May 2024, the European Commission received notification of a proposed concentration pursuant to Article 4 of the Merger Regulation, and following a referral pursuant to Article 4(5) of the Merger Regulation, by which Hedin Mobility Group AB ("Hedin Mobility" or "Notifying Party") intends to acquire the sole control of Iveco Sweden AB, Iveco Danmark A/S, Iveco Finland OY, and Iveco Norge Trucks AS (currently under incorporation) (collectively the "Target Companies", and individually a "Target Company"). Hedin Mobility and the Target Companies are jointly designated as "Parties".

[1] OJ L 24, 29.1.2004, p. 1 (the 'Merger Regulation'). With effect from 1 December 2009, the Treaty on the Functioning of the European Union ('TFEU') has introduced certain changes, such as the replacement of 'Community' by 'Union' and 'common market' by 'internal market'. The terminology of the TFEU will be used throughout this decision.

[2] OJ L 1, 3.1.1994, p. 3 (the 'EEA Agreement').

1. THE PARTIES

(2) Hedin Mobility is active mainly in the import and distribution of new and used vehicles (including passenger cars ("PC") and light commercial vehicles ("LCV")), spare parts and tyres, as well as leasing and short-term rentals of vehicles. Hedin Mobility is also active in the retail distribution of medium trucks ("MT") and of heavy-duty trucks ("HT"). Hedin Mobility is a subsidiary of Hedin Group AB ("Hedin Group"), a company that is wholly owned and controlled by Anders Hedin. In Sweden[3] and in Norway,[4] Hedin Mobility is active at the wholesale and retail distribution of vehicles and spare parts, in repair and maintenance services and in rental, leasing and fleet management. In Denmark,[5] Hedin Mobility is active in the wholesale distribution of vehicles and spare parts. In Finland,[6] Hedin Mobility is active in the wholesale and retail distribution of vehicles and spare parts.

(3) The Target Companies are wholly owned companies of the Iveco Group (Italy), ultimately controlled by Iveco N.V. (the Netherlands). The Target Companies are active in Sweden, Norway, Denmark and Finland, where they distribute at the wholesale and retail levels Iveco commercial vehicles (LCV, MT and HT), including the sale of spare parts and servicing of the vehicles.

2. THE OPERATION

(4) Pursuant to four Share Purchase Agreements concluded on 28 November 2023,[7] Hedin Mobility will acquire all the shares of the Target Companies (the "Transaction"). Through the Transaction, Hedin Mobility will acquire (i) the wholesale distribution businesses of Iveco LCV, MT and HT, and spare parts in Sweden, Norway, Denmark and Finland; and (ii) the retail businesses of the Iveco owned full-service dealerships in Sweden (Gothenburg, Helsingborg and Malmö), Norway (Bærum), Finland (Espoo), and Denmark (Odense).

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3 In Sweden, Hedin Mobility (i) is the wholesaler of vehicles for Alpine, BYD, Dacia, Dodge, Ford, F-150, Hongqi, Ineos Grenadier, MG, RAM and Renault (through the partly owned RN Nordic); (ii) is the wholesaler of original equipment ("OE") spare parts for Alpine, BYD, Dacia, Ford, General Motors, Hongqi, Ineos Grenadier, MG, Mopar, Renault, and Saab; (iii) is active in the retail distribution of vehicles and OE spare parts for 29 different brands through 125 dealerships, (iv) is active in the repair and maintenance services for over 30 brands through 130 workshops, and (v) is active rental, leasing and fleet management services through Mabi, Carplus and Unifleet.

4 In Norway, Hedin Mobility (i) is the wholesaler of vehicles for Dodge, Ford F-150, Ineos Grenadier, and RAM, (ii) is the wholesaler of OE spare parts for General Motors, Ineos Grenadier, Mopar, and Saab, (iii) is the retail distributor of vehicles and OE spare parts for BMW, BMW Motorrad (motorcycles), Ineos Grenadier, MINI, MG and Porsche through 19 dealerships, (iv) is active in repair and maintenance services for six brands through 21 workshops, and (v) is active in rental, leasing and fleet management through Mabi.

5 In Denmark, Hedin Mobility (i) is the wholesaler of vehicles for Alpine, Dacia, Dodge, Ford F-15, Ineos Grenadier, RAM, and Renault (through the partly owned RN Nordic), and (ii) is the wholesaler of OE spare parts for Alpine, Dacia, Ford F-150, General Motors, Ineos Grenadier, Mopar, Renault, and Saab.

6 In Finland, Hedin Mobility (i) is the wholesaler of vehicles for Dodge, Ford F-150, Ineos Grenadier, and RAM, (ii) is the wholesaler of OE spare parts for Ford F-150, General Motors, Ineos Grenadier, Mopar, and Saab, (iii) is active in retail distribution of vehicles and OE spare parts for 17 brands through 33 dealerships, and (iv) is active in repair and maintenance services for +20 brands through 42 workshops.

7 Specifically with respect to Norway, the Transaction will be implemented following a reorganisation of Iveco N.V.'s businesses. Those currently selling trucks and other commercial vehicles, spare parts and associated services will be incorporated in new company, Iveco Norge Trucks AS (under incorporation). Iveco N.V. will retain the businesses relating to heavy buses and mini-buses.

