

**COMPETITION TRIBUNAL
REPUBLIC OF SOUTH AFRICA**

Case no.: 60/LM/Jun05

In the large merger between:

Unitrans Motors (Pty) Ltd

and

Alisa Holdings Ltd

Reasons

Introduction

1. On 24 August 2005 the Tribunal approved the merger between Unitrans Motors (Pty) Ltd and Alisa Holdings Ltd. The reasons are set out below.

The transaction

2. Unitrans Motors (Pty) Ltd ("Unimotors") currently holds 40% interest in Alisa Holdings (Pty) Ltd ("Alisa") and New Investments Africa Ltd ("Nail") the remaining 60%. Nail wishes to dispose of its interest in Alisa and Unitrans is exercising its pre-emptive rights over Nail's shares, which had held since 2000. Post the transaction Alisa will be wholly owned by Unimotors.
3. Unimotors forms part of Unitrans Ltd group of companies. Steinhoff Africa Holdings (Pty) Ltd ("Steinhoff") holds 60.8% of the share capital of Unitrans Ltd. Unimotors sells new and pre-owned motor vehicles, parts and accessories and provide after-sales services as well as services such as transport, logistics, distribution and warehousing.

4. Alisa Holdings is an investment holding company that conducts business through the following subsidiaries in South Africa:
 - Alisa Car Rentals (Pty) Ltd which is licensed to conduct the Hertz International Ltd (“Hertz”) franchise in South Africa,
 - Alisa Car Sales (Pty) Ltd that sells second hand passenger cars and light commercial vehicles used in its car rental business,
 - Alisa Finance Corporation (Pty) Ltd, which is a dormant company

Rationale of the transaction

5. Nail wishes to dispose of its interest in Alisa pursuant to a decision of the Nail Board of Directors to unbundled the Nail Group of companies.

Effect on Competition

6. The parties both compete in the sale of pre-owned motor vehicles, Unimotors nationally and Alisa Car Sales (Pty) Ltd through its outlet in Cape Town.
7. The Unimotors and Alisa market shares are estimated to be 2,5% and 0,03% respectively. Post the transaction the merged entity will have a market share of 2.53%. The largest national competitors in the relevant market are Imperial Group, McCarthy Motors, Barloworld and Combined Motor Holdings. Since this is a highly competitive market with many players, we agree with the Commission that it is unlikely that this transaction will substantially prevent or lessen competition in this market.
8. Two vertical issued are raised in this transaction. The first being the vertical relationship that exists in the provision of insurance by Unitrans to Alisa. Unimotors provide insurance products under a license, which is limited to the Unitrans group and its customers only. Since Alisa is an associate company of the Unitrans Group the insurance is also offered to Alisa and its customers. Other forms of insurance to Alisa are provided through Alexander Forbes, which also provide insurance directly to Unitrans. The change of control will not affect these arrangements. Secondly, Alisa sells used cars to Unimotors, Ford Motor Company of SA, Nissan SA, Fiat SA and Kia SA while Unimotors acquire used vehicles from other sources such as General Motors SA, Volkswagen SA, BMW SA, Daimler Chrysler SA, Nissan SA and also from” trade-ins” from the general public. These business arrangements will continue post the

merger.

9. We therefore conclude that the merger does not lead to a substantial lessening or prevention of competition.

Public interest issues

10. No significant public interest issues arise from this transaction.

N. Manoim

16 September 2005
Date

Concurring: M. Moerane and M. Mokuena