



## COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: 13/LM/MAR10

In the matter between:

**Associated Motor Holdings (Pty) Ltd**

**Acquiring Firm**

And

**Goscor Cleaning Equipment (Pty) Ltd**

**Target Firms**

**Uvundlu Investments (Pty) Ltd**

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Panel	:	Norman Manoim (Presiding Member), Yasmin Carrim (Tribunal Member), and Andreas Wessels (Tribunal Member)
Heard on	:	18 May 2010
Order issued on	:	18 May 2010
Reasons issued on	:	20 May 2010

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### Reasons for Decision

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### Approval

[1] On 18 May 2010, the Competition Tribunal (“Tribunal”) unconditionally approved the acquisition by Associated Motor Holdings (Pty) Ltd (“AMH”) of shares in Goscor Cleaning Equipment (Pty) Ltd (“Goscor”) and Uvundlu Investments (Pty) Ltd (“Uvundlu”). The reasons for approving the transaction follow.

## **The transaction**

[2] The proposed transaction involves the acquisition by AMH of a 65% shareholding in respectively Goscor and Uvundlu (collectively referred to hereinafter as the “target firms”). The target firms have the same entities as their shareholders and these entities generally hold similar amounts of shareholding in both firms.<sup>1</sup>

## **The rationale for the transaction**

[3] The acquiring firm, AMH, sees the proposed transaction as an opportunity to diversify its business and enter into a new area, i.e. the industrial cleaning equipment market(s). The target firms’ rationale for the proposed deal relates to the introduction of AMH as a strategic equity partner, access to additional capital funding brought about by AMH and the achievement of liquidity by the minority shareholders as they realise their investments.

## **The parties and their activities**

[4] The primary acquiring firm, AMH, is incorporated in accordance with the laws of the Republic of South Africa and is controlled by Imperial Holdings Limited (“Imperial”), a South African based public company listed on the Johannesburg Stock Exchange<sup>2</sup>. Imperial directly and indirectly controls numerous entities. AMH supplies and distributes various brands of motor vehicles and motorbikes, parts and accessories and also power generators.

[5] The first target firm, Goscor, is involved in the distribution of industrial cleaning products and equipment, including chemicals, vacuum cleaners, single disc polishers, carpet cleaners, sweepers, scruppers, combination

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<sup>1</sup> The current shareholders in both target firms are Doub BVI Ltd, Siddle Family Trust, Michael Faber Trust, Inmalkaar Trust and Parkmore Gardens (Pty) Ltd.

<sup>2</sup> Imperial is active in the wider transportation and mobility markets in Southern Africa, Europe and the United Kingdom. AMH falls within the distributorship division of the Imperial group.

jetting machines and associated parts. Goscor does not control any companies.<sup>3</sup>

[6] The second target firm, Uvundlu, is involved in the import and sale of products and equipment in the industrial cleaning industry, including welding and cutting equipment, forklifts trucks, warehouse equipment, engines, compressors and pumps. Uvundlu is also active in the supply of generators through its subsidiary Goscor Power Products (Pty) Ltd (“Goscor Power Products”) (see footnote Error: Reference source not found below). Uvundlu has direct and indirect control of numerous companies.<sup>4</sup>

### **The relevant market and impact on competition**

[7] The activities of the merging parties overlap horizontally as both AMH and Uvundlu are active in the supply of power generators, in particular petrol generators of 15KVA or less. The latter type of generators are used to power motor vehicles, televisions, fridges, power tools and other small appliances.

[8] The product and geographic market delineation may be left open in the instant case since the market position of the merged entity is relatively insignificant in any potential market, i.e. in the broader market for the supply of generators, as well as in the narrower market for the supply of petrol generators of 15KVA or less. The parties submit that the merged entity will have a post-merger market share of approximately 3% in a national market for the supply of generators. According to the merging parties, Uvundlu has a turnover of less than R30 000 per annum attributable to the sale of generators.

[9] This transaction is unlikely to substantially prevent or lessen competition since the merging parties are relatively small players in the supply of

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<sup>3</sup> It has a non-controlling interest in RLR Industrial Machinery (Pty) Ltd, a distributor of Goscor products in the Western Cape.

<sup>4</sup> These companies include: Goscor Arc Welding Solutions (Pty) Ltd, Goscor Rental Company (Pty) Ltd, Goscor Lift Truck Company (Pty) Ltd, Goscor (Pty) Ltd, Goscor Power Products (Pty) Ltd, Goscor Finance (Pty) Ltd, B&B Manufacturing (Pty) Ltd and Goscor Properties (Pty) Ltd.

generators and face competition from market players such as Honda South Africa, Turner Morris, Yamaha and Hoffman. The Commission's market investigation furthermore reveals that significant quantities of Chinese imports are coming into South Africa.

[10] From a public interest perspective, the merging parties confirmed that the proposed deal will not lead to any job losses.

## **Conclusion**

[11] The proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market and no significant public interest issues arise as a result of this deal. We accordingly approve the transaction.

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**Andreas Wessels**

20 May 2010

DATE

**Norman Manoim and Yasmin Carrim concurring.**

Tribunal Researcher	:	Mahashane Shabangu
For the Merging parties	:	Prinsloo, Tindle and Andropoulos Inc.
For the Commission	:	Mfundo Ngobese
		(Mergers and Acquisitions division)