3. UNION DIMENSION

(5) The Transaction does not have a Community dimension under Article 1(2) or Article 1(3) of the EUMR. However, the Parties submitted on 14 February 2024 a referral request pursuant to Article 4(5) of the Merger Regulation. On the same day, the European Commission sent a Note to the Member States considering that the case was an appropriate candidate for a pre-filing referral, including because the Transaction constitutes a concentration within the meaning of Article 3(1)(b), and that it was notifiable in three EU Member states, i.e., Denmark, Finland and Sweden, as well as in Norway. The Member States competent to examine the concentration did not express their disagreement to the request for referral within 15 working days, following which the case is deemed to have EU dimension. The Parties were informed on 11 March 2024.

4. RELEVANT MARKETS

(6) The Transaction concerns the distribution of commercial vehicles and OE spare parts, and repair and maintenance of motor vehicles in Sweden, Norway, Denmark and Finland. Both Parties are active (i) as wholesalers of new and used commercial vehicles in Denmark, Finland, Norway and Sweden, (ii) as wholesalers of new OE spare parts in Denmark, Finland, Norway and Sweden, (iii) as retailers of new and used commercial vehicles in Sweden and Finland, (iv) as retailers of new OE spare parts in Sweden, Norway, and Finland, and (v) in the provision of repair and maintenance services in Sweden, Norway, and Finland.

(7) The Transaction, however, only results in potentially affected markets in the wholesale and the retail distribution of new MT in Sweden and in the narrower local markets of the Västra Götaland region and the Skåne region.[8]

4.1. Product Market Definition

(8) In its practice, the Commission has typically considered a distinction between the wholesale and the retail distribution of vehicles.[9] At the wholesale level, importers and manufacturers distribute vehicles to retail distributors (i.e., to car dealerships). At the retail level, retail distributors sell vehicles to end customers, either acting on their own account through dealerships, or as agents acting on the importer's account.

(9) Further, the Commission has distinguished between the wholesale and retail distribution of passenger cars and that of commercial vehicles. Passenger cars are vehicles that serve the general purpose of individual transport of passengers on

[8] Due to the Parties' activities, the Transaction results in multiple other horizontal overlaps and vertical relationships for a number of other potential markets. However, none of these overlaps or relationships give rise to affected markets within the meaning of recital 25(g) of Annex I to Commission Implementing Regulation (EU) 2023/914 of 20 April 2023 implementing Council Regulation (EC) No 139/2004 on the control of concentrations between undertakings and repealing Commission Regulation (EC) No 802/2004, OJ L 119, 5.5.2023, p. 22., as they meet the conditions for review under point 5(c), 5(d)(i)(aa), 5(d)(i)(bb), and 5(d)(ii)(aa) and benefit from the flexibility clause in point 8(b)(i) of the Commission Notice on a simplified treatment for certain concentrations under Council Regulation (EC) No 139/2004 on the control of concentrations between undertakings 2023/C 160/01, OJ C 160, 5.5.2023, p. 1. Therefore, these overlaps and relationships will not be assessed in detail in this decision.

[9] See e.g., Commission decision in case M.10714 – *VGRD / Assets of Auto-Holding Dresden*, paragraph 11, Commission decision in case M.9730 – *FCA / PS*, paragraph 1622.

public roads and that, unlike commercial vehicles, are not primarily designed for commercial use. Commercial vehicles are intended for commercial use.[10] Commercial vehicles are typically subdivided into LCV, MT and HT:

(a) LCV usually have space for one or two passengers, are designed for commercial use and have a larger cargo space for the main purpose of transporting goods.[11] LCV can have a gross weight rating of up to 6 tonnes;[12]

(b) MT are trucks that are typically used for short and medium-distance hauling of light or medium cargo, and have a gross weight rating between 6 and 16 tonnes;[13] and

(c) HT are trucks that are mostly used for long haul, heavyweight or bulky merchandise transport and short-distance hauling of heavy cargo, and have a gross weight rating above 16 tonnes.[14]

(10) Finally, the Commission has considered typically a distinction between the supply of new and used motor vehicles, finding also separate relevant product markets for the wholesale supply and the retail supply of used vehicles.[15]

(11) The Notifying Party submitted data in accordance with the segmentations indicated in paragraphs (8)-(10).

4.1.1. Wholesale distribution of new MT

(12) The Commission has not assessed previously the wholesale distribution of MT.

(13) The Notifying Party submits, in line with the Commission's practice with regard to LCV, that the wholesale distribution of MT is a plausible relevant market.[16] Hedin Mobility is not active in the wholesale distribution of MT in Sweden (or in Denmark, Finland or Norway). Iveco has wholesale outlets in Denmark, Finland, Norway and Sweden, all of which supply to retailers Iveco's full range of vehicles (LCV, MT and HT).[17]

(14) For the purposes of this decision, the Commission considers that the wholesale distribution of MT is a plausible candidate product market, but that its exact definition can be left open, as the Commission's market investigation remained inconclusive in this regard.

