

Completed acquisition by Addison Lee plc of the private hire passenger car business of Lewis Day Transport plc

ME/5306/11

The OFT's decision on reference under section 22(1) given on 20 February 2012. Full text of the decision published 27 February 2012.

Please note that the square brackets indicate figures or text which have been deleted or replaced in ranges at the request of the parties or third parties for reasons of commercial confidentiality.

PARTIES

1. **Addison Lee plc** (Addison Lee) is a London-based company that provides private hire transport options comprising passenger cars, coaches, taxybikes and private jets. Addison Lee operates around 3,000 private hire vehicles (PHVs) and 200 executive private hire vehicles.
2. **Lewis Day Transport plc** (Lewis Day) operates [] PHVs and [] executive PHVs.

TRANSACTION

3. On 28 November 2011 Addison Lee acquired the PHV (including the executive PHV) operations of Lewis Day.

JURISDICTION

4. The UK turnover of the relevant Lewis Day business for the financial year ended 31 December 2010 was around £[] million.¹ Therefore, the turnover test set out in section 23 of the Enterprise Act 2002 (the Act) is not met in this case.

¹ Most recent audited accounts available.

5. As regards the share of supply test in section 23 of the Act, the parties submitted that they primarily overlap in the hiring of PHVs in London.
6. Using figures from Transport for London (TfL) the parties submitted that they together account for around [0-15] per cent of London PHVs and [0-10] per cent of chauffeur/executive PHVs. Moreover, the parties estimated that they account for around [0-15] per cent of PHV trips in London.
7. The OFT questioned the parties on their share of supply for corporate account customers based in London, and for London airport trips since their advertising material appeared to suggest that this might be an area of overlap.

Corporate accounts

8. The parties submitted that they account for around [10-20] per cent corporate account PHV services in London, whether measured by number of trips or by value of spend. These figures were based on data from TfL (number of PHV journeys made in London) and a 2009 GfK survey commissioned by TfL (which showed 17 per cent of PHV trips are for account customers). These data produced an estimate that 13.3 million PHV trips were made on corporate account in London during 2011.
9. Moreover, information from customers (many of whom multisource their PHV requirements) and competitors indicate that the merger parties account for less than 25 per cent of expenditure on PHV services on corporate account.²

London airports

10. The parties submitted that they account for [0-10] per cent of trips to/from London Heathrow airport and around [0-10] per cent of trips to/from London City Airport. In calculating these figures the parties used data from Heathrow airport itself (via a tender document) which showed the number of annual taxi and PHV trips involving the airport coupled with an academic report (from University of Portsmouth) estimating the number of taxi trips

² Using the number of trips submitted by the parties the OFT calculated the average spend required for the parties to account for at least 25 per cent of corporate PHV spend in London. Almost all third parties, whether customers or competitors, reported an average spend considerably above the required threshold. A significant proportion of customers multisource their requirements.

involving the airport which allowed the parties to separate out black cab trips from PHV trips. For London City Airport, the parties used statistics from the London City Airport itself.

11. Further, the parties submitted that they are strongest in servicing London City Airport and therefore their combined share of supply to/from London Gatwick, Luton and Stansted airports would be [0-10] per cent.
12. On the basis of the information available, the OFT does not believe that the share of supply test is met.

DECISION

13. Therefore, the Office of Fair Trading has decided that the acquisition does not qualify for investigation under the mergers provisions of the Act because neither the UK turnover test nor the share of supply test in section 23 of the Act is met. A relevant merger situation has, therefore, not been created.