

COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: 16/LM/Feb09

In the matter between:

**Premier Motor Holdings,
a division of Imperial Group (Pty) Ltd**

Acquiring Firm

and

Key Truck and Car (Airport) (Pty) Ltd

Target Firm

Panel	:	D Lewis (Presiding Member), N Manoim (Tribunal Member) and U Bhoola (Tribunal Member)
Heard on	:	25 March 2009
Order issued on	:	25 March 2009
Reasons issued on	:	1 April 2009

Reasons for Decision

Introduction

- [1] On 25 March 2009 the Tribunal approved the acquisition by Premier Motor Holdings, a division of Imperial Group (Pty) Ltd of Key Truck and Car (Airport) (Pty) Ltd. The reasons follow below.

The transaction and parties

- [2] The transaction involves the acquisition by Premier Motor Holdings ("Premier Holdings"), a division of Imperial Group (Pty) Ltd ("Imperial") of the GMSA motor vehicle dealership and the ITSA truck dealership business of Key Truck & Car (Airport) (Pty) Ltd ("Key").

- [3] Imperial is controlled by Imperial Holdings Ltd, a listed company which is not controlled by any individual. Imperial Holdings has in excess of 20 subsidiaries in South Africa.
- [4] The primary target firm is controlled by Key Motor Group (Pty) Ltd which in turn is controlled by Key Holding (Pty) Ltd.

Rationale for the transaction

- [5] The transaction presents Imperial with an opportunity to expand its business while Key wishes to realise its investment and to re-focus on its Kwazulu Natal business.

Effect on Competition

- [6] Both Key and Imperial are active in the retail market for vehicles, specifically in the retail and distribution of new passenger and commercial vehicles. Imperial sells a number of motor brands throughout South Africa and Key, which is situated in Kempton Park, conducts a GMSA motor vehicle dealership comprising Opel, Isuzu, Chevrolet franchises and an ITSA truck dealership business. For the purposes of this transaction the relevant markets are:
- (i) Retail sale of new passenger vehicles in the Kempton Park area;
 - (ii) Retail sale of light commercial vehicles in the Kempton Park area;
 - (iii) Retail sale of medium commercial vehicles, nationally; and
 - (iv) Retail sale of heavy, extra heavy commercial vehicles and buses, nationally.
- [7] The Commission found that Key's market share in the market for passenger vehicles was less than 1% and Imperial's 24.39%. The change in concentration as a result of the transaction was below 50 points, namely 35.6 points and the proposed transaction will thus not result in a significant change in concentration in the market.¹ Although the merged entity's market share

¹ According to the ICN merger guidelines a market is regarded as highly concentrated and is likely to result in significant competition concerns if the post HHI is above 1800 points and the change in HHI is greater than 50 points.

post the transaction would be 25.12%, numerous competitors remain in this market.

[8] In the market for light commercial vehicles the merging parties market share will be 23.21%. Competitors such as GMSA Le Roux Motors, Chana Kempton Park, Nissan Kempton Park, Peugeot, Auto Select; General Motors, to name but a few, are all active in the Kempton Park area. The transaction therefore also does not raise any competition concerns in this market.

[9] The merged entity's market shares in the remaining two relevant markets, the markets for medium commercial and heavy, extra heavy commercial and busses remain low post the transaction; below 15% each. The transaction therefore does not raise any competition concerns.

[10] In light of the above the Tribunal finds that the proposed transaction is unlikely to substantially prevent or lessen competition in any of the relevant markets.

Public Interest

[11] The transaction does not raise any significant public interest concerns.

N Manoin

1 April 2009
Date

D Lewis and U Bhoola concurring.

Tribunal Researcher:	R Badenhorst
For the merging parties:	Tugendhaft Wapnick Banchetti and Partners
For the Commission:	Themba Mahlangu