

Weekly Media Statement
For immediate release
7 March 2018

LATEST DECISIONS BY THE COMPETITION COMMISSION

1. Key decisions on mergers and acquisitions

1.1 Motus Capital (Pty) Ltd v Arco Motor Industry Co Ltd

The Commission has approved the proposed merger, without conditions, whereby Motus Capital (Pty) Ltd (Motus) intends to acquire Arco Motor Industry Co Ltd (Arco).

Motus is controlled by Imperial Holdings Limited (Imperial Holdings), a public company listed on the JSE. Of relevance to the proposed transaction, Motus is a wholesaler and retailer of aftermarket engine parts (“Aftermarket Engine Parts”) that procures either directly from aftermarket component manufacturers, or primary distributors.

Arco is a Taiwanese primary distributor of Aftermarket Engine Parts which it supplies to wholesalers in South Africa and other parts of the world such as Australia and South America. Some of the Aftermarket Engine Parts distributed by Arco include cylinder liners, pistons, piston rings, valves and valve guides, engine bushes, gaskets, bearings, turbochargers, fuel pumps, oil pumps and water pumps.

The Commission found that the proposed transaction is unlikely to result in a substantial prevention or lessening of competition in the relevant market. In addition, the Commission found that the proposed transaction does not raise public interest concerns.

1.2 Imperial Group Ltd v The Business of Suburban Spares two CC and the Business of Total Auto CC

The Commission has approved the proposed merger, without conditions, whereby Imperial Group Limited (Imperial Group) intends to acquire Suburban Spares Two Close Corporation (Suburban CC) and Total Auto Close Corporation (Total Auto CC), collectively referred to as the Suburban Businesses.

Imperial Group is controlled by Imperial Holdings Limited (Imperial Holdings). Imperial Holdings through its various subsidiaries operates in transportation, warehousing and distribution management. Of relevance to the proposed transaction is Imperial Holdings’ aftermarket vehicle parts and accessories activities which are conducted through Motus Aftermarket Parts Division (Motus). Motus is a distributor, wholesaler and retailer of aftermarket vehicle parts and accessories (Aftermarket Parts).

The Suburban Businesses are retailers of aftermarket parts to both individual and trade customers. The Suburban Businesses are only situated in the Western Cape Province. The Suburban Businesses source aftermarket vehicle spare parts both locally and internationally. The products supplied by the Suburban Businesses include mechanical parts, auto body parts, tools and accessories, and fluids and chemicals.

The Commission found the proposed transaction is unlikely to substantially prevent or lessen competition in any market. In addition, the proposed transaction does not raise any public interest concerns.

1.3 Midal Cables Company WLL t/a Midal Cables Ltd v AluSouth (Pty) Ltd

The Commission has approved the proposed merger, without conditions, whereby Midal Cables Company WLL t/a Midal Cables (Midal Cables) intends to acquire AluSouth (Pty) Ltd (AluSouth).

Midal Cables is incorporated in accordance to the laws of the Kingdom of Bahrain. It is ultimately jointly controlled by Al Zayani Industries SPC (Al Zayani) incorporated in Bahrain and Saudi Cables, registered in the Kingdom of Saudi Arabia. None of Al Zayani and Saudi Cables control any other firm in South Africa. Midal Cables does not control any firm in South Africa. It is a global producer and supplier of aluminium and aluminium alloy rods, wires, conductors, aluminium clad steel wire and conform products. AluSouth is newly established for the purpose of the merger and is therefore currently not operational.

The Commission found the proposed transaction is unlikely to substantially prevent or lessen competition in any market. In addition, the proposed transaction does not raise any public interest concerns.

1.4 Southern Oil (Pty) Ltd v Energy Oil (Pty) Ltd

The Commission has approved the proposed merger, without conditions, whereby Southern Oil (Pty) Ltd (Southern Oil) intends to acquire Energy Oil (Pty) Ltd (Energy Oil).

Southern Oil is controlled by Sentraal-Suid Co-operative Limited (SSK). Southern Oil is located in Swellendam, Western Cape and operates as an extraction plant and edible oil refinery. Southern Oil primarily provides edible oils such as vegetable oil, vegetable oil blends and value-added products such as mayonnaise and cooking sprays. Southern Oil predominately supplies canola oil. Of relevance to this merger is oil cake (predominately canola oil cake) which is a by-product of Southern Oil's oil extraction process in the manufacture of edible oils. Southern Oil is a wholesale supplier across South Africa of oil cake to manufacturers of animal feed who use the oil cake as an ingredient.

The primary target firm is Energy Oil. Of relevance to the proposed transaction are Energy Oil's activities in the blending of non-edible oil products which are then supplied to animal feed producers as ingredients for the manufacture of animal feed. Energy Oil sources various animal and vegetable oils (such as fish oils, vegetable oils and fats, soya bean oil, poultry oil and animal fats), which are then blended according to customer requirements. Energy Oil specializes in the formulation of non-edible blended oil products which are supplied on a wholesale basis, to manufacturers of domestic (i.e. cats and dogs) and agricultural (e.g. poultry and cattle) animal feed.

