



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM062Jul16

In the matter between:

enX GROUP LIMITED

Primary Acquiring Firm

and

EQSTRA NEWCO (PTY) LIMITED

Primary Target Firm

Panel	: Anton Roskam (Presiding Member)
	: Medi Mokuena (Tribunal Member)
	: Imraan Valodia (Tribunal Member)
Heard on	: 28 September 2016
Order Issued on	: 28 September 2016
Reasons Issued on	: 25 October 2016

Reasons for Decision

Approval

- [1] On 28 September 2016, the Competition Tribunal ("Tribunal") approved the proposed transaction between enX Group Limited and Eqstra Newco (Pty) Ltd.
- [2] The reasons for approving the proposed transaction follow.

Parties to proposed transaction

Primary acquiring firm

- [3] The primary acquiring firm is enX Group, a company incorporated in accordance with the laws of Republic of South Africa.
- [4] The enX Group is a public company listed on the Johannesburg Stock Exchange (“JSE”) and as such, it is not controlled by any firm.
- [5] The enX Group provides industrial energy equipment, consumables, related components and support services to wide range of economic sectors in South Africa and sub-Saharan Africa. It services a range of customers, from heavy industrial, automotive, mining and construction groups to wholesalers, retailers, technology and telecommunications companies, banks and manufacturers in other industries.¹
- [6] The enX Group and all its subsidiaries will collectively be referred to as the “Acquiring Firm”.

Primary target firm

- [7] The primary target firm is Eqstra Newco, a company incorporated in terms of the laws of the Republic of South Africa.
- [8] Eqstra Newco is a wholly subsidiary of Eqstra Holdings Limited (“Eqstra”), a company incorporated in accordance with the laws of the Republic of South Africa.²
- [9] Eqstra Newco is a newly established company for the purposes of this transaction and it houses the fleet management and logistics businesses and industrial equipment businesses of Eqstra. The passenger and commercial vehicles in South Africa and various other African countries. The value-added services include vehicle tracking products and accident management solutions.

Proposed transaction and rationale

¹ The enX Group currently conducts its business activities under three business divisions, namely, the power division, the wood division and the fuel and chemical division.

² Eqstra is not controlled by any firm.

- [10] The Acquiring Group intends to acquire the fleet management and logistics businesses and the industrial equipment businesses owned and operated by Eqstra which are housed in Eqstra Newco.³
- [11] The Acquiring Group submits that its strategic goal is to build a diversified industrial company and Eqstra's Industrial Equipment and Fleet Management divisions introduce stable, established and profitable businesses with strong market positions and good growth prospects.
- [12] Eqstra submits that the proposed transaction addresses issues that have suppressed value creation in each division and places each operation on a sustainable growth path.

Impact on competition

- [13] The Competition Commission ("Commission") considered the activities of the merging parties and found that there is an overlap in the broader market for the supply of industrial equipment. The Commission found that the Acquiring Group supplies woodworking equipment, power products and fuel and chemicals in South Africa, while Eqstra Newco supplies forklifts, cranes, aerial platforms, waste equipment, port terminal tractors, reach stackers, mobile cranes, solar products and cleaning equipment in South Africa. The Commission, therefore found that there is no overlap between the merging parties. Even if the Commission considered a worst case scenario and considered an overlap in the broader market for the supply of industrial equipment, the Commission found that the merged entity's market share will remain low and will continue to face competition from other players such as Barloworld Limited, Invicta Limited and Hudaco Limited.
- [14] Therefore the Commission is of the view that the proposed transaction is unlikely to substantially lessen or prevent competition in any market in South Africa.
- [15] We concur with the Commission's conclusion.

Public interest

- [16] The Commission notes that the job losses that are likely to arise as a result of the proposed transaction are less than 15 and do not affect the unskilled employees. This

³ Upon implementation of the proposed transaction, the Acquiring Group will control Eqstra Newco.

suggests that the proposed transaction is unlikely to result in significant public interest concerns, as these employees are likely to be able to secure alternative employment. This is not the case with unskilled employees. Therefore, to safeguard the interests of unskilled employees the Commission recommended the imposition of conditions that limit retrenchments only to the 15 identified employees. The merging parties agreed to the conditions. The conditions are attached as **annexure A**.

[17] The proposed transaction further raises no other public interest concerns.

Conclusion

[18] In light of the above, we conclude that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market. In addition, insofar as any significant public interest issues arise from the proposed transaction, they are dealt with in the conditions attached to the merger. Accordingly, we approve the proposed transaction subject to the conditions attached as **annexure A**.



Mr. Anton Roskam

25 October 2016
DATE

Ms Medi Mokuena and Prof Imraan Valodia concurring

Tribunal Researcher: Busisiwe Masina

For the merging parties: Rick van Rensburg of Edward Nathan Sonnerberg Inc.

For the Commission: Zintle Siyo