



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM022Apr17

In the matter between:

BUSINESS VENTURE INVESTMENTS NO 1953 (PTY) LTD	Primary Acquiring Firm
and	
AFRIT GROUP (PTY) LTD	Primary Target Firm

Panel	: AW Wessels (Presiding Member)
	: Mondo Mazwai (Tribunal Member)
	: Imraan Valodia (Tribunal Member)
Heard on	: 14 June 2017
Order Issued on	: 14 June 2017
Reasons Issued on	: 29 June 2017

Reasons for Decision

Approval

- [1] On 14 June 2017, the Competition Tribunal ("Tribunal") approved the proposed transaction involving Business Venture Investments No 1953 (Pty) Ltd and Afrit Group (Pty) Ltd.
- [2] The reasons for approving the proposed transaction follow.

Parties to proposed transaction

Primary acquiring firm

- [3] The primary acquiring firm is Business Venture Investments No 1953 (Pty) Ltd (to be renamed Industrial Services Holdings) ("InServe"), a recently formed private company duly incorporated in accordance with the company laws of the Republic of South Africa.

- [4] InServe is a subsidiary of IEP Portfolio 1 (Pty) Ltd ("IEP"). IEP is controlled by Investec Bank Limited.
- [5] InServe is the holding company for four operating entities: Uvundlu Investments (Pty) Ltd, Concord Cranes (Pty) Ltd, Prowalco (Pty) Ltd and Uni-Span Holdings (Pty) Ltd.

Primary target firm

- [6] The primary target firm is Afrit Group (Pty) Ltd ("Afrit"), the holding company for the Afrit group of companies ("the Afrit Group").
- [7] Afrit is jointly controlled by Hulisani Consortium RF (Pty) Ltd ("Hulisani") which holds 51.02% of the issued share capital in Afrit and Van de Wetering Industrie Holdings (Pty) Ltd ("VDWH"), which holds 48.98% of the issued share capital in Afrit.
- [8] We note that IEP has a 46.4% existing shareholding in Hulisani.¹

Proposed transaction and rationale

- [9] The proposed transaction entails the Afrit Group's shareholders swapping their respective shares into InServe through a series of interrelated transactional steps. According to the Competition Commission ("Commission") the proposed transaction ultimately results in Afrit and Afrit Propco (Pty) Ltd becoming subsidiaries of InServe.
- [10] The merging parties submitted that Afrit will be a good fit within the existing industrial services group.
- [11] The shareholders in Afrit submitted that they have agreed to merge into InServe, with the benefit of exposure to a more diversified holding company.

Impact on competition

- [12] The Commission found no overlap between the activities of the merging parties. The acquiring group is active in the supply of industrial equipment such as lifting equipment, compact construction equipment, industrial cleaning products and

¹ Merger Record, page 31.

equipment, mobile cranes, scaffolding services and liquid fuel dispensing equipment. Afrit manufactures and sells a wide range of standard and bespoke trailers for large commercial vehicles. Afrit also provides short-term finance for trailer sales through Phuma Finance and provides short- and long-term trailer rental solutions through Phuma Rentals.

- [13] Given the above, the Commission concluded that the proposed transaction is unlikely to substantially prevent or lessen competition in any market in South Africa. We concur with this finding.

Public interest

- [14] In relation to employment the merging parties submitted that the target firm will continue to operate as a separate entity post-merger and that the proposed transaction will not result in post-merger employment overlaps or redundancies.²

- [15] Furthermore, the proposed transaction raises no other public interest concerns.

Conclusion

- [16] 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, no public interest issues arise from the proposed transaction. Accordingly, we approve the proposed transaction unconditionally.



Mr AW Wessels

29 June 2017
DATE

Ms Mondo Mazwai and Prof Imraan Valodia concurring

Tribunal Case Manager: Busisiwe Masina
For the merging parties: Mr Chris Charter of Cliffe Dekker Hofmeyr
For the Commission: Ms Lindiwe Khumalo

² Merger Record, page 8.