



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM043Jun16

In the matter between:

SUPER GROUP TRADING PROPRIETARY LIMITED

Acquiring Firm

And

CERTAIN MOTOR VEHICLE DEALERSHIPS IN THE WESTERN CAPE OWNED AND OPERATED BY SANDOWN MOTOR HOLDINGS PROPRIETARY LIMITED AND ERVEN 6253 AND 6254, MONTAGUE GARDENS HELD UNDER DEED OF TRANSFER T8105/2007 AND T8106/2007 CURRENTLY OWNED BY KOPPIEVUE PROPRIETARY LIMITED

Target Firm

Panel : Norman Manoim (Presiding Member)
: Medi Mokuena (Tribunal Member)
: Andiswa Ndoni (Tribunal Member)
Heard on : 20 July 2016
Order Issued on : 20 July 2016
Reasons Issued on : 12 August 2016

NON-CONFIDENTIAL REASONS FOR DECISION

APPROVAL

- [1] On 20 July 2016, the Competition Tribunal approved the large merger between Super Group Trading Proprietary Limited (“SGT”) and Certain Motor Vehicle Dealerships in the Western Cape owned and operated by Sandown Motor Holdings Proprietary Limited (“the target businesses”) and Erven 6253 and 6254, Montague Gardens held under deed of transfer T8105/2007 and T8106/2007, currently owned by Koppievue Proprietary Limited (“the target property”).

[2] The reasons for the approval follow.

PARTIES TO THE TRANSACTION AND THEIR ACTIVITIES

Primary Acquiring Firm

[3] The primary acquiring firm is SGT, a private company incorporated in accordance with the laws of the Republic of South Africa. SGT is a wholly owned subsidiary of Super Group Holdings (Pty) Ltd ("Super Group Holdings") which is ultimately controlled by Super Group Limited ("Super Group"). Super Group is listed on the JSE¹ and apart from Super Group Holdings, does not control any other firm in South Africa.

[4] Super Group is a supply chain mobility company concerned with the optimisation of supply chain processes and vehicle fleets. Its dealership division consist of forty-three franchised motor dealerships based in the Gauteng, Mpumalanga and North West Provinces. Super Group also sells parts and accessories, pre-owned and demonstration motor vehicles and provides maintenance and repairs in respect of motor vehicles.

Primary Target Firm

[5] The target businesses are motor vehicle dealerships located in the Western Cape Province,² owned and operated by Sandown Motor Holdings (Pty) Ltd (SMH), which sell new and used passenger vehicles, new commercial vehicles and provide after sales services. SMH is controlled by Mercedes-Benz South Africa Limited (MBSA) (62.625%) which is in turn controlled by Daimler AG.

¹ The top five shareholders in Super Group at 30 June 2015 are as follows: Allan Gray (Pty) Ltd (19.79%); Public Investment Corporation (13.19%); Government Employee Pension Fund (13.67%); Prudential Portfolio Management (6.29%); Visio Capital Management (5.71%).

² *Mercedes-Benz Century City*, located at Century Boulevard, Mercantile Road Crescent, Century City, Cape Town; *Mercedes Benz Culemborg*, located at Christiaan Barnard Street, Foreshore, Cape Town; *Mercedez-Benz Claremont*, located at 3 Main Road, Cleremont, Cape Town; *Eikestad Motors*, located at 113 Bird Street, Stellenbosch; *Paarl Motors*, located at Zandwyk Park, Old Paarl Road (R101), Paarl And EK Green Street, Hugenout, Paarl; *Mercedes-Benz Commercial Vehicles Cape Town*, located at Montague Drive Montague Gardens Cape Town; *Mercedez-Benz Commercial Vehicles Bellville*, located at Corner of Isotope and Bridge Streets, Bellville, Cape Town; *Chrysler Jeep Dodge Century City*, located at Century Boulevard, Mercantile Row Crescent, Century City, Cape Town; *Orbit Boland Worcester*, located at 5 Louis Lange Street, Worcester.

- [6] The property is a purpose built car dealership which comprises showrooms, workshops and offices. Situated at Century Boulevard, Mercantile Road Crescent Century City, Cape Town 7441,³ currently owned by Koppieview Proprietary limited (“Koppieview”).⁴

PROPOSED TRANSACTION AND RATIONALE

- [7] The proposed transaction involves an acquisition by SGT of the target businesses from SMH as a going concern and the acquisition of property from Koppieview. Upon implementation SGT will control the target businesses and target property.
- [8] In terms of rationale, SGT submitted that it wishes to expand its vehicle dealership business by entering the Western Cape market, identifying the target businesses as suitable to fulfilling such a desire.
- [9] SMH submitted that [...]⁵

RELEVANT MARKETS AND IMPACT ON COMPETITION

- [10] In its analysis, the Commission found a horizontal overlap in the differentiated product sub-markets markets of the sale of new passenger vehicles and the sale of new commercial vehicles.

³ Being Erven 6235 and 6254, Montague gardens, held under deed of Transfer T8105/2007 and T8106/2007.

⁴ A private company incorporated in accordance with the laws of the Republic of South Africa.

⁵ Certain information has been claimed as confidential by the merging parties and has thus been removed from the Tribunal's public reasons.

[11] As has been established by the Tribunal,⁶ the product sub-market for the sale of new passenger vehicles⁷ should be distinguished from the sale of new commercial vehicles.⁸ In the present matter, both the merging parties sell new passenger and new commercial vehicles presenting a horizontal overlap.

[12] However despite this product overlap there is no geographic overlap. Super Group's dealerships are located in Gauteng and the target businesses are located in the Western Cape, outside of even the broad 'regional' geographic market presented by the Commission.

[13] The proposed merger thus does not create any competition concerns.

CONCLUSION

[14] Although presenting horizontal overlaps in the market for the sale of new passenger and commercial vehicles, the lack of geographic overlap renders the effects of such market overlap nugatory.

[15] The merger will not substantially prevent or lessen competition in the market for new and used passenger and commercial vehicles in the Western Cape region.

[16] The proposed transaction does not raise any public interest concerns.

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

⁶ See JRL Auto Traders (Pty) Ltd and Part of the Business of Lindsay Saker Volkswagen Hyde Park currently held by Imperial group limited LM126Feb09; Janterwick investments (Pty)ltd and the general Motors franchise Business of Anderson Motors Ladysmith LM106Feb07.

⁷ Passenger vehicles are defined as entry level cars, small cars, lower middle cars, upper middle cars, large cars, lower luxury cars, upper luxury cars, upper speciality cars, small utility cars, lower middle utility cars and small minivans.

⁸ Commercial vehicles are defined as light commercial vehicles (includes pickup vans and all commercially based good or passenger carriers i.e minibuses), medium commercial vehicles and heavy commercial vehicles.



Norman Manoim

12 August 2016
Date

Medi Mokuena and Andiswa Ndoni concurring

Tribunal Researcher: Alistair Dey-Van Heerden

For the Acquiring firm: Fluxmans Attorneys

For the Target Firm: Baker & McKenzie

For the Commission: Zintle Siyo and Xolela Nokele