



THE PROPOSED ACQUISITION OF THE BUSINESS AND ASSETS OF RMA MOTORS (KENYA) LIMITED BY INCHCAPE KENYA LIMITED

1. The Competition Authority of Kenya (CAK) **unconditionally** approved the acquisition of the business and assets of RMA Motors (Kenya) by Inchcape Kenya Limited.
2. Inchcape Kenya Limited (Inchcape), the acquiring undertaking, is incorporated in Kenya and owned by Inchcape Plc. Inchcape Plc, a global automotive distributor and retailer, is listed at the London Stock Exchange (LSE).
3. Neither Inchcape nor its parent company has business operations in Kenya.
4. RMA Motors (Kenya) Limited (RMA), the target undertaking, is incorporated in Kenya and is wholly owned by RMA Group. RMA is involved in the business of automotive distribution, specifically the Jaguar Land Rover brand in Kenya.
5. The proposed transaction involves the acquisition of business and assets of RMA by Inchcape. This will result in the establishment of control over the target business of the target by the acquirer.
6. The proposed transaction, therefore qualifies as a merger within the meaning of Section 2 and 41 of the Competition Act No.12 of 2010. .
7. The combined turnover of the parties is **over Ksh. 1 Billion** for the preceding year (2017) and, therefore, the transaction meets the threshold for full merger analysis as provided in the Merger Threshold Guidelines.

8. Both RMA and Inchcape are involved in automotive distribution of new vehicles.
9. Customers buying brand new vehicles choose the vehicle type based on their needs, but have the ability to buy across the various prices. They include Government and Government agencies, Non-Governmental Organizations, Corporates and high net worth individuals.
10. Additionally, RMA is involved in maintenance and repair of motor vehicles, sales of motor vehicle parts and accessories. However, Inchcape has no business operations in Kenya.
11. Therefore, the **relevant product markets** within which the transaction was analyzed were the markets for; (i) automotive distribution of new vehicles, (ii) maintenance and repair of motor vehicles and (iii) sales of motor vehicle parts and accessories.
12. The target supplies its products and services throughout the country, making the **relevant geographic market** national.
13. According to the Kenya Motor Industry (KMI), the market shares for sale of new motor vehicles is as shown in the table below;

Company	Market Share
Isuzu East Africa Limited	35.10%
Toyota Kenya	19.40%
Simba Colt	16%
Cooper Motor Company (CMC)	7.5%
Tata Motors	6.10%
Crown Motors	5.50%
DT Dobie	3.50%
Others	6.9%
Total	100%

14. The combined market share for RMA and several other dealers for the sale of new motor vehicles (**automotive distribution**) in Kenya is 6.9%.

15. Post-merger, the market share for the sale of new motor vehicles is unlikely to change since only the acquirer is present in this market.
16. The Authority anticipates that the merged entity will face stiff competition from the key players such as Toyota Kenya, DT Dobie, Isuzu East Africa, and Simba Colt. The merged entity will also receive competition from direct importers.
17. In the market for **maintenance and repair services**, RMA primarily deals with Jaguar and Land Rover brands.
18. Post-merger, the market shares are unlikely to change since only the target operates in Kenya. Further, customers can seek maintenance and repair services from other players who offer the same services.
19. In the market for sale of Jaguar and Land Rover **motor vehicle parts and accessories**, the Authority's assessment is that the merging parties will continue receiving competitive restraint from second hand part sellers and importers. These dealers are of critical importance especially when the warranty period has ended. In some cases, some distributors allow the customer to buy their own parts and only charge to fix them.
20. With regard to **public interest concerns**, the proposed transaction is unlikely to raise any. The transacting parties expressed their intent to retain the current staff compliment and expand the targeted business.
21. Since the transaction is unlikely to raise negative competition or public interest concerns, the Authority approved the proposed acquisition of business and assets of RMA Motors (Kenya) Limited by Inchcape Kenya Limited unconditionally.

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