



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM035Jun15

In the matter between:

BIDVEST GROUP LIMITED

Primary Acquiring Firm

And

PLUMBLINK SA (PTY) LTD

Primary Target Firm

Panel	: N Manoim (Presiding Member)
	: Y Carrim (Tribunal Member)
	: M Mokuena (Tribunal Member)
Heard on	: 1 July 2015
Order Issued on	: 1 July 2015
Reasons Issued on	: 15 July 2015

Reasons for Decision

Approval

- [1] On 1 July 2015, The Competition Tribunal ("**Tribunal**") unconditionally approved the acquisition by Bidvest Group Limited ("**Bidvest**") of the entire issued share capital in Plumblink SA (Pty) Ltd ("**Plumblink**").
- [2] The reasons for approving the proposed transaction follow.

Parties to the transaction

Acquiring firm

- [3] The primary acquiring firm is Bidvest, a company listed on the Johannesburg Securities Exchange.¹ Bidvest controls various firms nationally and internationally. Relevant to the proposed transaction is Waco Industries ("**Waco**"), which is a division of Voltex (Pty) Ltd ("**Voltex**"), which in turn is a subsidiary of Bidvest.
- [4] Waco amongst other products provides plumbing and related products such as solar geysers, electrical geysers, taps, valves, pipes and shower heads.

Target firm

- [5] The target firm is Plumblink, a company wholly controlled by Ethos Private Equity Fund V ("**Ethos**"). Plumblink does not control any firm.
- [6] Plumblink sells plumbing material such as accessories, brassware, sanitaryware and geysers nationally and internationally.

Proposed Transaction and Rationale

- [7] Bidvest intends to acquire the entire issued share capital and shareholders loan of Plumblink. Post-merger Bidvest will have sole control of Plumblink.
- [8] According to Bidvest the proposed transaction presents growth opportunities within the Southern Africa region while the transaction will allow Plumblink's current shareholders to realise its investment.

¹ Bidvest's top shareholders include: Public Investment Corporation, JP Morgan Asset Management Group, Genesis Investment Management Lazard, Asset Management LLC Group and Sanlam Investment Management.

Relevant Market and Impact on Competition

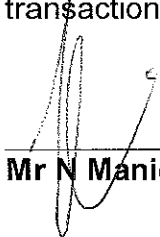
- [9] The Competition Commission ("**Commission**") considered the activities of the merging parties to determine the relevant market. It found that both the acquiring firm and the target firms are active in the market for supply of plumbing and related products in South Africa. Thus, the Commission defined the relevant product market as the national market for the supply of retailing taps, mixers and plumbing accessories.
- [10] Although the merging parties are both involved in the supply of retailing taps, mixers and plumbing accessories, the post-merger market share will be less than 15% (with a less than 1% accretion). During the hearing Mr Howard Greenstein ("**Greenstein**") confirmed that Bidvest is focused more on its electrical business than the sale of plumbing material. Furthermore, Greenstein explained that the merging parties target different customers, Bidvest supplies its products predominantly to electrical contractors whereas Plumblink targets plumbers and end-users.
- [11] The Commission accordingly concluded that the proposed transaction is unlikely to substantially prevent or lessen competition in the relevant market. We agree with this assessment.

Public Interest

- [12] The transaction does not raise any public interest concerns.

Conclusion

- [13] In light of the above we concluded that the proposed transaction was unlikely to substantially prevent or lessen competition. Accordingly we approved the proposed transaction unconditionally.



Mr N Maniom

15 July 2015
DATE

Ms Y Carrim and Ms M Mokuena concurring

Tribunal Researcher:	Moleboheng Moleko
For the merging parties:	Paul Coester and Ahmore Burger Smidt – Werksmans Shawn Van der Meulen -- Webber Wentzel
For the Commission:	Seabelo Molefe and Xolela Nokele