(15) *First*, respondents to the market investigation confirmed that MT wholesale distributors typically are not "specialised" in the wholesale distribution of MT – i.e., respondents submitted that generally MT wholesale distributors also sell other

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10 See e.g., Commission decision in case M.10412 – *Scania Sverige / Din Bil Sverige / Bilmetro*, paragraph 12; Commission decision in case M.9730 – *FCA / PSA*, paragraph 31; Commission decision in case M.9360 – *Daimler / Geely / JV*, paragraph 17.

11 See Commission decision in case M.10412 – *Scania Sverige / Din Bil Sverige / Bilmetro*, paragraph 13.

12 See Commission decision in case M.9730 – *FCA / PSA*, paragraph 27.

13 See Commission decision in case M.6267 – *Volkswagen / MAN*, paragraph 8; Commission decision in case M.5157 – *Volkswagen / Scania*, paragraph 12-13.

14 *Ibid*.

15 See e.g., Commission decision in case M.9720 – *Volvo Cars/Upplands Motor*, paragraphs 17 and 27; and Commission decision in case M.6958 – *CD&R / We Buy Any Car*, paragraph 17.

16 Form CO, paragraph 116.

17 Form CO, paragraph 90.

segments of vehicles at the wholesale level (i.e., PC, LCV or HT).[18] However, the exact segments of other vehicles distributed by MT wholesalers varied: most companies active as wholesale distributors of commercial vehicles also sold PC,[19] with some of these wholesale distributors selling all segments (PC, LCV, MT and HT).[20] This is partly because, as noted by some of the respondents, the wholesale (and retail) distribution business(es) are tightly connected to the original equipment manufacturers ("OEM")/brands' own product portfolios, such that independent wholesalers will generally distribute all of the products included in an OEM or brand's product portfolio.[21]

(16) *Second*, the main assets employed for wholesale distribution of MT, i.e., (i) the premises used by wholesalers to distribute MT to retailers, and (ii) the expertise of the sales staff, did not reveal a clear specialisation of wholesalers for MT only. With respect to the premises used, the market investigation indicated that most MT wholesalers used premises from which they sold HT, while others sold LCV and HT as well (such as Iveco).[22] With respect to the sales people employed, most respondents indicated that wholesale sales staff often was responsible for the sale of both MT and HT, and there were separate employees in charge of the sale of LCV.[23] Although the responses to the market investigation suggest a proximity between the wholesale distribution of MT and HT (by comparison with LCV), the Commission also notes that (i) a significant proportion of respondents indicated that wholesale distributors of MT sold all commercial vehicles from the same premises,[24] and (ii) this proximity is largely driven by the product portfolios of the MT OEMs/brands represented, that typically offer both MT and HT (and in some cases do not offer LCV, such as DAF).[25]

(17) The Commission therefore considers that the exact product market definition between (i) the wholesale distribution of all vehicles, (ii) the wholesale distribution of commercial vehicles, (iii) the wholesale distribution of MT and HT, or (iv) the wholesale distribution of MT can be left open, as the Transaction does not give rise to serious doubts as to its compatibility with the internal market under any of these plausible product market definitions.

(18) For the purposes of this decision, the Commission will analyse the effects of the Transaction on a product market limited to the wholesale distribution of MT, as this is the only potential product market in which affected markets would arise.

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18 See non-confidential responses to Request for Information 1 (competitors), question B.4, where a large majority of respondents indicated that MT are typically distributed at the wholesale level alongside other categories of vehicles.

19 See non-confidential responses to Request for Information 1 (competitors), question B.9.

20 See non-confidential responses to Request for Information 1 (competitors), question B.10, where a sizeable minority of respondents stated that MT wholesalers also sold PC, LCV and HT from the same premises.

21 See e.g., non-confidential response of a competitor to Request for Information 1 (competitors), question B.9.

22 See non-confidential responses to Request for Information 1 (competitors), question B.13.

23 See non-confidential responses to Request for Information 1 (competitors), questions B.12 and B.14.

24 See non-confidential responses to Request for Information 1 (competitors), questions B.10.

25 The MT segment of vehicles in Sweden is relatively narrow in terms of product offering: (only) six OEMs sell, directly or indirectly, MT in Sweden. These are Daimler (with its Mercedes-Benz Trucks brand), Paccar (with its DAF brand), Volkswagen (with its MAN brand) and Volvo Trucks (with its Volvo brand) and BYD Trucks. This contrasts with the significantly larger number of OEMs/brands that sell, directly or indirectly, LCV in Sweden, as well as their considerably higher sales volumes. See Form CO, table in paragraph 86 and non-confidential responses to Request for Information 1 (competitors), question B.6.

4.1.2. Retail distribution of new MT

(19) The Commission has not assessed previously the retail distribution of MT.

(20) The Notifying Party submits that the retail sale of MT is a plausible relevant market.[26] The Notifying Party notes that retail distribution outlets for MT and HT are less densely distributed than outlets for the retail distribution of LCV.[27] This is evidenced by Hedin Mobility's own distribution network in Sweden: Hedin Mobility sells MT in (only) nine of its retail distribution outlets, all of which also sell HT, and seven of which also sell LCV; by contrast, Hedin Mobility sells LCV in 72 retail distribution outlets (of which, it also sells PC in 67).[28] In turn, Iveco has three retail distribution outlets in Sweden, where it sells LCV, MT and HT.[29]

(21) Further, the Notifying Party submits that the retail distribution of MT and HT require an investment and a type of premises (in terms of sales area and workshops) that exceed those required for the retail distribution of LCV.[30] Finally, the Notifying Party claims that because MT and HT are sold in smaller quantities relative to LCV, retail outlets need to be placed strategically in larger cities to ensure economic viability.[31]

(22) For the purposes of this decision, the Commission considers that the retail distribution of MT is a plausible candidate product market, but that its exact definition can be left open, as the Commission's market investigation remained inconclusive in this regard.

