

**COMPETITION TRIBUNAL
REPUBLIC OF SOUTH AFRICA**

Case no.: 50/LM/Sep03

In the large merger between:

Great Wins Investments (Pty) Ltd

and

The Fuel Logistics Holdings Company (Pty) Ltd

Reasons

Approval

The Competition Tribunal issued a merger clearance Certificate on 15 October 2003 approving the merger without conditions. The reasons are set out below.

The merger

The transaction

The transaction involves a management buyout/replacement financing transaction. Fuel Logistics Holding Company (Pty) Ltd (“Fuel Logistics”) will be selling its business to Great Wins Investments (Pty) Ltd (“Great Wins”). Fuel Logistics, the pre-merger company, will be liquidated after the merger. Great Wins will control all the businesses previously controlled by Fuel, and will change its name in due course to Fuel Logistics or a derivative thereof.

The parties

The primary acquiring firm is Great Wins is a newly formed company. Its shareholders are Corvest 5 (Pty) Ltd, RMB ventures 2 (Pty) Ltd and RMB Private Equity (Pty) Ltd all subsidiaries of FirstRand Bank Holdings and Andre Teubes Investments (ATI).¹

¹ RMB will collectively hold 60% of the shares in Great Wins

The target firm is Fuel Logistics Company Holdings Limited, which has 8 active subsidiaries and 19 dormant subsidiaries.

The rationale for the transaction

The parties submit as rationale for the transaction that it would, on the one hand, secure a new financial partner for Fuel Logistics as the existing funds that are managed by Brait are nearing the end of its term. On the other hand, the FirstRand Group aims to achieve an attractive cash return by way of interests and dividends by renewing a financial relationship with the Fuel Logistics business.

Evaluating the merger

The relevant market

Great Wins is a special purpose vehicle incorporated for the purposes of this transaction and accordingly does not have any business activity. Its shareholders, FirstRand Group provides a range of diversified banking and insurance products and services through its divisions and subsidiaries and ATI is an investment company. RMB Corvest Ltd, a company in the FirstRand Group has 38.3% beneficial voting interest in Fidelity Services Group (“Fidelity”). Fidelity provides mainly guarding services in the security services market.

Fuel Logistics is a transportation, warehousing and logistics provider. One of its subsidiaries, Revert Risk Management Solutions (Pty) Ltd (“Revert”), operates in the security services market providing asset protection, armed resistance and escort services, legal assistance, VIP protection, investigations, health and safety consulting, environmental impact analysis, insurance arranging, etc.

In a narrowly defined market the parties deliver services in different sectors of the security market, however, when the market is defined broadly as the security services market overlap occurs.

Effect on competition

Revert is a minor player in the security industry and is rendering its services mainly to the Fuel Logistics Group. Its market share is less than 1%.

Fidelity is a significant player in the security services market and competes with players such as Gray Security, BBR/Chubb Security and others. In addition, there are close to 582 security companies registered with the Security Officers Interim Board.

and ATI 20%. Individual members of Management will hold the remaining 20%. RMB intends to sell a portion of its shareholding to Tiso Private Equity Fund 1, a BEE company, shortly after the merger transaction is concluded. The intention is that Tiso will hold 11% in Great Wins.

In light of the above the Tribunal agrees with the Competition Commission that the transaction will not substantially prevent or lessen competition in the broad security services market.

Public interest

The proposed transaction does not raise any public interest concerns.

D. Lewis

27 October 2003
Date

Concurring: N. Manóim, T. Orleyn