



## COMPETITION TRIBUNAL OF SOUTH AFRICA

**Case no: LM037May24**

In the large merger between:

**Bidvest Services Holdings Proprietary Ltd**

Primary Acquiring Firm

and

**Synerlytic Group Holdings Proprietary Ltd**

Primary Target Firm

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Panel:	L Mncube (Presiding Member) I Valodia (Tribunal Member) A Ndoni (Tribunal Member)
Heard on:	14 August 2024
Order issued on:	14 August 2024
Reasons Issued on:	10 September 2024

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### REASONS FOR DECISION

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#### Approval

- [1] On 14 August 2024, the Competition Tribunal (“Tribunal”) unconditionally approved the large merger in which Bidvest Services Holdings Proprietary Ltd (“Bidvest Services Holdings”) intends to acquire 100% of the issued ordinary share capital of Synerlytic Group Holdings Proprietary Ltd (“SGH”).
- [2] Post-merger, Bidvest Services Holdings will have sole control over SGH.

## **Parties to the transaction and their activities**

### *Primary acquiring firm*

- [3] The primary acquiring firm is Bidvest Services Holdings, a wholly owned subsidiary of the Bidvest Group Limited ("Bidvest"). Bidvest is a public company listed on the Johannesburg Stock Exchange and is not controlled by any firms.
- [4] Bidvest and all the firms it controls are collectively referred to as the "Bidvest Group".
- [5] Bidvest Group is a conglomerate involved in the provision of various products and services across various economic sectors such as logistics, aviation, financial services, catering services, hospitality and automotive retailing among others.
- [6] Of relevance to this merger assessment is Bidvest Group's provision of testing, inspection and certification ("TIC") services, through DEKRA Automotive (Pty) Ltd. These TIC services entail a vehicle inspection to ascertain its roadworthiness and technical condition.

### *Primary target firm*

- [7] The primary target firm is SGH, a private company incorporated in accordance with the company laws of South Africa. SGH is the holding company for The WearCheck Group ("WearCheck").
- [8] WearCheck consists of numerous companies such as Synerlytic Analytical Holdings (Pty) Ltd and the Particle Group (Pty) Ltd ("Particle Group").
- [9] WearCheck provides condition monitoring and testing services for various industries such as transport, power generation, water processing, renewable energy, shipping, aircraft and mining. These services include monitoring the condition of industrial machinery by testing the oil used to lubricate such machinery and the vibration levels of such machinery. This allows for a

determination into whether machinery is operating optimally and for the 'wear and tear' to be monitored on a periodic basis and for preventative maintenance interventions to be implemented ("Condition Monitoring").

### **Description of the transaction and rationale**

[10] In terms of the proposed transaction, Bidvest Group intends to acquire 100% of the issued share capital of SGH. Post-merger, Bidvest Services Holdings will solely control SGH, and ultimately the WearCheck Group.

[11] The rationale for the proposed transaction is that it presents an opportunity for Bidvest to establish a presence in the TIC sector and Bidvest has identified the Target Firm as a suitable business to expand and enhance the Bidvest Group's product and service portfolio. In addition, the proposed transaction will facilitate the Sellers's ability to realise value from the disposal of their investments in the Target Firm on attractive terms, offer a high degree of certainty for the continuation of the Target Firm's business, and provide the Target Firm's management team with a strong partner to achieve the next phase of growth, by leveraging the Bidvest Group's experience and understanding of corporate outsourced services both in South Africa and globally.

### **Competition Assessment**

[12] There is no horizontal overlap between the merging parties' activities since the Acquiring Group does not conduct any Condition Monitoring activities substitutable for those provided by SGH.

[13] Furthermore, the merger does not create any vertical integration as the merging parties do not operate at different levels of the same value chain.

[14] Based on the above, we are of the view that the proposed transaction is unlikely to substantially lessen or prevent competition in any market in South Africa.

## **Public interest assessment**

### *Employment*

[15] The merging parties have provided an unequivocal undertaking that the merger will not result in any employment loss. The Commission engaged with the relevant employee representatives of the merging parties who confirmed that no concerns were raised by employees.

### *Promotion of a greater spread of ownership by HDPs and workers in firms in the market*

[16] The merging parties acknowledge that the proposed transaction will result in a dilution in HDP ownership at the target firm from 88.6% to 48.81%.<sup>1</sup> However, the merging parties contended that no further interventions were merited in the circumstances of this merger, for several reasons. These include the fact that Bidvest Group has significant levels of HDP ownership and thus, SGH will remain under significant ownership post-merger.

### *Other public interest considerations*

[17] The proposed transaction raised no other public interest concerns.

### *Conclusion on the public interest assessment*

[18] In light of the above, we consider that the merger is justifiable on public interest grounds.

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<sup>1</sup> SGH is 88.6% controlled by HDPs by virtue of

EMMF I. Notwithstanding this, the merging parties submit that the proposed transaction is beneficial to the selling firm, EMMF I since same is majority owned and controlled by HDPs.

### Third party views

[19] No third parties, whether customers or competitors, expressed concerns about the proposed merger to the Tribunal.

### Conclusion

[20] We conclude that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market and the proposed transaction does not raise public interest concerns.

[21] In the circumstances, we unconditionally approve the proposed transaction.

Signed by:Liberty Mncube  
Signed at:2024-09-10 10:02:52 +02:00  
Reason:Witnessing Liberty Mncube

*L-Mncube*

**10 September 2024**

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**Prof. Liberty Mncube**

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**Date**

**Prof. Imraan Valodia and Ms Andiswa Ndoni concurring**

Tribunal Case Manager:	Juliana Munyembate
For the Merging Parties:	Angelo Tzarevski and Sphesihle Nxumalo of Baker McKenzie, Burton Phillips and Monde Mbali of Webber Wentzel
For the Commission:	Kgothatso Kgobe and Wiri Gumbie