(23) *First*, the majority of respondents to the market investigation indicated that there are no specialised MT retail distributors.[32] Respondents confirmed that MT are typically sold, at the retail level, alongside HT (which occurs more often, as is the case with Hedin Mobility), or alongside both LCV and HT (as is the case with Iveco).[33] This is largely driven by the fact that there are only few MT OEMs or brands, none of which sells only MT.[34]

(24) *Second*, respondents to the market investigation also indicated that most companies active at the retail distribution level sell both PC and commercial vehicles, and that in most cases retail outlets either sell PC alongside LCV ,[35] or MT alongside HT .[36] However, respondents to the market investigation also indicated that there are retail outlets that sell the full range of PC and commercial vehicles (which is the case for some of Hedin Mobility's retail outlets),[37] or that sell the full range of commercial vehicles.[38] Further, respondents to the market investigation indicated that – despite

26 Form CO, paragraphs 110 and 116.
27 From CO, paragraphs 84 and 122.
28 Form CO, Figure 5, and Appendix 1 to the Response to RFI 6. The retail outlets in question correspond to dealerships of a specific brand, that can be adjacent. For example, in Helsingborg, Hedin Mobility owns five retail outlets where it sells various brands, three of which are in the same street.
29 Form CO, Figure 7.
30 Form CO, paragraph 103.
31 *Ibid.*
32 See non-confidential responses to Request for Information 1 (competitors), questions B.5.
33 *Ibid.*
34 See paragraph (16) and footnote 25 above.
35 See non-confidential responses to Request for Information 1 (competitors), questions B.15-B.17.
36 See non-confidential responses to Request for Information 1 (competitors), questions B.19-B.20.
37 See non-confidential responses to Request for Information 1 (competitors), questions B.16-B.17.
38 See non-confidential responses to Request for Information 1 (competitors), questions B.19-B.20.

often being sold in the same premises – generally the staff responsible for the sale of PC differs from the staff in charge of the sale of commercial vehicles.[39] Within commercial vehicles, respondents to the market investigation indicated that sales employees are typically specialised either in the sale of LCV, or in the sale of MT and HT (although some respondents suggested that, in practice, sales employees may sell all types of commercial vehicles).[40]

(25) As with the wholesale distribution of MT, although the responses to the market investigation suggest a proximity between the retail distribution of MT and that of HT (by comparison with LCV), the Commission also notes that this may be driven in part by the product portfolios of the MT OEMs/brands represented at the retail level. The Commission therefore considers that the exact product market definition between (i) the retail distribution of PC and commercial vehicles, (ii) the retail distribution of commercial vehicles, (iii) the retail distribution of MT and HT, and (iv) the retail distribution of MT, can be left open, as the Transaction does not give rise to serious doubts as to its compatibility with the internal market under any of the plausible product market definitions above.

(26) For the purpose of this decision, the Commission will analyse the effects of the Transaction on a product market limited to the retail distribution of MT, as this is the only potential product market in which affected markets would arise.

4.2. Geographic market definition

4.2.1. Wholesale distribution of new MT

(27) The Commission has equally not assessed the geographic scope of the market for the wholesale distribution of MT.

(28) The Notifying Party submits that there are several similarities between the MT and HT wholesale distribution markets,[41] and that the MT wholesale market is at least national in scope.[42] As noted in paragraph (13) above, Iveco has wholesale distribution outlets in Denmark, Finland, Norway and Sweden that distribute its range of products, including LCV, MT and HT (Hedin Mobility is not active in MT wholesale distribution).[43]

(29) For the purposes of this decision, the Commission considers that the exact definition of the wholesale distribution of MT can be left open between EEA-wide and national markets.

(30) In response to the Commission's market investigation, most respondents indicated that there are no substantial differences in price, customer preferences, purchasing patterns, or similar elements between Sweden and other EEA Member States.[44] Further, respondents indicated that parameters of MT wholesale distribution do not substantially differ within Sweden, between different parts of the country.[45] This suggests that the geographic market for the wholesale distribution of MT is at least

39 See non-confidential responses to Request for Information 1 (competitors), question B.18.
40 See non-confidential responses to Request for Information 1 (competitors), question B.20.
41 Form CO, paragraph 115.
42 Form CO, paragraph 124.
43 Form CO, paragraph 90.
44 See non-confidential responses to Request for Information 1 (competitors), question C.7.
45 See non-confidential responses to Request for Information 1 (competitors), question C.8.

national in scope. Further, certain MT wholesale distributors sell to retail distributors from neighbouring countries[46] (as is the case with Hedin Mobility for its sale of LCV).[47]

(31) However, similar to Iveco, most of the MT wholesale rivals who responded to the market investigation indicated that they possess wholesale structures in each of Denmark, Finland, Norway and Sweden.[48] Certain retailers can also act as wholesale distributors to certain vehicle brands, taking delivery at a national port and transporting vehicles directly to the retail locations and performing typical wholesale functions (such as pre-delivery inspections).[49] Both these factors suggest that a national presence is important for the MT wholesale distribution business.

