



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: 08/LM/Jan12

In the matter between:

**Super Group Dealerships,
a division of Super Groups Trading (Pty) Ltd**

Acquiring Firm

And

Auto Lux (Pty) Ltd and Motorview (Pty) Ltd

Target Firm

Panel : Norman Manoim (Presiding Member)
Yasmin Carrim (Tribunal Member) and
Andreas Wessels (Tribunal Member)
Heard on : 01 March 2012
Order issued on : 01 March 2012
Reasons issued on : 09 March 2012

Reasons for Decision

Approval

- 1] On 01 March 2012 the Competition Tribunal ("Tribunal") approved the merger between Super Group Dealerships, a division of Super Group Trading, a division of Super Group Trading (Pty) Ltd and two companies, namely Auto Lux (Pty) Ltd and Motorview (Pty) Ltd. The reasons for approving the proposed transaction follow below.

Parties to the transaction

- 2] The primary acquiring firm is Super Group Dealerships (“SGD”), a wholly-owned subsidiary of Super Group Trading (Pty) Ltd, a company whose activities include the sale of new, pre-owned and demonstration motor vehicles, the sale of spare parts, as well as the provision of financial services.
- 3] There are two primary target firms in this matter. The first one is Auto Lux (Pty) Ltd (“Auto Lux”), trading as CJD East Rand and Suzuki Boksburg. Auto Lux is a Chrysler, Dodge, Jeep and Suzuki franchise motor vehicle dealership in Boksburg. Auto Lux sells new, pre-owned and demonstration motor vehicles, parts and accessories of the abovementioned brands.
- 4] The second target firm is Motorview (Pty) Ltd (“Motorview”), trading as Honda Bedfordview. Motorview sells new, pre-owned and demonstration Honda motor vehicles, parts and accessories in Bedfordview.

Proposed transaction

- 5] The proposed transaction involves SGD’s acquisition of the assets utilised in the businesses of the target firms.
- 6] Upon implementation of the transaction, SGD will exercise sole control over both the target firms.

Rationale for transaction

- 7] The rationale for the proposed merger is that the acquiring firm identified Chrysler, Dodge, Honda, Jeep and Suzuki as growing motor vehicle brands and as such, it feels that this transaction would be ideal to further grow SGD’s representation within the Honda brand, as SGD currently owns two Honda dealerships in the Gauteng Province.

Impact on competition

- 8] The proposed transaction will not result in a vertical overlap, however, it will result in a horizontal overlap in the activities of the merging

parties in respect of the sale of new passenger vehicles in the Boksburg and Bedfordview areas.

9] The merging parties described a geographic market combining the Boksburg and Bedfordview areas, although it was not clear what boundaries these areas had. SGD holds approximately 4% of the market share, whilst the target firm has approximately 5% of the market share in the combined geographic market. Post-merger, the parties will have a combined market share of below 10% relating to the sale of new passenger vehicles in the Boksburg and Bedfordview areas.

10] The Commission also took the approach that the two areas formed part of the same geographic market; however, they found it to be on a broader basis. The Commission found that the post-merger market share will be approximately 2.5% of the total market in the Midrand, Boksburg, Bedfordview, Edenvale and Randburg areas for the sale of new passenger vehicles. Furthermore, the Commission submitted that the post-merger market shares in respect of large and small SUVs will be 16% and 10% respectively, the highest market shares in for the various sub-categories of new passenger vehicles in the Midrand, Boksburg, Bedfordview, Edenvale and Randburg areas.

11] We need not decide which geographic market is correct, nor whether the two markets ought to be defined narrower or separately given the low post-merger market shares. Therefore, the transaction will not substantially prevent or lessen competition in any relevant market.

12] More reliable is the fact that it appears in the Boksburg and Bedfordview areas that there is sufficient rivalry between different distributors. The merging parties submitted that all brands are well represented within a three or four square kilometre radius of each other in Boksburg. Albeit that Bedfordview is lesser of a motor town, there are various other brand dealerships located in the vicinity of the particular Honda dealership in question. Therefore, there are sufficient competitors in the relevant market.

Public interest

13]The merging parties confirmed that there will be no adverse effect on employment as a result of the proposed transaction.¹ No other public interest issues arise as a result of this transaction.

CONCLUSION

14]We conclude that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market. Furthermore, the proposed transaction raises no public interest concerns. Accordingly, we approve the proposed merger unconditionally.

NORMAN MANOIM

09 March 2012
DATE

Yasmin Carrim and Andreas Wessels concurring.

Tribunal researcher: Nicola Ilgner

For the merging parties: Saskia Rohl of Super Group Dealerships

For the Commission: Zanele Hadebe

¹ See page 50 of the record.