



DETERMINATION OF MERGER NOTIFICATION M/16/037 - MYTAXI (DAIMLER) / HAILO

Section 21 of the Competition Act 2002

Proposed merger of Hailo Network Holdings Limited and Intelligent Apps GmbH, trading as 'mytaxi'

Dated 2 September 2016

Introduction

1. On 26 July 2016, in accordance with section 18(1) of the Competition Act 2002, as amended ("the Act"), the Competition and Consumer Protection Commission ("the Commission") received a notification of the proposed merger of Hailo Network Holdings Limited ("Hailo") and Intelligent Apps GmbH trading as 'mytaxi' ("*mytaxi*").

The Proposed Transaction

2. Daimler AG ("Daimler"), through its wholly-owned subsidiary Daimler Mobility Services GmbH ("DMS"), currently holds the entire issued share capital of *mytaxi*. Pursuant to the implementation of a business combination agreement ("BCA") that was entered into by DMS, *mytaxi* and Hailo on 22 July 2016, Hailo will subscribe for new shares in *mytaxi* and Hailo's shareholdings in certain of its subsidiaries will be assigned and transferred to *mytaxi*.¹
3. Following implementation of the proposed transaction, DMS and Hailo will hold 60% and 40%, respectively, of the issued share capital of *mytaxi*. The rights and obligations of DMS and Hailo as shareholders in *mytaxi* will be governed by the articles of association of *mytaxi* and a shareholder agreement entered into between DMS and Hailo on 22 July 2016. Certain individuals have been identified as future members of the management board of *mytaxi* and will be formally appointed following completion of the proposed transaction.²

The Undertakings Involved

mytaxi

4. *mytaxi*, a limited liability company incorporated in Germany, is a direct wholly-owned subsidiary of DMS and is ultimately wholly-owned and controlled by Daimler. *mytaxi*

¹ Hailo's shareholdings in the following subsidiaries will be transferred to *mytaxi*: [...]. The following Hailo subsidiaries will not form part of the proposed transaction and will be closed down following completion of the proposed transaction: [...].

² Those individuals are [...].



operates a taxi dispatch application allowing customers to order, pay for and rate taxi services over the internet. *mytaxi* can be used via a web browser on a desktop computer or via an application downloaded to customer and taxi driver smartphones or other mobile devices. *mytaxi* is available on the main operating systems used by smartphone users, namely: Apple iOS, Android, Windows Phone and BlackBerry OS.

5. *mytaxi* allows customers to order a taxi and track its arrival in real time using a map on its application³, pay for the taxi journey using the application (via a credit card or a PayPal account set up on a customer's *mytaxi* account) and rate the taxi driver. *mytaxi* is used by 10 million customers and 45,000 taxi drivers in over 30 cities in Germany as well as in Vienna, Graz, Barcelona, Madrid, Valencia, Seville, Milan, Rome, Lisbon, Krakow, Gdansk and Warsaw. *mytaxi* is not currently active in the State.

DMS

6. DMS is a wholly-owned subsidiary of Daimler and is registered in Germany. It specialises in the provision of mobility services, using smartphone-based mobility concepts to optimise the use of existing transportation infrastructure.

Daimler

7. Daimler is one of the largest global producers of premium cars and is the world's largest manufacturer of commercial vehicles. Daimler is listed on the stock exchanges of Frankfurt and Stuttgart, with its registered office in Stuttgart, Germany.
8. Daimler's current brand portfolio includes Mercedes-Benz, Mercedes-AMG, Mercedes-Maybach, Mercedes me, Freightliner, Western Star, BharatBenz, FUSO, Setra and Thomas Built Buses. The Daimler Financial Services division provides a range of services including mobility services and its brands include Mercedes-Benz Bank, Mercedes-Benz Financial, Daimler Truck Financial, *moovel*, *car2go* and *mytaxi*.
9. For the financial year ending 31 December 2015, Daimler's worldwide turnover was approximately €149 billion, of which approximately €[...] was generated within the State.