(32) In any event, as the Transaction does not give rise to serious doubts as to its compatibility with the internal market under a national or wider-than-national market definition, it is not necessary to determine the exact geographic scope of the market. For the purposes of this decision, the Commission will analyse the effects of the Transaction on a national level, as affected markets would arise only at that level.

4.2.2. Retail distribution of new MT

(33) The Commission has equally not assessed the geographic scope of the market for the retail distribution of MT.

(34) The Notifying Party submits that the MT retail distribution market is national in scope, although it notes certain elements that may make plausible a narrower geographic market (i.e., limited to a driving distance within a certain catchment area).[50] Further, as noted in paragraph (21) above, the Notifying Party indicates that the area served by individual retail outlets that sell MT is wider than that for LCV and that they need to be strategically located close to important cities. The Notifying Party also indicates that competitors follow a similar commercial approach.[51]

(35) For the purposes of this decision, the Commission considers that the exact definition of the retail distribution of MT can be left open between an EEA-wide market, a national market for Sweden, or a market limited to the regional (i.e., sub-national) areas where both Parties are active.

(36) The results of the market investigation suggest that the Parties' competitors consider conditions of competition to be homogeneous at least at a national level. A small majority of respondents expressing a view in the market investigation indicated that there are no differences in price, customer preferences, purchasing patterns, or similar elements between Sweden and other EEA Member States.[52] In

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46 See non-confidential response to Request for Information 1 (competitors) of a competitor to question A.1.

47 See response to question 3 of RFI 6.

48 See non-confidential responses to Request for Information 1 (competitors) of three MT wholesale distributors, questions A.1.

49 See non-confidential response to Request for Information 1 (competitors) of a competitor to question B.1.

50 Form CO, paragraph 123.

51 Form CO, paragraph 104.

52 See non-confidential responses to Request for Information 1 (competitors), question C.11.

turn, most respondents indicated that these parameters of competition were the same within Sweden.[53]

(37) However, the ability to be present across the entire territory of Sweden appears to be important for MT OEMs/brands. As a result, MT OEMs/brands designate dealerships or retail distribution networks that have complementary geographical footprints where, as in the case of Hedin Mobility, one distributor alone does not cover the entire county. For example, Hedin Mobility represents Mercedes-Benz Trucks.[54] Mercedes-Benz Trucks are also sold at the retail level by Veho,[55] in different cities or regions to those where Hedin Mobility is present. Hedin Mobility's and Veho's geographic presence ensures nationwide coverage of Mercedes-Benz Trucks retailers with presence in all major Swedish regions and cities. The same is true for the retail distribution of MT of the Iveco brand. In addition to the Target Companies' own retail outlets in Gothenburg, Helsingborg, and Malmö, the Iveco Group counts on independent retailers in other parts of the country to cover the entire Swedish territory.[56]

(38) In any event, because the Transaction does not give rise to serious doubts as to its compatibility with the internal market under an EEA-wide market, a national market for Sweden, or a market limited to the regional (i.e., sub-national) level, it is not necessary to determine the exact geographic scope of the market. For the purposes of this decision, the Commission will analyse the effects of the Transaction on the national level, and in the regions of Västra Götaland and Skåne (i.e., where the Parties overlap), as affected markets would arise only at those levels.

5. COMPETITIVE ASSESSMENT

(39) The Transaction gives rise to the following affected markets:

(a) horizontally affected market for the retail distribution of new MT in Sweden (national level) and the Swedish regions of (i) Västra Götaland and (ii) Skåne; and

(b) vertically affected markets between wholesale distribution of new MT in Sweden (upstream) and retail distribution of new MT (downstream) in the Swedish regions of (i) Västra Götaland and (ii) Skåne.

5.1. Analytical framework

(40) According to the Merger Regulation and the Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings[57] ("Horizontal Merger Guidelines"), concentrations between actual or potential competitors in a relevant market may significantly impede

53 See non-confidential responses to Request for Information 1 (competitors), question C.12.

54 Hedin Mobility has MT retail distribution outlets distributing Mercedes-Benz Trucks in the Swedish cities of Boras, Gothenburg, Halmstad, Helsingborg, Jönköping, Kristianstad, Linköping, Markaryd, and Uppsala. Veho has MT retail distribution outlets distributing Mercedes-Benz Trucks in the Swedish cities of Gävle, Karlstad, Malmö, Örebro, Stockholm, and Västerås.

55 Veho Group is a retailer and distributor of Mercedes-Benz passenger cars and Daimler commercial vehicles (i.e., including Mercedes-Benz Trucks) in Sweden, Finland, Estonia, Latvia, and Lithuania.

