



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM097Sep19

In the matter between:

Bidvest Bank Ltd

Primary Acquiring Firm

And

Eqstra Investment Holdings (Pty) Ltd

Primary Target Firm

Panel	: E Daniels (Presiding Member)
	: Y Carrim (Tribunal Member)
	: A Ndoni (Tribunal Member)
Heard on	: 11 December 2019
Order issued on	: 11 December 2019
Reasons issued on	: 14 January 2020

REASONS FOR DECISION

CONDITIONAL APPROVAL

[1] On 11 December 2019, the Competition Tribunal ("Tribunal") conditionally approved the large merger transaction between Bidvest Bank Ltd and Eqstra Investment Holdings (Pty) Ltd. The conditions are attached marked Annexure A.

[2] The reasons for the conditional approval follow.

PARTIES TO THE TRANSACTION

Primary Acquiring Firm

- [1] The primary acquiring firm is Bidvest Bank Ltd ("Bidvest Bank"), a wholly owned subsidiary of the Bidvest Group Ltd ("Bidvest Group"), a company listed on the Johannesburg Stock Exchange ("JSE"). Bidvest Group controls a number of firms in South Africa and internationally and is not control by any firm.
- [2] Bidvest Bank offers a full suite of banking and financial services products. Of relevance to the proposed transaction is Bidvest Bank's fleet management services which comprises the purchasing and sourcing of vehicles from its dealer arm or directly from OEMs, disposing of vehicles, managing cost control, handling administration, managing traffic fines, vehicle licences renewals and taking care of the fleet maintenance and services incidental to fleet management amongst others.

Primary Target Firm

- [3] The primary target firm is Eqstra Investment Holdings (Pty) Ltd ("Eqstra Investments"), a special purpose vehicle established for the proposed transaction. Eqstra Investment is a wholly owned subsidiary of enX Group Ltd ("enX Group"), a public company listed on the JSE.
- [4] Prior to the proposed transaction, Eqstra Investment will hold all the vehicle leasing and fleet management services of the enX Group. Eqstra Investment delivers end-to-end fleet management solution ranging from fleet consulting, fleet acquisition, fleet services, maintenance management, fuel management, risk management, GPS tracking and fleet remarketing amongst others.
- [5] Eqstra Investment and all the firms it controls are collectively referred to as the Target Businesses. Pre-merger all the Target Businesses are owned and controlled by the enX Group.

PROPOSED TRANSACTION

- [6] In terms of the proposed transaction, Bidvest intends to acquire Eqstra Investments. Upon completion of the proposed transaction, Bidvest Bank will own and control Eqstra Investment.

COMPETITION ANALYSIS

- [7] The Commission considered the activities of the merging parties and found that the merger transaction results in a horizontal overlap in the market for the provision of vehicle leasing and fleet management services. In this market, the Commission found that the merged entity's market share will be below 25% post-merger with an accretion of below 15%. Further, the Commission noted that the merged entity will continue to face competition from other players in the market such as ABSA, Wesbank, Avis, FleetAfrica, Standard Bank, Nedbank.
- [8] In terms of countervailing power, the customers of the merging parties submitted that they are able to negotiate prices with the suppliers of fleet management services. The customers further submitted that should the merging parties increase prices post-merger, they would likely switch to alternative suppliers present in the market. Consequently, the Tribunal is of the view that the proposed transaction is unlikely to substantially prevent or lessen competition in the relevant market.

PUBLIC INTEREST

- [9] The merging parties submitted that they are unable to provide an unequivocal undertaking that there would be no retrenchments as a result of the proposed transaction and can only indicate that they do envisage some retrenchments based on a worst-case scenario analysis. This is due to the different sectors that the merging parties are currently active in. Bidvest Bank customers are predominantly in the public sector and Eqstra Investments customers are in the private sector.

[10] In terms of the envisaged retrenchments, the merging parties submitted that white collar employees who are identified as highly skilled individuals in middle, senior and top management positions have the potential to be affected.¹ The Commission submitted that the merging parties did not follow a rational process as required and this has resulted in employment concerns for the Commission. As such, the Commission has recommended employment conditions to address this concern.

[11] The proposed transaction did not present any other public interest issues.

CONCLUSION

[12] For the reasons stated above, we approved the transaction subject to the conditions agreed to by the Commission and merging parties attached hereto marked **Annexure A**.



Mr. Enver Daniels

14 January 2020

Date

Ms Yasmin Carrim and Ms Andiswa Ndoni concurring.

Tribunal Case Manager	:Lumkisa Jordaan
For the merging parties	:Ahmor Burger-Smidt of Werksmans Attorneys and Richard van Rensburg of ENSafrica
For the Commission	:Billy Mabatamela and Themba Mahlangu

¹ According to the Labour Force Survey issued by StatsSA (3rd quarter 2019) and the Department of Higher Education and Training 2019 report, White Collar Employees are mobile and can easily find employment compared to Blue Collar employees. The Blue-Collar Employees which were believed to be most vulnerable are protected by the condition imposed.