

COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: 110/LM/Oct08

In the matter between:

JDG Trading (Pty) Ltd

Acquiring Firm

and

Blake and Associates Holdings (Pty) Ltd

Target Firm

Panel : D Lewis (Presiding Member), Y Carrim (Tribunal Member) and N Manoim (Tribunal Member)
Heard on : 19 November 2008
Order issued on : 19 November 2008
Reasons issued on : 27 November 2008

Reasons for Decision

Introduction

[1] On 19 November 2008 the Tribunal approved the acquisition by JDG Trading (Pty) Ltd of Blake and Associates Holdings (Pty) Ltd. The reasons follow below.

The transaction and parties

[2] JDG Trading (Pty) Ltd, a subsidiary of JD Group Limited ("JD Group"), is increasing its shareholding from 27.52% to 55.04% in Blake and Associates Holdings (Pty) Ltd ("Blake and Associates"). It is acquiring all the shares held by Unifer Holdings, a subsidiary of ABSA Bank.

[3] Blake and Associates controls the following firms:

- Blake & Associates (Pty) Ltd

- Apollo Solutions Ltd
- Metonymy (Pty) Ltd
- Mala Investments (Pty) Ltd
- Traq Software (Pty) Ltd

[4] Post the transaction the shareholding in Blake and Associates will be:

- JDG Trading 55%
- HR Blake 24%
- Miller Trust 21%

Rationale for the transaction

[5] According to Unifer Holdings it never intended to be a long term shareholder in Blake Holdings and therefore wishes to realize its investment. The transaction offers the JD Group, which regards itself as a long term investor, the opportunity to increase its usage of the call centres and collection facilities in Johannesburg and Durban, offered by Blake Holdings in respect of the JDG debtors book.

Effect on Competition

[6] JDG Trading sells household durable goods such as furniture and electrical appliances on cash and credit while Blake and Associates operates call centres offering services such as product promotions and debt recovery.¹

[7] There is a vertical relationship between the merging parties. JD Group collects its own debt books except in the case of its Electric Express Brand which uses the services of Blake and Associates. The debt collection services that Blake and Associates do on behalf of JD Group represents 6% of its total turnover and 0.02% of JD Group's turnover.

[8] Other competitors operating in the call centre industry are for instance Dialogue Group, MBD, Direct Channel Marketing Merchants and Call Nucleus. There are in total 54000 call centre seats in the South African

[1] Although there is an horizontal overlap in these activities of the merging parties, in that JD Group collects its own debt in-house, it does not offer these services to third parties and does therefore not compete with Blake and Associates.

market of which the merging parties will hold 800, i.e. 1.4%. The transaction is therefore unlikely to raise any foreclosure concerns.

[9] In light of the above the Tribunal finds that the proposed transaction is unlikely to substantially prevent or lessen competition.

PUBLIC INTEREST

[10] The transaction does not raise any significant public interest concerns.

N Manoim

27 November 2008
Date

D Lewis and Y Carrim concurring.

Tribunal Researcher: R Badenhorst
For the merging parties: Feinsteins Attorneys
For the Commission: K Mahlakoane