

Completed acquisition by Euro Car Parts Limited of assets of the Andrew Page business

Consent to certain actions for the purposes of the Initial Enforcement Order made by the Competition and Markets Authority (CMA) on 12 October 2016

We refer to your derogation request dated 24 November 2017 requesting that the CMA consents to derogations to the Initial Enforcement Order of 12 October 2016 (the '**Initial Order**').¹ The terms defined in the Initial Order have the same meaning in this letter.

Further, in this letter:

'AP Divestment Depots' means the AP depots listed in Table 10.1 of the Final Report;

'Final Report' means the CMA's final report published on 31 October 2017;²

'non-SLC depots' means all of the AP depots which are not AP Divestment Depots;

'Regional Manager' means the person with operational responsibility for the AP Divestment Depots from the day on which this derogation is granted until completion of the divestiture;

'Supporting Depots' means all of AP's depots required to ensure viability of the AP Divestment Depots, including AP's depots in [REDACTED].

Under the Initial Order, save for written consent by the CMA, Euro Car Parts Limited, LKQ Euro Limited and LKQ Corporation and ECP Newco are required to hold separate the LKQ business from the AP business and refrain from taking any action which might prejudice a reference under section 22 of the Act or impede the taking of any remedial action following such a reference.

¹ Euro Car Parts / Andrew Page Merger Inquiry: [Initial Enforcement Order of 12 October 2016](#).

² [Euro Car Parts and Andrew Page: A report on the completed acquisition by Euro Car Parts of the assets of the Andrew Page business](#).

After due consideration of your request for derogations from the Initial Order, based on the information received from you and the particular circumstances of this case, the CMA consents that Euro Car Parts Limited, LKQ Euro Limited and LKQ Corporation and ECP Newco may carry out the following actions, in derogation to the provisions set out in the paragraphs listed below:

1. Paragraphs 4 and 5

In the Final Report, the CMA concluded that the Parties should be permitted to integrate the AP depots in the non-SLC areas, provided that the CMA is satisfied that such integration would not have any adverse effect on:

- (a) the viability or saleability of the AP Divestment Depots; and
- (b) the effectiveness of the hold separate measures in relation to the AP Divestment Depots.

In light of the principles laid down in the Guidance on the CMA's jurisdiction and procedure in mergers,³ notably the principle of proportionality, the CMA gives its consent, subject to the below safeguards, for LKQ to integrate all of the non-SLC depots, the AP national distribution centre in Markham Vale and the AP head office in Leeds. The integration will include management transition, conversion of IT systems, transfer of assets and control over stocking.

Safeguards

Regional Manager

The AP Divestment Depots will be managed separately from the non-SLC depots. The AP Divestment Depots' branch managers will report to [X], the Regional Manager, who will have oversight and operational responsibility for the AP Divestment Depots. The Regional Manager will report to the Secondees (as defined in the derogation to the Initial Order granted by the CMA to LKQ on 13 December 2016),⁴ and will not have any role in relation to the non-SLC depots.

Material changes to the supply arrangements of the AP Divestment Depots

The existing supply arrangements and pricing levels of car parts and garage equipment to each AP Divestment Depot (including but not limited to: (i) the role of the Supporting Depots and the national distribution centre in Markham Vale in

³ [Mergers: Guidance on the CMA's jurisdiction and procedure \(CMA2\)](#), January 2014. Annexe C, para C.19.

⁴ [Derogation 13 December 2016](#).

supplying the AP Divestment Depots; (ii) the prices charged to the AP Divestment Depots, subject to the pass-through of purchase costs incurred; (iii) the timeliness and frequency of deliveries to each AP Divestment Depot; and (iv) the range of products delivered to each AP Divestment Depot) will not be materially amended without the prior written consent of the CMA.

Monitoring Trustee

From the date of this derogation, the Monitoring Trustee will be in regular contact with each AP Divestment Depot's branch manager to oversee that the existing supply arrangements are maintained. The Monitoring Trustee will be involved in the planning and execution of any material changes to the supply arrangements in order to ensure that there is no disruption to supply to the AP Divestment Depots.

2. Paragraphs 5(a), 5(d), 5(e), 5(h) 5(i) and 5(j)

In order to facilitate the divestment of the [X] depot (which is an [X] Divestment Depot acting as a regional hub for three other non-SLC depots, namely [X], [X] and [X]), the CMA gives its consent for ECP to transfer the regional hub activities currently undertaken by the [X] depot to other depots that will not be divested. For this purpose, ECP will be allowed to manage supplies to the three non-SLC depots concerned, by any means appropriate, without having to rely on the [X] depot.