



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No:64/LM/JUN12
(015230)

In the matter between:

**Super Group Dealerships, a division of
Super Group Trading (Pty) Ltd**

Acquiring Firm

And

Zingaro Trade 112 (Pty) 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	:	08 August 2012

Reasons for Decision

Approval

[1] On 25 July 2012 the Competition Tribunal ("Tribunal") unconditionally approved the large merger between Super Group Dealerships - a division of Super Group Trading (Pty) Ltd - and Zingaro Trade 112 (Pty) Ltd. The reasons for approving the proposed transaction follow below.

Parties to transaction

[2] The primary acquiring firm is Super Group Dealerships ("SGD"), a division of Super Group Trading (Pty) Ltd ("Super Group") which is a firm incorporated in terms of the company laws of the Republic of South Africa. Super Group is a wholly owned subsidiary of Super Group Holdings (Pty) Ltd which in turn is controlled by Super Group Limited, a public company listed on the Johannesburg Securities Exchange. Super Group Limited is not controlled by another firm.

[3] The primary target firm is Zingaro Trade 112 (Pty) Ltd ("Zingaro") which trades as Nash Nissan, and is a firm incorporated in terms of the company laws of the Republic of South Africa. Zingaro is wholly owned by Mr Harold Bromberg.

Activities of merging parties

[4] SGD controls and operates vehicle dealerships in the Gauteng and the North West provinces which sell and service the following brands of vehicles: Toyota, Mercedes Benz, Chrysler Jeep, Dodge, General Motors, Isuzu, Honda, Nissan, Land Rover, Jaguar, Lexus, Volvo, Suzuki, Renault, Ford and Mazda. SGD's dealerships sell new, pre-owned and demonstration vehicles, and spare parts and accessories for the aforementioned brands. They also provide intermediary vehicle finance and insurance services.

[5] Nash Nissan is a car dealership located in Alberton. Its activities involve selling new, pre-owned and demonstration Nissan vehicles, servicing Nissan vehicles, and selling Nissan accessories and spare parts. It also provides intermediary vehicle finance and insurance services.

Proposed transaction and rationale for transaction

[6] The proposed transaction entails SGD acquiring all the fixed assets, intellectual property, inventories and all other assets used in the operation of Nash Nissan. Post-transaction, Nash Nissan will thus be wholly owned by SGD.

[7] According to SGD the transaction will enable it to expand its business in Gauteng where the majority of South Africa's new motor vehicle sales occur. SGD has no representation in Alberton and the acquisition of Nash Nissan will expand its footprint into Alberton.

[8] From Zingaro's perspective, the company's sole shareholder wishes to retire and realise his investment.

Relevant markets and impact on competition

Horizontal Analysis

[9] The Commission found that there is a horizontal overlap in the activities of the merging parties in relation to the sale of Nissan passenger and light commercial vehicles. The Commission decided that the market for the sale of pre-owned vehicles did not require detailed analysis because it has previously been held that that market is competitive as it is characterised by low barriers to entry and many sources of supply.¹ The Commission thus defined the relevant markets as the markets for the sale of new passenger vehicles and light commercial vehicles in the East Rand/Alberton area.

[10] The Commission found that the merging parties' combined post-merger market shares in the relevant markets are 2.9% for passenger vehicles and 1.1% for light commercial vehicles. We thus agree with the Commission's conclusion that the transaction is unlikely to lead to a substantial lessening or prevention of competition because the post-merger market shares are low.

Public Interest

[11] The merging parties submitted that the proposed transaction will have no adverse effects on employment since they do not foresee any

¹ *Unitrans Motors (Pty) Ltd / Weiss Motors (Pty) Ltd*, case number: 77/LM/Aug05

retrenchments as a result of the merger.² No other public interest issues arise due to this transaction.

Conclusion

[12] Having regard to the facts above, we find that the proposed merger is unlikely to substantially lessen or prevent competition in any relevant markets. Furthermore, the proposed transaction raises no public interest concerns. Accordingly, we approve the merger unconditionally.



Yasmin Carrim

08 August 2012
DATE

A Wessels and A Ndoni concurring

Tribunal Researcher: Elizabeth Preston-Whyte

For the merging parties: Saskia Rohl, the Chief Financial Executive of
Super Group Dealerships

For the Commission: Dineo Mashego and Lindwe Khumalo

²See page 46 of the Record