



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM061Jul16

In the matter between:

**BUSINESS INVESTMENTS NO.1953 PROPRIETARY LIMITED
TO BE RENAMED INDUSTRIAL SERVICES HOLDCO LIMITED**

Acquiring Firm

And

**UNISPAN HOLDINGS PROPRIETARY LIMITED, CONCORD
CRANES PROPRIETARY LIMITED, UVUNDLU INVESTMENTS
PROPRIETARY LIMITED AND PROWALCO PROPRIETARY
LIMITED**

Target Firm

Panel	: Mondo Mazwai (Presiding Member)
	: Medi Mokuena (Tribunal Member)
	: Andiswa Ndoni (Tribunal Member)
Heard on	: 14 September 2016
Order Issued on	: 14 September 2016
Reasons Issued on	: 19 October 2016

Reasons for Decision

APPROVAL

[1] On 14 September 2016, the Competition Tribunal approved a large merger between Business Investments No.1953 Proprietary Limited to be renamed Industrial Services Holdco Limited ('InServe') and Unispan Holdings Proprietary Limited ('Unispan'), Concord Cranes Proprietary Limited ('Concord'), Uvundlu Investments Proprietary Limited ('Uvundlu') And Prowalco Proprietary Limited ('Prowalco').

[2] The reasons for the approval follow.

PARTIES TO THE TRANSACTION AND THEIR ACTIVITIES

Primary Acquiring Firm

[3] The primary acquiring firm is InServe, a newly formed company, incorporated in accordance with the laws of South Africa. Pre-merger, InServe does not control any firm and is a wholly owned subsidiary of IE Portfolio 1 Proprietary Limited ('IEP'), in turn controlled by Investec Bank Limited ('IBL').¹ InServe, IEP and IBL shall be collectively referred to as the 'acquiring group'.

[4] The acquiring group has a diversified investment portfolio, with interests in various entities involved in various markets in South Africa.

Primary Target Firms

[5] Unispan is a private company incorporated in accordance with the laws of South Africa. Unispan is negatively controlled by IEP and owns a number of firms² primarily focused on the manufacture and supply of products for steel framework, decking, walling, scaffolding and support work systems.

[6] Uvundlu is a holding company incorporated in accordance with the laws of South Africa and is negatively controlled by Clarkbiz Trading Proprietary Limited (Clarkbiz). Clarkbiz is, in turn, controlled by Unispan. Uvundlu controls a number of operating subsidiaries collectively referred to as the 'Goscor Group of Companies'³ which are active in the provision of industrial equipment, specializing in the import, sale and lease of a variety of industrial equipment.

[7] Concord is a company incorporated in accordance with the laws of South Africa and pre-merger, is jointly controlled by Khulusande Capital Partnership ('KCP'),

¹ IBL is primarily controlled by Investec Limited which has a primary listing on the London Stock exchange and a secondary listing on the Johannesburg Securities Exchange.

² Unispan Framework & Scaffolding Proprietary Limited, Uni-Span Botswana Proprietary Limited, Uni-Span Ghana Proprietary Limited and Augusta Steel Proprietary Limited.

³ Goscor Access Equipment Proprietary Limited, Goscor Access rental Proprietary Limited, Goscor Cleaning Proprietary Limited, Bobcat Equipment Proprietary Limited, Bobcat equipment Rental South Africa Proprietary Limited.

and IEP. Concord owns a number of firms which hire out mobile cranes and crane operator maintenance to mining, construction and petrochemical sectors. The businesses also offer specialized transport, rigging services and related services linked to the hire of mobile cranes.⁴

- [8] Prowalco is a private company incorporated in accordance with the laws of the Republic of South Africa, in which IEP owns a 49.9% non-controlling interest. Prowalco does not control any firm and is a manufacturer and supplier of fuel dispensing and related equipment to petroleum companies in South Africa and sub-Saharan Africa. Prowalco offers comprehensive repair and maintenance services to petroleum companies.

PROPOSED TRANSACTION AND RATIONALE

- [9] In terms of the proposed transaction, IEP will make use of the newly formed company InServe as the ultimate holding company for the operating subsidiaries of the four target firms. Post transaction, InServe will wholly control the Target firms.
- [10] IEP already exercises control over concord and Unispan and holds a 49.9% non-controlling interest in Prowalco. Unispan controls Uvundlu. The proposed transaction is thus primarily a consolidation of the target firms in which IEP already holds strategic interests, into one entity, InServe.
- [11] The consolidation is structured as a single, indivisible and inter-conditional series of transactions involving the acquisition of outright control of the target firms by a single acquirer, InServe and ultimately IEP.
- [12] The merging parties submit that the merger, although commercially complex, amounts essentially to a restructure, mostly facilitated by the current

⁴ Elcon Cranes Proprietary Limited, Anglo V3 Crane Hire Proprietary Limited, Concord Crane Namibia Proprietary Limited, Phakamisa Crane Hire Proprietary Limited, Elcon Crane Hire Proprietary Limited, Castle Crane Hire Proprietary Limited and Materials handling Logistics Proprietary Limited.

shareholders exchanging shares in the target companies, at various levels, for shares in the new holding company, InServe.

[13] In terms of rationale, the acquiring firms submits that the transaction fulfills IEP's desire to create an industrial service holding company, the diverse product offering of which will improve the valuation of the combined investment.

[14] The target firms submit that the combination of firms will provide a more likely liquidity event for the management shareholders of the target firms and that the diverse product sets will improve the valuation of the combined investments for the shareholders of each target firm.

COMPETITION ANALYSIS

[15] Although the merger presents a horizontal overlap in that the acquiring group is increasing its shareholding in the target Firms to 100%, there is no change in the structure of any market as there is no real accretion in market share.

[16] We are thus of the view that the proposed transaction is unlikely to substantially prevent or lessen competition in any market.

CONCLUSION

[17] The merger does not raise any public interest concerns and does not substantially prevent or lessen competition in any market. We therefore approved the merger without conditions.



Mondo Mazwai

19 October 2016
Date

Medi Mokuena and Andiswa Ndoni concurring

Tribunal Researcher: Alistair Dey-Van Heerden

For the Merging Parties: Chris Charter of Cliffe Dekker Hofmeyr

For the Commission: Nolubabablo Myoli