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COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: 108/LM/Dec12
(016063)

In the merger between:

SUPER GROUP HOLDINGS (PTY) LTD **PRIMARY ACQUIRING FIRM**

And

SAFIKA LOGISTICS HOLDINGS (PTY) LTD **PRIMARY TARGET FIRM**

Panel	:	Andreas Wessels (Presiding Member) Imran Valodia (Tribunal Member) Lawrence Reyburn (Tribunal Member)
Heard on	:	27 February 2013
Order issued on	:	27 February 2013
Reasons issued on	:	16 April 2013

Decision

Approval

[1] On 27 February 2013, the Competition Tribunal ("Tribunal") approved the proposed transaction involving Super Group Holdings (Pty) Ltd and Safika Logistics Holdings (Pty) Ltd.

[2] The reasons for approving the proposed transaction follow.

Parties to transaction

[3] The primary acquiring firm is Super Group Holdings (Pty) Ltd ("Super Group"), a private company incorporated in accordance with the laws of the Republic of South Africa. Super Group is controlled by Super Group Limited, a JSE Limited listed company.

[4] Super Group is a warehousing and logistics company that offers planning and management of all activities across the relevant supply chain including the sourcing, procurement, transport and warehousing of goods and services. It offers *inter alia* logistics services in respect of fast moving consumer goods, consisting of beer and spirits, bagged maize, tyres and parcels in respect of courier services on tautliner/flatdeck-type vehicles; and bulk cement and bulk lime in dry bulk tanker-type vehicles.

[5] The primary target firm is Safika Logistics Holdings (Pty) Ltd ("Safika Logistics"), a private company incorporated in accordance with the laws of the Republic of South Africa. The current shareholders of Safika Logistics are Safika Holdings (Pty) Ltd (with a 75% shareholding) and the Quattro Trust (with a 25% shareholding).

[6] Safika Logistics is an investment holding firm which controls Safika Oosthuizens Transport (Pty) Ltd ("Safika Oosthuizens"). Safika Logistics, through Safika Oosthuizens, is a logistics services company that provides the hauling of dry bulk goods such as coal, chrome, "run of the mine minerals"[1], as well as sand, stones and animal feed in tipper-truck vehicles.

Proposed transaction and rationale

[7] The proposed transaction envisages the acquisition by Super Group of 75% of the shares in Safika Logistics, with the remaining 25% of the shares being held by Safika Holdings (Pty) Ltd.[2]

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[1] By-product(s) of coal mining.
[2] See Memo submitted by Fluxmans Attorneys dated 26 February 2013. Also see transcript, pages 3 and 4.

[8] According to Super Group it currently has no presence in the tipper-type based logistics sector and desires to expand into this sector.

[9] The selling shareholders of Safika Holdings wish to realise (all or a part of) their investment in Safika Holdings.

Competition assessment

[10] The Commission concluded that if a broad approach is taken to product market delineation, then there is an overlap between the activities of the merging parties. However, the proposed transaction is unlikely to substantially prevent or lessen competition in such a broad market given the relatively small market positions of the merging parties and the number of players in the transport and logistics industry.

[11] If a narrow approach is taken to market delineation, then there is limited product overlap between the activities of the merging parties in potential sub-markets. The merging parties namely contended that Super Group uses tankers for the transportation of goods for customers whereas Safika Logistics uses tippers.[3] After questioning by the Tribunal, Super Group explained its (historic) ownership of a number of tippers, the condition of those tippers and the intended on-selling of certain repossessed tippers.[4] However, even if the tippers currently still owned by Super Group are considered as part of the competition analysis, the accretion in market share in the potential relevant sub-market as a result of that is very limited and does not raise likely competition concerns.

[12] Furthermore, customers contacted by the Commission as part of its market investigation raised no concerns with regards to the proposed transaction.

[3] See transcript, pages 5 and 6.
[4] Transcript pages 6 to 8.

Public interest

[13] The merging parties confirmed that the proposed transaction will not have any effect on employment.[5]

[14] No other public interest issues arise as a result of this transaction.

CONCLUSION

[15] We approve the proposed merger unconditionally.

ANDREAS WESSELS

16 April 2013
DATE

Imran Valodia and Lawrence Reyburn concurring

Tribunal Researcher: Nicola Ilgner

For the Commission: Zanele Hadebe and Selelo Ramohlola

For the merging parties: Fluxmans Attorneys

[5] See pages 5 and 60 of the merger record.