56 For example, in Alvesta, Luleå, Halmstad, Jönköping, Norrköping etc. See resopnse to question 5 of RFI 6.

57 OJ C 31, 05.02.2004.

effective competition, if they give rise to non-coordinated or coordinated effects. Non-coordinated effects may significantly impede effective competition through the creation or strengthening of the dominant position of a single firm, or through the elimination of important competitive constraints on one or more firms, which consequently would allow those firms to have increased market power without resorting to coordinated behaviour.[58]

(41) The legal test for the assessment of vertical effects of a merger is set out in the Merger Regulation and the Commission's Guidelines on the assessment of non-horizontal mergers under the Council Regulation on the control of concentrations between undertakings[59] ("Non-horizontal Merger Guidelines"), according to which input or customer foreclosure effects may occur where actual or potential rivals' access to supplies or markets is hampered or eliminated as a result of the merger, thereby reducing these companies' ability and/or incentive to compete.[60]

5.2. Horizontally affected market for the retail distribution of new MT in Sweden and certain regions thereof

5.2.1. Market shares

(42) The Notifying Party provides an estimate of the Parties' individual and combined market shares in 2023 for Sweden as well as for the potential narrower markets at regional, i.e., sub-national level, in the Swedish regions of Västra Götaland and Skåne in Table 1 below.

Table 1 – Overview of the Parties' market shares giving rise to horizontally affected markets in retail distribution of medium trucks (MT)

Geography	Parties	2021		2022		2023	
		Units	Share	Units	Share	Units	Share
Sweden	Hedin Mobility	[…]	[10-20]%	[…]	[10-20]%	[…]	[10-20]%
	Iveco	[…]	[20-30]%	[…]	[10-20]%	[…]	[20-30]%
	Combined	[…]	[30-40]%	[…]	[30-40]%	[…]	[30-40]%
	Total	404	100%	328	100%	326	100%
Skåne	Hedin Mobility	[…]	[5-10]%	[…]	[30-40]%	[…]	[10-20]%
	Iveco	[…]	[30-40]%	[…]	[5-10]%	[…]	[30-40]%
	Combined	[…]	[40-50]%	[…]	[40-50]%	[…]	[40-50]%
	Total	49	100%	32	100%	34	100%
Västra Götaland	Hedin Mobility	[…]	[20-30]%	[…]	[5-10]%	[…]	[20-30]%
	Iveco	[…]	[10-20]%	[…]	[30-40]%	[…]	[20-30]%
	Combined	[…]	[40-50]%	[…]	[40-50]%	[…]	[40-50]%
	Total	111	100%	37	100%	43	100%

Source: Form CO Tables in Sections 8.1.3 and 8.14 (based on Mobility Sweden data).

58 Horizontal Merger Guidelines, paragraphs 22-25.
59 OJ C 265, 18.10.2008.
60 Non-horizontal Guidelines, paragraph 18.

5.2.2. No competition concerns in horizontally affected markets

(43) The Transaction does not lead to competition concerns for the horizontally affected markets for the following reasons.

(44) *First*, the Parties' market shares for MT retail distribution reflected in Table 1 above may be overstating the retail businesses' actual market power. This is because the Parties' retail market shares include direct sales by the represented OEMs via a retail outlet that in such case serves only as delivery point.[61] In fact, a significant proportion of commercial vehicles, including MT, are being sold through framework agreements or tenders to larger professional customers. In many of these cases, the ultimate contract is concluded between, on the one hand, the OEM or the importer and, on the other hand, the professional end-customer.[62] In those cases, the retail outlet serves primarily as delivery point, without the retail dealer having any control over price or other contractual conditions.[63] Where the contractual conditions, including price, are being negotiated between the OEM or importer and the end-customer directly, the retailer's involvement has no impact on competition and, conversely, the direct sale has no impact on competition at the retail level and leaves the market position of the retailer unaffected.

(45) *Second*, the combined entity will continue to face competition from a large number of dealership networks that operate at least in several regions or even nationwide across Sweden. In this regard, the majority of respondents to the market investigation of those having expressed a view confirmed the Notifying Party's argument that the combined entity will continue to face competition from a number of independent retail networks, such as Bilia, Veho,[64] and Karlskrona, and from integrated retail networks of OEMs such as Volvo Trucks, and others.[65] Indeed, the majority of respondents having expressed a view indicated that after the transaction there would remain at least 6 to 10 or more retail networks active across the country in the market (including the combined entity),[66] such as Volvo Trucks, Veho, Bilia, Kihlströms, Karlskrona Bilcenter, JB Trailer, Lion's Truck/MAN, and others.[67] The picture does not significantly change at sub-national level in the regions of Västra Götaland and Skåne respectively, for which about half of all respondents having expressed a view indicated that there would remain at least 6 to 10 supra-regional dealer networks in the market (including the combined entity),[68]

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61 Due to the Parties' accounting practices, they are unable to distinguish between sales that have been negotiated by the retailer versus sales negotiated by the OEM or importer directly. For Hedin Mobility [Details of the Parties' accounting practices]. For the Iveco Group, [Details of the Parties' accounting practices]. The Parties submit that post-Transaction, the Iveco Group will remain able to make direct OEM sales into Sweden and likely retain certain fleet customers. As a result [Details of the Parties' accounting practices]. See Form CO, paragraphs 219 and 220, and response to RFI 7, question 3.