The Commission found that the proposed transaction is unlikely to result in a substantial prevention or lessening of competition in the relevant market. In addition, the Commission found that the proposed transaction does not raise public interest concerns.

1.5 Dipula Income Fund Ltd v Bajascope (Pty) Ltd

The Commission has recommended to the Tribunal that the proposed merger be approved, without conditions, whereby Dipula Income Fund Limited (Dipula) intends to acquire Bajascope (Pty) Ltd (Bajascope).

Dipula is a Real Estate Investment Trust listed on the Johannesburg Securities Exchange. Dipula is not controlled directly or indirectly by any firm. Dipula directly and indirectly controls several companies and thereby owns a diversified portfolio of retail, industrial and office properties. The portfolio is currently weighted towards retail properties and to lesser extent, office and industrial properties.

Bajascope is a property ownership firm, invested in 23 (twenty-three) immovable properties and letting enterprises, constituted of 22 (twenty-two) industrial properties and 1 (one) office property, spread across Gauteng, KwaZulu-Natal, Eastern Cape, Mpumalanga and North West provinces.

The Commission found the proposed transaction is unlikely to substantially prevent or lessen competition in any market. In addition, the proposed transaction does not raise any public interest concerns.

1.6 Dipula Income Fund Ltd v Luxanio Trading 181 (Pty) Ltd

The Commission has recommended to the Tribunal that the proposed merger be approved, without conditions, whereby Dipula Income Fund Limited (Dipula) intends to acquire Luxanio Trading 181 (Pty) Ltd (Luxanio).

Dipula is a Real Estate Investment Trust listed on the Johannesburg Securities Exchange. Dipula is not controlled directly or indirectly by any firm. Dipula directly and indirectly controls several companies and thereby owns a diversified portfolio of retail, industrial and office properties. The portfolio is currently weighted towards retail properties and to lesser extent, office and industrial properties.

Luxanio is a property ownership firm, invested in immovable properties and letting enterprises which include retail and office properties, 8 (eight) of which are in Gauteng, and 1 (one) in the Western Cape Province.

The Commission found the proposed transaction is unlikely to substantially prevent or lessen competition in any market. In addition, the proposed transaction does not raise any public interest concerns.

1.7 Vele Private Equity (Pty) Ltd v Insure Group Managers Ltd

The Commission has approved the proposed merger, without conditions, whereby Vele Private Equity (Pty) Ltd (Vele PE) intends to acquire Insure Group Managers Limited (Insure).

Vele PE is a recently formed capital holding structure for private equity investments, focussed on investment opportunities which stimulate growth and transformation and connects equity with high growth companies ready to progress to their next stage of development. Vele PE intends to find well-run companies with good sustainable track records, which have become leaders in their respective markets, in an effort to substantially enhance the transformation agenda of the company concerned and the relevant market.

Insure is an independent intermediary in terms of the Short Term Insurance Act No. 53 of 1998. As an independent intermediary, Insure provides premium handling services, including debit order collections and premium disbursements, the financing of annual insurance premiums and broker acquisition financing. Insure's range of services are aimed at short term insurance intermediaries and participants within the South African insurance industry looking for niche financial solutions to their needs. Insure has a strategic focus on financial services for the South African short-term insurance market through simplifying the administration burden of premium handling by offering independence and choice. Insure's products include broker acquisition funding, insurance premium financing and premium handling services.

The Commission found the proposed transaction is unlikely to substantially prevent or lessen competition in any market. In addition, the proposed transaction does not raise any public interest concerns.

1.8 Advin SA (Pty) Ltd v Stellenbosch Vineyards Group Ltd

The Commission has approved the proposed merger, without conditions, whereby AdVini South Africa (Pty) Ltd (AdVini) intends to acquire Stellenbosch Vineyards Group Limited (Stellvine).

AdVini is involved in the production, marketing, sale and distribution of wine, such as red, white and sparkling. Stellvine is also engaged in the same activities as the acquiring firm. All the wine farms in which the merging parties holds interests are also situated in Stellenbosch in the Western Cape Province.

The Commission found the proposed transaction is unlikely to substantially prevent or lessen competition in any market. In addition, the proposed transaction does not raise any public interest concerns.

2. Non Referrals: The Commission has taken a decision to non-refer (not to prosecute) the following cases:

2.1 Alivutoya Infrastructure Development (Pty) Ltd v Barclays Africa Group Ltd

The Commission is of the view that the conduct complained of does not contravene the Competition Act.

2.2 Allen Delile Khumalo v Telkom

The Commission is of the view that the conduct complained of does not contravene the Competition Act.

2.3 Quantum Leap Cleaning Services v Zara Cleaning Services

The complainant has been advised to refer the matter to the National Treasury.

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