



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No:66/LM/Aug11

In the matter between:

Zeder Financial Services Limited

Acquiring Firm

And

Capespan Group Limited

Target Firm

Panel	:	Norman Manoim (Presiding Member) Andiswa Ndoni (Tribunal Member) Medi Mokuena (Tribunal Member)
Heard on	:	21 September 2011
Order issued on	:	21 September 2011
Reasons issued on	:	20 October 2011

Reasons for Decision

Approval

- 1] On 21 September 2011 the Competition Tribunal ("Tribunal") approved the large merger between Zeder Financial Services Limited ("ZFS") and Capespan Group Limited ("Capespan"). The Tribunal's reasons for approving the transaction are set out below.

The Parties to the transaction

- 2] The primary acquiring firm is Zeder Financial Services Limited (“ZFS”), a company incorporated under the laws of the Republic of South Africa. ZFS is directly controlled by Zeder Investments Limited (“Zeder”)¹ and indirectly controlled by PSG Financial Services Limited and PSG Limited.
- 3] The target firm is Capespan Group Limited (“Capespan”),² a company incorporated in accordance with the laws of the Republic of South Africa. Capespan is not directly controlled by a single firm and its major shareholders include Zeder (37.2%); Total Produce Plc (14.1%); Capespan (Pty) Ltd (9.8%) and other shareholders (38.9%).
- 4] The proposed transaction is in terms of an unsolicited bid made by ZFS to acquire the remaining issued share capital of Capespan. ZFS has consequently applied for a separate merger filing in terms of Rule 28 of the Competition Act.
- 5] After the implementation of the proposed transaction ZFS, which currently has 37.2% interest in Capespan, will therefore have sole control of Capespan.
- 6] In terms of the proposed transaction, ZFS is offering minority shareholders a premium of approximately 30% to the 30-day volume weighted average share price of Capespan, or more than 66% to its three-month average price.

The activities of the parties

- 7] The acquiring group, Zeder, is a JSE listed investment holding company which holds stakes in mainly unlisted companies in the agricultural, food, beverage, food processing and related sectors. Zeder does not sell any products or provide

¹ <http://www.zeder.co.za/>

² <http://www.capespan.com/>

any services and it holds non-controlling interests in the following entities;

- Kaap Agri Limited 43.9%;
- Capevin Holdings Limited 39.5%;
- MGK Business Investments Limited 26.7%;
- Agricol Holding Limited 25.1%;
- Overberg Agri Limited 10%;
- Capespan Group Limited 37.2%;
- Tuinroete Agri 10%;
- Suidwes Beleggings Limited 21.8%;
- NWK Limited 9.3%;
- OVK Bedryf Limited 9.3%; and
- Thembeka OVB Holdings (Pty) Ltd 5%.³

8] The target firm, Capespan, operates through more than 40 subsidiaries globally and provides global fruit marketing and supply chain solutions. Capespan provides a wide variety of fresh produce to over 44 countries in six continents sourced from over 1300 producers and farmers which are made up of business partner operations and Capespan owned operations. Capespan operates through

³ <http://www.zeder.co.za/index.php?q=node/7>

a Logistics Division, a Fruit Division and an Investment Division.

The Rationale

9] ZFS submits the the market share of Capespan's fruit distribution business had reduced over the year due to dramatic changes in its trading environment such as the market moving from refrigerated ships (reefers) and more toward containerization.

10] ZFS further states that Capespan will need the investment being offered by ZFS in order to adapt to the changes in the environment within which it operates and to achieve going forward.

The Relevant Market and the Impact on Competition

11] There is no overlap in the activities of the parties and at the hearing the parties confirmed that even though Zeder has interests in the food industry, they are in no way related to the business of Capespan.

12] The proposed transaction further does not alter the structure of the market as Zeder already owns shares in Capespan.

13] In light of the above and the Commission's analysis, the proposed transaction would therefore not be likely to prevent or lessen competition in the relevant markets.

Public Interest

14] The merging parties submitted that the proposed transaction will not result in any employment losses or retrenchments and that further no additional public interest concerns arise as a result thereof.

Conclusion

15] We agree with the Commission that as there is no overlap between the activities of the merging parties, the merger does not raise any major competition concerns and furthermore no public interest grounds have been raised that would not justify approval of the merger.

16] Accordingly, the above merger is approved without conditions.

N Manoir

20 October 2011
DATE

A Ndoni and M Mokuena concurring.

Tribunal Researcher:	Songezo Ralarala
For the Acquiring Firm:	Pia Harvey from Cliffe Dekker Hofmeyr Attorneys
For the Target Firm:	Irma Gouws from Werksmans Attorneys
For the Commission:	Zanele Hadebe