

COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No.: LM012Apr21

In the matter between:

Motus Group Limited

Primary Acquiring Firm

And

North Motor Group (Pty) Ltd's Kia Bryanston and
Honda Sandton Motor Dealerships

Primary Target Firms

Panel:	Y Carrim (Presiding Member)
	AW Wessels (Tribunal Panel Member)
	I Valodia (Tribunal Panel Member)
Heard on	07 June 2021
Order issued on:	07 June 2021
Reasons issued on:	07 June 2021

ORDER

Further to the recommendation of the Competition Commission in terms of section 14A(1)(b) of the Competition Act, 1998 ("the Act") the Competition Tribunal orders that-

1. the merger between the abovementioned parties be approved in terms of section 16(2)(a) of the Act; and
2. a Merger Clearance Certificate be issued in terms of Competition Tribunal rule 35(5)(a).

Yasmin Tayob Carrim

Presiding Member
Ms Yasmin Carrim

07 June 2021

Date

Concurring: Mr. Andreas W. Wessels and Prof. Imraan I. Valodia

Merger Clearance Certificate

Date : 07 June 2021

To : Bowman Gilfillan

Case Number: LM012Apr21

Motus Group Ltd And North Motor Group (Pty) Ltd's Kia
Bryanston and Honda Sandton Motor Dealerships

Notice CT 10

About this Notice

This notice is issued in terms of section 16 of the Competition Act.

You may appeal against this decision to the Competition Appeal Court within 20 business days.

You applied to the Competition Commission on **14 April 2021** for merger approval in accordance with Chapter 3 of the Competition Act.

Your merger was referred to the Competition Tribunal in terms of section 14A of the Act, or was the subject of a Request for consideration by the Tribunal in terms of section 16(1) of the Act.

After reviewing all relevant information, and the recommendation or decision of the Competition Commission, the Competition Tribunal approves the merger in terms of section 16(2) of the Act, for the reasons set out in the Reasons for Decision.

This approval is subject to:

☒ no conditions.

☐ the conditions listed on the attached sheet.

The Competition Tribunal has the authority in terms of section 16(3) of the Competition Act to revoke this approval if

- a) it was granted on the basis of incorrect information for which a party to the merger was responsible.
- b) the approval was obtained by deceit.
- c) a firm concerned has breached an obligation attached to this approval.

Contacting the Tribunal

The Competition Tribunal
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The Registrar, Competition Tribunal



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case no: LM012Apr21

Motus Group Limited (Primary Acquiring Firm)
and
North Motor Group (Pty) Ltd's Kia Bryanston and Honda Sandton Motor Dealerships (Primary Target Firms)

REASONS FOR DECISION

- [1] On 7 June 2021, the Competition Tribunal unconditionally approved the large merger between Motus Group Limited ("Motus Group") and North Motor Group Proprietary Limited's Kia Bryanston and Honda Sandton Motor Dealerships ("Target Dealerships").
- [2] The proposed transaction involves Motus Group acquiring control of the Target Dealerships from North Motor Group Proprietary Limited.
- [3] Motus Group is controlled by JSE-listed company, Motus Holdings Limited ("Motus Holdings"). Motus Holdings and its subsidiaries are active in the import and distribution of motor vehicles; retail and rental of motor vehicles; motor-related financial services; and the sale of original equipment manufacturer (OEM) spare parts and aftermarket parts.
- [4] The Target Dealerships are active in the sale of new and used Honda and Kia passenger vehicles ("PVs") and Kia light commercial vehicles ("LCVs"), and the supply of scheduled maintenance and aftersale services and parts in respect of Kia PVs and Honda PVs. Only the Honda Sandton Motor Dealership is, in addition, active in the sale of new Honda motorcycles, the sale of used motorcycles of Honda and other brands, and the supply of scheduled maintenance and after-sale services and parts in respect of Honda motorcycles.
- [5] The Competition Commission identified horizontal overlaps in the activities of the merging parties and assessed the impact of the proposed transaction on the following markets:
 - (i) sale of new PVs within Bryanston and surrounding areas;
 - (ii) sale of new LCVs within Bryanston and surrounding areas;
 - (iii) sale of new motorcycles in Bryanston and the greater Johannesburg area; and
 - (iv) provision of scheduled maintenance and after-sale services and parts within Bryanston and surrounding areas.

- [6] The Commission did not provide market shares in the affected relevant markets. However, the Commission found that post-merger the merged entity will continue to compete with multiple dealerships within Bryanston and surrounding areas.
- [7] The Commission further found that the merger does not raise any concerns regarding the market for the provision of scheduled maintenance and after-sale services and parts, since the cost of scheduled maintenance and after-sale services and parts in respect of new PVs, LCVs and motorcycles is included in the purchase price and as such, customers would not be at risk of any unilateral effects post-merger.
- [8] The effect of the proposed transaction on intra-brand competition was assessed and the Commission found that the proposed transaction is unlikely to lead to a substantial loss of intra-brand competition due to the number of alternative Kia dealerships¹ and Honda dealerships² within the surrounding areas of the merging parties.
- [9] No third parties raised concerns regarding the effects of the proposed transaction on competition.
- [10] Accordingly, we conclude that the proposed transaction does not substantially prevent or lessen competition in any relevant market.
- [11] The merger parties made an unequivocal undertaking that there shall be no retrenchments as a result of the proposed transaction. The employees of the Target Dealerships will transfer to the Motus Group in terms of Section 197 of the Labour Relations Act, 66 of 1995 as amended.
- [12] The transaction does not give rise to any other public interest concerns.

Signed by: Yasmin Tayob Carrim
Signed at: 2021-06-07 12:17:35 +02:00
Reason: I approve this document

Yasmin Tayob Carrim

Ms Yasmin Carrim

7 June 2021

Date

**Mr. Andreas W. Wessels and Prof. Imraan I. Valodia
concurring**

Tribunal Case Manager: D Mogapi
For the Merging Parties: H Irvine and M Sambo of Bowman Gilfillan
For the Commission: T Loate and W Gumbie

¹ In respect of Kia PVs and LCVs, the merged entity will be constrained by alternative Kia dealerships such as CMH Kia Bryanston, Kia Motors Midrand, Kia Randburg (Malibongwe) and Kia Goldreef (Johannesburg).

² In respect of new Honda PVs and motorcycles, the merged entity will be constrained by alternative Honda dealerships such as NMG Honda and Mitsubishi Rivonia, CMH Honda The Glen and Honda Auto Johannesburg South.