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COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: 49/LM/Aug10

In the matter between:

Imperial Holdings Ltd	Acquiring Firm
And	
CIC Holdings Ltd	Target Firm

Panel	:	Norman Manoim (Presiding Member)
		Yasmin Carrim (Tribunal Member)
		Andreas Wessels (Tribunal Member)
Heard on	:	20 October 2010
Order issued on	:	20 October 2010
Reasons issued on	:	29 October 2010

Reasons for Decision

APPROVAL

[1] On 20 October 2010, the Competition Tribunal ("Tribunal") unconditionally approved the transaction involving Imperial Holdings Ltd and CIC Holdings Ltd. The reasons for the approval follow below.

PARTIES TO THE TRANSACTION

[2] The primary acquiring firm is Imperial Holdings Ltd ("Imperial"), a public company listed on the JSE. Imperial's largest shareholders are as follows:

• Public Investment Corporation	10.6%
• Ukhamba Holdings	10.3%
• Lereko Mobility and	6.6%
• Directors and Employees	1.8%

[3] The primary target firm is CIC Holdings ("CIC"), a Namibian company listed on the JSE. CIC's largest shareholders are:

• Paladin Capital	48.96%
• Namibian Investment Trust and	6.91%
• CIC Executive Share Incentive Trust	5.59%

DESCRIPTION OF THE TRANSACTION

[4] Imperial has proposed, in terms on a scheme of arrangement, to acquire the entire issued share capital of CIC. On completion of the proposed transaction, CIC will be controlled by Imperial and will de-list from the JSE.

RATIONALE FOR THE TRANSACTION

[5] The merging parties indicated that there are synergies between their operations in that they have some common customers who would benefit from the parties complementary services. In addition, CIC indicated that it will also benefit from forming part of the larger Imperial Group as it will be able to expand more rapidly.

ACTIVITIES OF THE MERGING PARTIES

[6] Imperial is a diversified industrial services and retail group which conducts a wide range of activities including integrated logistics solutions, car rental and vehicle retailing, aviation operations, motor vehicle importation, sales and after sales services, tourism and financial services.

[7] CIC is the Namibian parent company of a group of businesses that operate in Southern Africa. The elements of CIC's business model include distributorship, merchandising, staffing solutions and internal services.

COMPETITION ANALYSIS

[8] Both merging parties are involved in the provision of merchandising and sales services. Merchandising services are described as those services which are provided to ensure that products are efficiently promoted at retail level. This entails ensuring that there is sufficient stock of the relevant product on the shelves of clients and that the product is presented in a manner that will maximise sales as well as executing promotional activities within the retail outlet such as demonstrations and point of sale adverts. The product ranges merchandised by Imperial are frozen and chilled products (cold chain) whilst CIC focuses on merchandising ambient products, i.e. products which do not require a cold chain such as toiletries, canned foods and household cleaning products.

[9] According to the merging parties, merchandising and logistics[1] do not fall under the same market. In this regard, the merging parties submitted that while on occasion merchandising may be provided to a customer as part of a logistics solution, merchandising and sales is regarded by Fast Moving Consumer Goods ("FMCG") companies (who are customers of the merging parties), as a functionally separate activity from logistics and is generally intended to complement the core service offering of a logistics service

[1] Logistics entails the provision of warehousing, transportation and distribution services.

provider. Merchandising services do not entail the transportation of the goods but rather involve the rendering of stock management and rotation services.

[10] The merging parties further submitted that most sales and merchandising companies do not provide logistics as their core business activity is sales and merchandising. In this respect, the parties submitted that the core business of CIC is sales and merchandising and that CIC is not involved in logistics.

[11] According to the Commission, there may be a further division of the market into cold chain and ambient products (although there were some disagreements between competitors as some see these as distinct areas of skill). The Commission did not conclude on the market definition as the merging parties' post-merger market shares are low.

[12] In respect of the geographic market, the merging parties submitted that the majority of their customers supply their products on a national basis to large retailers such as Pick 'n Pay or Shoprite Checkers which have retail outlets located throughout the country. The Commission therefore assessed the impact of the transaction on a national level.

[13] The combined post-merger market shares of the merging parties for the provision of merchandising and sales services is approximately 12%. Competitors in this market include firms such as Smollan Group (40%), Pack 'n Stack (8%), GP Harding (8%), 3D Marketing (8%) and others.

CONCLUSION

[14] The proposed transaction is unlikely to substantially lessen or prevent competition in the market for merchandising and sales services as the combined post-merger market shares of the parties are low. Further, the merging parties would still face competition from other players in the market. In addition, no public interest issues arise from the transaction. Accordingly we approve the proposed transaction unconditionally.

______________________ 29 October 2010

Yasmin Carrim **Date**

Norman Manoim and Andreas Wessels concurring

Tribunal Researcher:	Ipeleng Selaledi
For the merging parties:	Nortons Inc.
For the Commission:	Fergus Reid