62 Form CO, paragraph 229.

63 Form CO, paragraph 229.

64 Veho is both an independent and vertically integrated retail distributor active also as importer and wholesale distributor of Mercedes-Benz Trucks in Sweden.

65 Form CO, paragraphs 144 and 198.

66 See non-confidential responses to Request for Information 1 (competitors), question D.5. A significant minority of respondents indicated that there would remain at least 3 to 5 such networks.

67 Form CO, paragraph 198.

68 See non-confidential responses to Request for Information 1 (competitors), questions D.6 and D.7. The other half of respondents indicated that there would remain at least 3 to 5 such networks post-Transaction.

including, e.g., Raab, Nordic Transportcenter, and Finnvedens, in addition to the ones listed above.[69]

(46) *Third*, the Parties are not close competitors in retail distribution of MT. Whereas Hedin Mobility is an independent multi-brand dealer, Iveco was so far acting as a vertically integrated single-brand dealer. Hedin Mobility has not been commercialising Iveco vehicles to date. The Parties also do not closely compete with each other with regard to factors such as geographic coverage, number of retail outlets, and range of product types, brands and services offered, given their different business models being, on the one hand, a large multi-brand distributor offering a large range of ancillary services for commercial vehicles (Hedin Mobility) and, on the other hand, a vertically integrated mono-brand distributor specialised in the commercial vehicles offered under the Iveco brand.[70] The market investigation confirmed that Hedin Mobility and Iveco do not offer specific services that are not matched by rivals.[71]

(47) *Fourth*, there will remain a sufficient level of inter- as well as intra-brand competition in the relevant markets. With respect to inter-brand competition, in addition to the competition between retail distribution networks mentioned in paragraph (45), several of the retail distribution networks distribute (or have the ability to distribute) at the retail level several MT brands. These retail distribution networks could expand their product offerings to distribute additional MT brands within a relatively short time frame.[72] This is the case with Hedin Mobility that will continue to distribute other MT brands including Mercedes-Benz Trucks and BYD Trucks, the latter of which it added to its brand portfolio only recently, through its retail dealerships in Sweden.[73] With respect to intra-brand competition, following the Transaction, Hedin Mobility will continue to compete with Veho's retail distribution network for the sale of Mercedes-Benz Trucks in Sweden, and Iveco MT will continue to be sold in Sweden by other independent retailers such as Kihlströms.[74]

(48) *Fifth*, as the Notifying Party puts forward, barriers to entry into the market for the retail distribution of new MT in Sweden are low, as entry does not require large upfront investments. The main requirements being a sales location and a supply agreement with a wholesaler or OEM, smaller investments for signage and corporate identity elements are usually sufficient.[75] This was confirmed by the results of the market investigation, which indicated that entry would be possible in less than 12 months.[76]

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69 Form CO, paragraph 198.

70 Form CO, paragraphs 11, 24, 232, and 236.

71 See non-confidential responses to Request for Information 1 (competitors), question D.9.

72 See non-confidential responses to Request for Information 1 (competitors), question D.11. The Commission did not receive any indication in the market investigation that Iveco independent retailers (such as Kihlströms) would stop distributing Iveco vehicles post-transaction.

73 Form CO, paragraph 185.

74 See non-confidential responses to Request for Information 1 (competitors), question A.1. The Commission did not receive any indication in the market investigation that Iveco independent retailers (such as Kihlströms) would stop distributing Iveco vehicles post-transaction.

75 Form CO, paragraph 244.

76 See non-confidential responses to Request for Information 1 (competitors), question D.12.

(49) Last and more generally, the large majority of respondents who expressed a view indicated that the Transaction would have no significant impact on the market for the retail distribution of new MT in Sweden or any part thereof.[77]

5.3. Vertically affected markets between wholesale distribution of new MT in Sweden (upstream) and retail distribution of new MT (downstream) in certain Swedish regions

5.3.1. Market shares

(50) As noted in paragraph (13) above, Iveco is active as a wholesale distributor for MT in Sweden. Iveco's share of supply in Sweden is approximately [10-20]% (2023, by volume of sales).[78]

(51) As shown in Table 1 above, the Parties' combined share on the market for retail distribution of new MT in the Swedish regions of Västra Götaland and Skåne is above [30-40]% (i.e., [40-50]% respectively).

(52) The Transaction therefore gives rise to vertically affected markets in the wholesale distribution of new MT (upstream) at national level and retail distribution of new MT (downstream) at sub-national level in the regions of Västra Götaland and Skåne.

5.3.2. No competition concerns in vertically affected markets

(53) The Transaction does not lead to competition concerns for the vertically affected markets for the following reasons.

(54) *First*, the Transaction does not give rise to input foreclosure concerns. Iveco is not an important input for MT retail distribution in Sweden, as reflected by its moderate market share of only about [10-20]% at the wholesale level. Indeed, one respondent to the market investigation noted that the Transaction will have no significant impact because "*Iveco is a small player in the Swedish market*".[79] Moreover, local brands such as Volvo Trucks and Scania have a strong and loyal customer base in Sweden.[80]

(55) More broadly, MT do not appear to be a critical input for commercial vehicle retailers in Sweden.[81] As shown in Table 1 above, the total number of annual MT sales in Sweden over the last three years were very small (i.e., only around 300-400 per year). Considering the number of MT retailers and retail outlets across the country, MT sales are therefore unlikely to constitute an important source of revenue for them.

