

Anticipated acquisition by LKQ Corporation of Uni-Select Inc.

SUMMARY OF PHASE 1 DECISION

1. The Competition and Markets Authority (**CMA**) has found that LKQ Corporation (**LKQ**)’s anticipated acquisition of Uni-Select Inc. (**Uni-Select**) (**the Merger**) gives rise to a realistic prospect of a substantial lessening of competition (**SLC**) in certain markets within the UK. LKQ and Uni-Select are together referred to as the **Parties**.
2. In the UK, the Parties overlap in the supply of car parts and related garage equipment through physical stores and online channels. LKQ, through Euro Car Parts Limited (**ECP**), operates 248 stores and two distribution sites in the UK, while Uni-Select, through GSF Car Parts (**GSF**), operates 179 stores and two distribution sites in the UK.
3. The Parties primarily supply car parts to the independent motor trade (**IMT**), which includes independent (or franchised) garages, workshops, car dealers and fast-fit centres that purchase car parts to repair and service vehicles. The Parties have both local and national or multi-regional IMT customers:
 - (a) The majority of IMT customers are local customers that operate one site or a small network of sites within a single local area or region.
 - (b) Some IMT customers, such as national garage chains, vehicle fleets associated with county councils or the emergency services, or specialist and commercial fleets (collectively, known as **Key Account** customers) are active on a national or multi-regional basis. These customers select suppliers centrally, based on a range of requirements not limited to locality.
4. In addition to supplying car parts to the IMT, the Parties also supply car parts to local retail customers and supply garage equipment (products used by garages for the repair and maintenance of vehicles) to local IMT customers.
5. The CMA assessed the impact of the Merger in the supply of car parts to Key Account customers nationally, to local IMT customers and to local retail customers (each in local catchment areas). The CMA also assessed the supply of garage equipment to local IMT customers (in local catchment areas).

6. The Parties submitted that they believed that the CMA's test for reference was met on the basis that the Merger would give rise to a realistic prospect of an SLC arising from horizontal unilateral effects in:
 - (a) the supply of car parts to Key Account customers nationally,
 - (b) the supply of car parts to local IMT customers in 145 of 172 local overlapping areas,
 - (c) the supply of car parts to retail customers in all 172 local overlapping areas, and
 - (d) in the supply of garage equipment to local IMT customers in 145 of 172 local overlapping areas.
7. The Parties therefore waived their rights in relation to certain procedural steps, including their right to receive and respond to an issues letter setting out the case for reference and attend an issues meeting, and requested that the case be fast tracked to the consideration of undertakings in lieu of a reference (**UILs**). In light of the Parties' concession that the test for reference is met, and the evidence available to the CMA indicating that the Parties are two of only a small number of suppliers in each of the relevant markets and are significant and close competitors, the CMA found that the Merger gives rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in each of the markets referred to in paragraph 6 above.
8. The CMA is therefore considering whether to accept undertakings under section 73 of the Enterprise Act 2002 (**the Act**). The Parties have until 28 July 2023 to offer an undertaking to the CMA that might be accepted by the CMA. If no such undertaking is offered, then the CMA will refer the Merger pursuant to sections 33(1) and 34ZA(2) of the Act.