



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case no: LM183Jan21

In the matter between:

IA Bell and Company (Pty) Ltd

Primary Acquiring Firm

And

Bell Equipment Limited Ltd

Primary Target Firm

Panel : Y Carrim (Presiding Member)
: I Valodia (Tribunal Member)
: F Tregenna (Tribunal Member)
Heard on : 24 February 2021
Order Issued on : 24 February 2021
Reasons Issued on : 26 February 2021

REASONS FOR DECISION

Unconditional approval

[1] On 24 February 2021, the Competition Tribunal (“Tribunal”) unconditionally approved the proposed transaction in terms of which IA Bell and Company (Pty) Ltd (“IA Bell”) intends to increase its shareholding in Bell Equipment Limited (“Bell Equipment”) through the acquisition of the shares held by John Deere Construction & Forestry Company (“John Deere”).

[2] The reasons for the approval of the proposed transaction follow.

Parties to the transaction


[3] The acquiring firm is IA Bell, an investment holding company not controlled by any individual or firm. Other than Bell Equipment, IA Bell holds shares in Loinette Capital Limited, which provides asset-based finance solutions to its customers.

[4] The target firm is Bell Equipment, a public company listed on the Johannesburg Stock Exchange.¹ Bell Equipment is active in the manufacture, distribution and sale of earth moving equipment, implements and accessories, as well as the manufacture, distribution and sale of spares, parts and components, and the after-sales support of its earth moving equipment.

Proposed transaction

[5] IA Bell intends to increase its shareholding in Bell Equipment from 38.73% to 70.1% through the acquisition of the shares held by John Deere. Post-merger, IA Bell will own and control Bell Equipment.

Competition Analysis

[6] IA Bell is not active in and does not control any other firm, besides Bell Equipment, that is active in the manufacturing and distribution of earth moving equipment in South Africa. Therefore, there is no horizontal overlap in the activities of the merging parties. Notwithstanding, the merging parties submitted that Bell Equipment's market share in the relevant market is approximately . The proposed transaction does not result in a market share accretion or change the structure of the market.

[7] The merged entity will be constrained by various competitors, such as Barloworld Limited, Kemach Equipment (Pty) Ltd, Babcock International and Komatsu Limited post-merger. Accordingly, the transaction does not give rise to any competition concerns.

Public interest

[8] The proposed transaction does not give rise to any public interest concerns.²

¹ The five largest shareholders of Bell Equipment as at 27 November 2020 are (i) IA Bell; (ii) John Deere; (iii) Allan Gray Asset Management; (iv) Ninety-One (Investec Asset Management); and (v) Sanlam Investment Managers.

² Merger Record, page 74.

[9] However, the trade union, NUMSA,³ had raised concerns with the Commission about its current discussions with Bell Equipment. The Commission and the merging parties confirmed that these discussions related to future and not current employees of Bell Equipment. NUMSA was asked to make further submissions to the Tribunal but declined to do so.

Conclusion

[10] In light of the above, the proposed transaction was approved unconditionally.

Ms Yasmin Carrim

26 February 2021

Date

Prof. Imraan Valodia and Prof. Fiona Tregenna concurring.

Tribunal Case Manager : Duduetsang Mogapi

For the Merging Parties : A Mdee of ENS Africa
: M Griffiths of Norton Rose Fulbright

For the Commission : R Ncheche, R Maphwanya and A Mfuphi

³ National Union of Metalworkers of South Africa.