



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No:71/LM/Jul12

[015347]

In the matter between:

PSG Konsult Ltd

Acquiring Firm

And

Western Group Holdings Ltd

Target Firm

Panel	:	Yasmin Carrim (Presiding Member) Andreas Wessels (Tribunal Member) Andiswa Ndoni (Tribunal Member)
Heard on	:	25 July 2012
Order issued on	:	25 July 2012
Reasons issued on	:	28 August 2012

Reasons for Decision

Approval

[1] On 25 July 2012 the Competition Tribunal ("Tribunal") unconditionally approved the acquisition by PSG Konsult Ltd of Western Group Holdings Ltd. The reasons for the approval follow below.

Parties and their activities

- [2] The primary acquiring firm is PSG Konsult Ltd ("PSG Konsult"), a company incorporated under the laws of the Republic of South Africa. PSG Konsult is controlled by PSG Financial Services Ltd ("PSG Financial Services"), a wholly owned subsidiary of PSG Group Ltd ("PSG Group"). PSG Financial Services controls the following firms: Zeder Investments, Curro Holdings, Paladin Capital and Capitec Bank Holdings. PSG Konsult does not control any firm.
- [3] PSG Group is an investment holding company and does not sell any products or provide any services. It holds a number of strategic and controlling stakes in a range of private and public companies that operate across a broad spectrum of industries including financial services, banking, private equity, agriculture and education. PSG Financial Services is the primary investment company for the PSG Group and does not sell any products or provide any services.
- [4] PSG Konsult provides a wide range of financial services including asset management, commodity trading, stock broking, short term insurance broking, hedge fund services, electronic financial services and healthcare brokerage and administration.
- [5] The primary target firm is Western Group Holdings Ltd ("Western Group"), a company incorporated under the laws of Namibia. The shareholders in Western Group are Management (54%), PSG Konsult (24%), SAAD Financial Holdings (Pty) Ltd (20%) and BEE Shareholder (2%). Western Group controls insurance On Call (Pty) Ltd and Western National Insurance Company Ltd.
- [6] Western Group is a licensed short term insurer and provides short term insurance services to clients in South Africa.

Description of the transaction

[7] PSG Konsult intends to increase its shareholding in Western Group from 24% to 75%. On completion, PSG Konsult will have sole control of Western Group.

Rationale for the transaction

[8] From PSG Konsult's perspective, the proposed transaction will allow it to increase its exposure to commercial insurance. Western Group submitted that its management and underwriting expertise, coupled with the distribution channel and capital base of PSG Konsult, will allow it to continue to grow whilst having access to additional capital.

Competition Analysis

[9] The Commission found that the only overlap that arises in the market for short term insurance is with respect to PSG Konsult's interest in Western Group.¹ However, this does not result in any market share accretion or change in the market structure as the acquiring firm is simply increasing its stake in the target firm.

Public interest

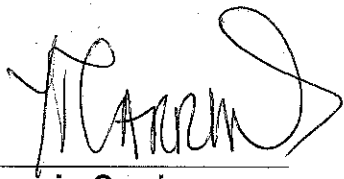
[10] The merging parties submitted to the Commission that the proposed transaction will not have any significant effect on employment.²

¹ The parties indicated that Western Group does not provide short term insurance broking to third parties and only provides these services in-house.

² See form CC4(1) - schedule 2 filed by the merging parties.

Conclusion

[11] We agree with the Commission that the proposed transaction is unlikely to substantially prevent or lessen competition in the market for short term insurance as there is no market share accretion or change in the market structure resulting from the merger. Furthermore, the proposed transaction raises no public interest concerns. Accordingly, we approve the transaction unconditionally.



Yasmin Carrim

28 August 2012

Date

Andreas Wessels and Andiswa Ndoni concurring.

Tribunal researcher: Ipeleng Selaledi

For the merging parties: Susan Meyer of Cliffe Dekker Hofmeyr Inc.

For the Commission: Mogalane Matsimela