

**COMPETITION TRIBUNAL
REPUBLIC OF SOUTH AFRICA**

Case No: 63/LM/Nov01

In the large merger between:

Imperial Holdings Limited

and

Magnis Pretoria (Pty) Ltd

Reasons for the Competition Tribunal's decision

Approval

The Competition Tribunal issued a Merger Clearance Certificate on 14 December 2001 approving without conditions the merger between Imperial Holdings Limited and Magnis Pretoria (Pty) Ltd. The reasons for our decision to approve the merger are set out below.

The Merger Transaction

Intercity Motors (Pty) Ltd, a wholly owned subsidiary of Imperial Holdings Limited ("Imperial"), is acquiring assets and shares of Magnis Pretoria (Pty) Ltd ("Magnis"). Magnis is a fully owned subsidiary of Beehive Investment (Pty) Ltd, which in turn is wholly owned by Nedcor Bank Limited.

Nedcor is selling Magnis because it is not part of its core business.

Evaluating the Merger

The relevant market

Both Imperial and Magnis conducts businesses as dealers of passenger and commercial vehicles. Although Imperial has dealerships all over South Africa the geographic market is Pretoria/Centurion because Magnis only trades in the Pretoria/Centurion¹.

¹ See geographic market analysis in DaimlerChrysler Case, Competition Tribunal Case No: 44/LM/Jul01.

The following table sets out the dealerships both parties have in the Pretoria/Centurion area:

PRODUCT	IMPERIAL	MAGNIS
<i>Passenger vehicles dealerships in Pretoria</i>	Fiat	Fiat
	Nissan	Nissan
	Renault	-
	Kia	-
	Hyundai	-
<i>Light Commercial Vehicle dealerships in Pretoria</i>	Nissan	Nissan
		Fiat
<i>Medium Commercial Vehicles dealerships in Pretoria</i>	-	Nissan
	-	-
	-	-
<i>Heavy Commercial Vehicle dealerships in Pretoria</i>	-	Nissan
	-	Renault

It is only in the sale of passenger vehicles and light commercial vehicles where products of the merging parties overlap.

Both parties are also involved in the forklift market. Imperial only rents forklifts and Magnis only sells forklifts. Since these are regarded as different markets² there are no product overlap in the forklift market.

Imperial and Magnis' share of the passenger vehicle market in Pretoria/Centurion are as follows:

Category A&B (entry level cars):	3.95%
Category C (small cars):	4.11%
Category D (middle cars):	0.48%
Category E (large cars):	0.58%
Luxury Category:	12.47%

The merged party will have a total market share of approximately 20% of the passenger vehicle market³ and 7% of the market for light commercial vehicles in the Pretoria/Centurion area.

² The market for forklifts is split between rentals and sales. Rentals account for approximately 70% of demand and sales the balance.

The effect on competition

Other Nissan and Fiat dealers that are represented in Pretoria are:

- 1) Toits Nissan
- 2) Terrano Motors
- 3) Pretoria Nissan
- 4) McCarthy Nissan
- 5) Atlantis Nissan

From the above it is clear that there is still substantial intra-brand competition left in this market post the merger. Moreover, the parties experience sufficient inter-brand competition from multi-franchise and other independent dealers of products such as Volkswagen, Toyota, Opel, BMW and Mercedes Benz in this geographic market.

The merger would therefore not substantially lessen competition in the relevant market.

Public Interest

The merger does not raise any of the public interest concerns enumerated in section 26(3).

D.L. Lewis

17 January 2002

Date

Concurring: **M. Moerane and N. Manoim**

³ The figure does not include Kia, Hyundai and Daihatsu sales, all imported by Imperial dealers, because these are not available for the Pretoria area. In any event, only 6.7% of the total passenger vehicles are imported of which 5 % are Renault motors. It should, therefore, not have a material affect on the market share.