Hailo

10. Hailo is a private limited company incorporated in England and Wales with its registered office at Somerset House, The Strand, London. Hailo operates a ride-hailing business in the UK, Ireland, and Spain in Europe, as well as other countries worldwide
11. Hailo, through its subsidiaries, operates a taxi dispatch application which allows customers to order a taxi and track its arrival, pay for the taxi journey and rate the taxi driver over the internet. Hailo is used via an application downloaded to customer and taxi driver smartphones or other mobile devices. Hailo is available on smartphones using Apple iOS and Android operating systems.

³ *mytaxi* uses the inbuilt GPS and mapping functions in the smartphones of taxi drivers and customers to 'match' them to each other through the application.



12. Hailo is available in more than 20 cities, including London, Madrid and Barcelona, and across Ireland. Hailo became available to taxi drivers and passengers in Dublin in 2012 before becoming available in Cork, Limerick and Galway in 2013 and expanding to Waterford, Sligo, Kilkenny, Carlow, Athlone, Naas, Greystones, Navan, Drogheda, Mullingar, Bray, Dundalk, Ennis, Gorey, Killarney, Newbridge, Portlaoise, Tralee, Tullamore and Wexford in 2014.
13. For the financial year ending 31 December 2015, Hailo's worldwide turnover was approximately €[...]⁴, of which approximately €[...]⁵ was generated in the State.

Rationale for the Proposed Transaction

14. The parties state in the notification:

“The Proposed Transaction aims to create one of the leading taxi dispatch/ride-hailing businesses in Europe, in order to compete more strongly with taxi dispatch application competitors (and well-funded potential competitors) such as Uber, Lynk, Lyft, cab:app, taxi.eu, Kabbee, Gett, Drive, Wingz, Summon and Cabify, as well as taxi providers operating ‘traditional’ non-application based business models. The Proposed Transaction will allow the combined business of the Parties to compete strongly across a wide range of (mainly European) cities. The Proposed Transaction will provide a platform for further fundraising to support future investment and growth in mytaxi.”

Third Party Submissions

15. No submission was received.

Competitive Analysis

16. Following implementation of the proposed transaction, *mytaxi* will be conducting the taxi dispatch / ride-hailing businesses which are currently operated independently by each of *mytaxi* and Hailo in Europe.
17. The Commission defines markets to the extent necessary depending on the particular circumstances of a given case. In this case, it is not necessary for the Commission to define precise relevant product and geographic markets since there is no horizontal overlap between the parties' activities in the State given that *mytaxi* does not currently carry out any taxi dispatch / ride-hailing business or related activities in the State. Daimler's turnover in the State comprises revenue generated from the sale of motor vehicles on a wholesale basis and related financial services.
18. There is no vertical overlap between the parties' activities in the State.

⁴ Euro figure converted from approximately GBP [...] using the average ECB conversion rate for 01 January 2015 – 31 December 2015.

⁵ Euro figure converted from approximately GBP [...] using the average ECB conversion rate for 01 January 2015 – 31 December 2015.



19. In light of the above, the Commission considers that the proposed acquisition will not substantially lessen competition in any market for goods or services in the State.

Ancillary Restraints

20. The articles of association of *mytaxi* contain a covenant restricting the shareholders of *mytaxi* [...], for as long as they remain shareholders of *mytaxi* and for a specified period thereafter, from engaging in any activities which compete with the business of *mytaxi* in the geographical areas in which *mytaxi* is active (i.e. a non-compete obligation).
21. Given the particular nature of the proposed transaction, which includes aspects such as customer loyalty, know-how and goodwill, the Commission considers the specific restriction to be directly related and necessary to the implementation of the proposed transaction.

Determination



The Competition and Consumer Protection Commission, in accordance with section 21(2)(a) of the Competition Act 2002, as amended, has determined that, in its opinion, the result of the proposed merger of Hailo Network Holdings Limited and Intelligent Apps GmbH (trading as 'mytaxi') will not be to substantially lessen competition in any market for goods or services in the State, and, accordingly, that the merger may be put into effect.

For the Competition and Consumer Protection Commission

Gerald FitzGerald
Member
Competition and Consumer Protection Commission