(56) The Commission therefore considers that the Transaction cannot give rise to input foreclosure to the detriment of rival MT retailers who remain able to source from a multitude of wholesalers (including vertically integrated rival brands active on the wholesale level) and from a number of brands, many of which have a stronger position in Sweden than Iveco's.

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77 See non-confidential responses to Request for Information 1 (competitors), question E.3.
78 Form CO, table under paragraph 127.
79 See non-confidential responses to Request for Information 1 (competitors), question E.4.
80 Response to RFI 6, question 7.
81 Form CO, paragraph 144.

(57) *Second*, the Transaction does not give rise to customer foreclosure concerns.

(58) As a preliminary point, the Swedish Target Company currently sources all of its MT from its vertically integrated Iveco MT wholesale branch and does not sell at the retail level any other brand of MT. Consequently, the Swedish Target Company was not sourcing any MT from rival MT importers or wholesale distributors pre-transaction and, as a result, the Transaction does not involve the acquisition of an MT retailer that could divert existing current procurement away from any rival MT wholesalers. Therefore, the only type of customer foreclosure that could be envisaged is if Hedin Mobility ceased or reduced its purchases from rival MT wholesalers, OEMs or brands, which is unlikely, as set out below.

(59) In the first place, Hedin Mobility has no ability to foreclose rival MT OEMs or MT wholesale distributors from access to an important customer base. Indeed, the Parties' combined market share in the retail distribution market – i.e., the Parties' purchasing share in the MT wholesale market – remains moderate both at a national ([30-40]%) and at a local level ([40-50]%),[82] leaving a sufficient number of third-party retailers for rival wholesale distributors.

(60) In addition, the Swedish MT distribution markets are characterised by a significant number of vertically integrated competitors, including OEMs, such as Volvo Trucks (active on the retail level through its own brand, Volvo Truck) and Traton/Volkswagen (active on the retail level via Din Bil Sverige AB, a Volkswagen Group subsidiary), and large independent distributors, such as K.W. Bruun (active on the retail level via its retail brands Jbil and Sätra Motorcenter) and in particular the Veho Group (the wholesale distributor of Mercedes-Benz Trucks in Sweden that Hedin Mobility also distributes at the retail level).[83] Most rival MT wholesalers therefore have their own direct access to retail customers and do not rely on Hedin Mobility and Iveco as retail outlets.

(61) Moreover, some retail sales are made directly by the manufacturer or the importer, thereby circumventing the retail level altogether.[84] Customers requiring a large number of vehicles, such as fleet customers, may purchase directly from importers or manufacturers rather than from retailers.[85] Indeed, one respondent to the market investigation stated that they observe a trend in the market that companies act both on the import/wholesale and on the retail levels of the distribution value chain, whereby importers or wholesale distributors may sell to end customers directly.[86]

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82 See Table 1 above.

83 Form CO, paragraphs 205 et seq. and 218; see also non-confidential responses to Request for Information 1 (competitors), question A.1. Hedin Mobility purchases MT of the Mercedes-Benz Trucks brand that it sells at retail level in Sweden from Veho. The terms of such sales are set by Veho and Hedin Mobility understands that Veho grants the same terms to all Mercedes Benz Trucks MT retailers in Sweden; see response to RFI 7, question 4. Further, Veho noted that generally wholesalers' agreements with retailers are not exclusive and that retailers can add further OEMs/brands to their portfolio within a relatively short period of time (less than 6 months), both of which suggest that it would be possible for Veho to expand its Mercedes-Benz Trucks wholesale sales to different retailers if necessary; see non-confidential responses to Request for Information 1 (competitors), questions D.10 and D.12.

84 The Parties estimate that about 30% of all retail sales accounted for in the total market size indicated in Table 1 above originated from direct sales by OEMs/importers to end-customers; see Response to RFI 7, question 3.

85 Form CO, paragraph 219.

86 See non-confidential responses to Request for Information 1 (competitors), question B.1.

(62) In the second place, Hedin Mobility has no incentive to foreclose rival MT OEMs from selling through Hedin Mobility's retail outlets, as this would mean to forego a significant, if not the larger share of MT retail sales revenues of the combined entity. This is because Hedin Mobility's pre-transaction sales of MT, i.e., sales of MT from OEMs other than Iveco, represent [share of sales] and up to more than [share of sales] of all Iveco-branded MT sales by the Swedish Target Company annually in any of the affected markets in each of the last three years.[87] In addition, rival MT OEMs could easily retaliate against any customer foreclosure strategy of the combined entity by terminating their distribution agreement with Hedin Mobility at the earliest possible time, which would lead to significant losses of MT sales for the combined entity. Foregoing such significant revenues would therefore not be profitable for the combined entity.

6. CONCLUSION

(63) For the above reasons, the European Commission has decided not to oppose the notified operation and to declare it compatible with the internal market and with the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of the Merger Regulation and Article 57 of the EEA Agreement.

For the Commission

(Signed)
Margrethe VESTAGER
Executive Vice-President

[87] See Table 1 above.