



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM128Nov19

In the matter between

BIDVEST SERVICES HOLDINGS (PTY) LTD

Primary Acquiring Firm

and

NEW FRONTIERS TOURS (PTY) LTD

Primary Target Firm

Panel	: Ms M Mazwai (Presiding Member)
	: Ms Y Carrim (Tribunal Member)
	: Mr AW Wessels (Tribunal Member)
Heard on	: 22 January 2020
Order Issued on	: 22 January 2020
Reasons Issued on	: 7 February 2020

NON-CONFIDENTIAL REASONS FOR DECISION

APPROVAL

- [1] On 22 January 2020, the Competition Tribunal ("Tribunal") unconditionally approved a large merger between Bidvest Services Holdings (Pty) Ltd and New Frontiers Tours (Pty) Ltd.
- [2] The reasons for the approval of the proposed transaction follow.

PARTIES TO THE TRANSACTION

- [3] The primary acquiring firm is Bidvest Services Holdings (Pty) Ltd ("Bidvest Services"), a wholly owned subsidiary of Bidvest Group Ltd ("Bidvest Group"), a public company listed on the Johannesburg Stock Exchange. Bidvest Group controls various firms in South Africa and internationally, and it is not controlled by any firm.
- [4] Bidvest Services operates through multiple entities. Of relevance for competition assessment in this proposed transaction is its wholly owned subsidiary Bidvest Travel Holdings (Pty) Ltd ("BidTravel"). BidTravel houses the executive management of Bidvest Services' travel services.
- [5] BidTravel's offerings include providing travel management services to corporate businesses, and locals travelling internationally ("outbound travel services") for leisure.
- [6] The primary target firm is New Frontiers Tours (Pty) Ltd ("NFT"), a company whose issued shares are held by the Verity Trust, Gary Smith and Paula Moore ("the sellers"). [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
- [7] NFT is a destination management company exclusively offering travel services to foreigners travelling to Southern Africa ("inbound travel services") for leisure.

PROPOSED TRANSACTION

- [8] Bidvest Services intends to acquire 100% of the issued share capital of NFT from the sellers. Post-merger, Bidvest Group will ultimately acquire sole control of NFT.

IMPACT ON COMPETITION

- [9] The Competition Commission ("Commission") considered the activities of the parties and did not identify any horizontal overlaps in their activities. The Commission based this on its finding that Bidvest Services only operates in the outbound travel services market in South Africa, while NFT operates exclusively
- [REDACTED]

in the inbound travel services market.² The Commission also found that both demand-side and supply-side substitutability of the merging parties' services was unlikely because of the large number of participants in both markets. Furthermore, the Tribunal has previously held that the inbound and outbound travel services markets are distinguishable.³

[10] The Commission also did not identify any vertical overlaps from the activities of the parties.

[11] Due to the above, the Commission concluded that the proposed transaction is unlikely to substantially lessen or prevent competition in any market. We found no reason to disagree.

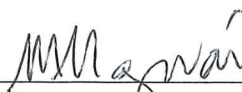
PUBLIC INTEREST

[12] Prior to the proposed transaction, some of BidTravel's subsidiaries had retrenched several employees. The Commission investigated these retrenchments and was satisfied that they were not merger specific. The merging parties confirmed this during the hearing and further stated that no retrenchments would result from the proposed transaction. The proposed transaction does not raise any other public interest concerns.

Conclusion

[13] 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, we believe that all public interest concerns were addressed satisfactorily.

[14] Accordingly, we approved the transaction without conditions.



Ms M Mazwai

7 February 2020

Date

Ms Y Carrim and Mr AW Wessels concurring

Tribunal Case Manager : P Kumbirai

For the Merging Parties : P Cleland of Werksmans Attorneys

For the Commission : R Darji and T Masithulela

² Inbound travel operators serve international customers travelling to South Africa, whereas outbound travel operators serve customers in South Africa travelling internationally.

³ *Imperial Holdings Limited/Tourism Investment Corporation Limited* (CT 33/LM/Jun01) paras 7 and 9.