



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No.: 017780

In the matter between:

Unitrans Automotive (Pty) Ltd

Primary Acquiring Firm

and

**Abrina 3765 (Pty) Ltd and
Phase IV Motor Investments (Pty) Ltd**

Primary Target Firm

Panel	:	Takalani Madima (Presiding Member) Mondi Mazwai (Tribunal Member) Medi Mokuena (Tribunal Member)
Heard on	:	06 November 2013
Order issued on	:	06 November 2013
Reasons issued	:	28 November 2013

DECISION

Unconditional approval

[1] On 06 November 2013, the Competition Tribunal ("Tribunal") unconditionally approved the proposed acquisition by Unitrans Automotive (Pty) Ltd of Abrina 3785 (Pty) Ltd and Phase IC Motor Investments (Pty) Ltd.

[2] The reasons for approving the proposed transaction follow.

Parties to transaction

[3] The primary acquiring firm is Unitrans Automotive (Pty) Ltd ("Unitrans"). It is wholly-owned by Unitrans Motor Enterprises, which in turn is ultimately controlled by Steinhoff International Holdings Limited.

[4] Unitrans is involved in the sale of new and pre-owned vehicles (including BMW and Mini) ranging from entry-level passenger vehicles to heavy trucks, parts,

accessories and after-market service. The ancillary services which are provided include the provision of consumer credit, insurance, fleet management and car rental.

[5] The primary target firm is Abrina 3785 (Pty) Ltd t/a Auto Alpina Boksburg and Phase IC Motor Investments (Pty) Ltd t/a Bruma Auto (collectively referred to as "the dealerships"). Auto Alpina Boksburg is located in Boksburg, whilst Bruma Auto is located in Bedfordview. The dealerships comprise two BMW-approved dealerships which trade in BMW and Mini-branded motor vehicles.

[6] Both Dealerships have service, parts, vehicle financing and insurance departments. The Boksburg Dealership also trades in BMW Motorcycles.

[7] The Dealerships are controlled by the Vermaak Family Trust which holds 50.9% of the shares in the Boksburg Dealership and 69.9% of the shares in the Bruma Dealership. The remaining shares in the Boksburg Dealership are held by Imbani Holdings (Pty) Ltd and individual members of the Vermaak family. The remaining shares in the Bruma Dealership are held by Imbani Holdings (Pty) Ltd and Rosemate Piet Magosi.

Proposed transaction and rationale

[8] In terms of the proposed transaction, the two dealerships are sold inter-conditionally to Unitrans. Post-transaction, Unitrans will have sole control over the dealerships.

[9] Unitrans submitted that the rationale for entering into the proposed transaction is [...]. BMW SA supports this transaction.

[10] The current shareholders of the Dealerships [...]

Competition assessment

Horizontal assessment

[11] The Commission found that the proposed transaction will result in a product overlap in various markets due to the merging parties being active in the market for the sale of pre-owned passenger vehicles, for the related provision of parts and servicing, brokering of related financial services and for the sale of new passenger vehicles.

[12] In the market for the sale of pre-owned passenger vehicles, the Commission found that this is a competitive market given that the majority of dealerships sell pre-owned passenger vehicles. Thus, there are numerous other players to pose a competitive constraint on the merged entity.

[13] Regarding the market for the related provision of parts and servicing, most dealerships provide maintenance plans with the purchase of a new passenger vehicle. Therefore, the customer has a choice of which brand-specific dealerships it would like to utilise and is not obliged to make use of the same one from which the customer purchased the new vehicle. Owners of older vehicles can make use of the numerous independent workshops which are able to provide maintenance services and parts.

[14] The merging parties do not compete directly with one another in the market for the brokering of related financial services, given that they merely act as intermediaries for the financial services providers.

[15] We agree with the Commission that no competition concerns will arise in the abovementioned markets as a result of the proposed transaction.

[16] Regarding the market for the sale of new passenger vehicles, Unitrans has [...] dealerships in Gauteng, including the East Rand. The Commission analysed this market with both a broader and a narrower angle, yet the conclusion was the same that the merged entity would hold a relatively small market share and it would

continue to face competition from various larger dealerships such as McCarthy Group, Imperial Group, Barloworld and AMH Distribution.

Vertical assessment

[17] The proposed transaction results in a vertical relationship given that the merging parties participate in vehicle swaps and buy and sell new passenger vehicle parts to and from each other on an *ad hoc* basis.¹ The percentage of these sales, however, constitutes a negligible amount of the parties' respective annual turnovers.

[18] Furthermore, price-related information is easily accessible by the public and therefore the likelihood of the parties engaging in collusion is minimal.

Conclusion

[19] We conclude that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market.

Public interest

[20] The merging parties confirmed that the proposed transaction will not have any adverse impact on employment and that no retrenchments will result from the proposed transaction.² No other public interest issues arise as a result of this transaction.

¹ See page 62 of the transcript.

² See pages 40 and 51 of the merger record.

CONCLUSION

[21] Having regard to the facts above, we find that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market. Furthermore, no public interest concerns arise as a result of the proposed transaction. Accordingly, we approve the proposed merger unconditionally.



DR T. MADIMA

28 November 2013

DATE

Mrs M. Mazwai and Mrs M. Mokuena concurring

Tribunal Researcher: Nicola Ilgner

For the Commission: Khanyisile Majjja and Grashum Mutizwa

For the merging parties: Chris Charter and Lerisha Naidu of Cliffe Dekker Hofmeyr Inc.