



Australian
Competition &
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Commission

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NEWS RELEASE

ACCC RELEASES STATEMENT OF ISSUES ON GPC'S PROPOSED ACQUISITION OF COVS PARTS

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The Australian Competition and Consumer Commission has issued a Statement of Issues on GPC Asia Pacific Pty Ltd's proposed acquisition of the Covs Parts business (Covs Parts) from Automotive Holdings Group Limited (AHG) (ASX:AHG).

The Statement of Issues seeks industry views and further information on certain competition issues which have arisen from the ACCC's market inquiries to date.

"The ACCC's preliminary view is that the proposed acquisition would raise competition concerns in the supply of automotive parts and accessories to trade customers in nine regional towns in Western Australia," ACCC Chairman Rod Sims said.

"Market feedback indicates that following the proposed acquisition, GPC would be either the only supplier of automotive parts to trade customers, or one of two suppliers in these towns."

"The proposed acquisition would remove GPC's closest competitor in these regional towns, increasing GPC's ability and incentive to raise prices or decrease service levels to trade customers," Mr Sims said.

"The ACCC is also considering the likelihood of an automotive parts provider expanding its supply or entering into any of the local markets."

"Covs Parts is the only other generalist automotive parts supplier of a scale and scope in regional Western Australia that matches GPC. The ACCC is concerned that its removal could lead to significant competitive harm and loss of choice for trade customers. It could also make it more difficult for new suppliers to enter the market," Mr Sims said.

The Statement of Issues is not a final decision. It provides the ACCC's preliminary views on the proposed acquisition, the lines of further inquiry that it wishes to undertake and invites interested parties to submit information to assist in its assessment of the issues.

The ACCC invites further submissions from interested parties in response to the Statement of Issues by 5 November 2015. The ACCC expects to make a final decision on the proposed acquisition by 26 November 2015.

Background

GPC is a distributor and retailer of automotive parts and accessories to trade and retail customers in Australia and New Zealand, through its Repco and Ashdown-Ingram brands. In Western Australia, GPC owns 36 Repco stores and eight Ashdown-Ingram branches. Covs Parts operates a 25 branch network in Western Australia and supplies a broad range of automotive parts and accessories, primarily to trade customers.

GPC is proposing to acquire Covs Parts stores across 16 locations in the greater metropolitan Perth region, and in the regional towns of Albany, Bunbury, Busselton, Esperance, Geraldton, Kalgoorlie, Karratha, Mandurah and Port Hedland.

Further information is available at www.accc.gov.au.