

COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: 54/LM/May07

In the matter between:

Wilson Bayly Holmes-Ovcon Ltd

Acquiring Firm

And

Let Construction (Pty) Ltd

Target Firm

Panel : D Lewis (Presiding Member), Y Carrim (Tribunal Member) and M Mokuena (Tribunal Member)
Heard on : 18 July 2007
Order issued on : 18 July 2007
Reasons issued on : 20 July 2007

Reasons for Decision

Approval

1]On 18 July 2007, the Tribunal approved the merger between Wilson Bayly Holmes-Ovcon Ltd and Let Construction (Pty) Ltd. The reasons follow below.

The Transaction

2]The primary acquiring firm WBHO Construction (Pty) Ltd, a wholly owned subsidiary of Wilson Bayly Holmes-Ovcon Ltd ("WBHO") and a company listed on the JSE, is acquiring the entire issued share capital of Let Construction (Pty) Ltd ("LET").

3]As rationale for the transaction WBHO has indicated that it wishes to gain additional skilled labour in the construction industry which is currently in very short supply. The shareholders of LET wishes to exit this business while at the same time securing the employment of its employees.

The relevant market

4]Both WBHO and LET operate as contractor in the civil engineering industry. WBHO builds roads, earth platforms, railway lines, bridges, mining infrastructure, airports etc while LET specialises in reinforced concrete structures such as bridges, water works, sewage works, filtration plants, reservoirs, mining and industrial infrastructural works.

The impact on competition

5]WBHO currently has an estimated market share of 4% and LET 0.7%. Post the transaction the merged entity's market share will be 4.7%. There are numerous players in this market in which Grinaker, Murray & Roberts, Group Five and Basil Read are regarded as the largest competitors.

6]In light of the above we find that the transaction is unlikely to substantially prevent or lessen competition in the civil engineering market in South Africa.

Public interest issues

7]The proposed transaction does not raise any public interest issues.

D Lewis

20 July 2007
Date

Y Carrim and M Mokuena concurring.

Tribunal Researcher: R Badenhorst
For the Commission: Makgale Mohlala and David Masilela (Mergers & Acquisitions)